

**Aqar Real Estate Investments Company K.S.C. (Public) and its subsidiaries
State of Kuwait**

Consolidated Financial Statements and Independent Auditor's Report
For the financial year ended 31 December 2025

**Aqr Real Estate Investments Company K.S.C. (Public) and its subsidiaries
State of Kuwait**

**Consolidated Financial Statements and Independent Auditor's Report
For the financial year ended 31 December 2025**

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INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Aqar Real Estate Investments Company K.S.C. (Public)
State of Kuwait**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Aqar Real Estate Investments Company K.S.C. (Public) (“the Parent Company”) and its subsidiaries (together referred to as “the Group”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated financial statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the financial year then ended, and notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Aqar Real Estate Investments Company K.S.C. (Public) as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”) together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait. We have fulfilled our other ethical responsibilities in accordance with these requirements and 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. We do not provide a separate opinion on these matters.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Aqar Real Estate Investments Company K.S.C. (Public)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements (Continued)

Key Audit Matters (Continued)

We have determined matters described below to be the key audit matters to be communicated in our report.

Valuation of investment securities

The Group has unquoted financial assets at fair value through other comprehensive income which are measured at fair value using market data and unobservable significant inputs of total amount KD 2,139,161 as at 31 December 2025 represent assets of levels 2 and 3. These assets are significant in the context of the Group's consolidated financial position and results.

Given the size and complexity of the valuation of unquoted investments, and the importance of the disclosures relating to the assumptions used in the valuations, as it is highly based on estimations (assumptions and multiple valuation methods) include assumptions not observable in the market. The utilised valuation methods included price to carrying value, price to earnings, discounted cash flows and dividends discount model, we considered this as a key audit matter.

Refer to (Note 9 and Note 25) to the consolidated financial statements for the related disclosures.

Impairment of investment in associates

The carrying value of the investment in associates is significant to the Group's consolidated financial statements. The share of results, impairment loss recognised by the Group contributes significantly to the Group's results. The Group uses judgement and estimates to assess the existence or absence of any indicators of impairment in the carrying value of the investment in the associates. Accordingly, we considered them as a key audit matter.

Refer to (Note 10) to the consolidated financial statements for related disclosure.

How our audit addressed the matter

Audit procedures performed by us based on a sampling basis included carrying out the following procedures and other matters:

- We have tested the source data and applied techniques used in the valuations, to the extent possible, to evaluate the applied techniques and multiples used for valuation of unquoted financial assets at fair value through other comprehensive income. As part of our audit, we have used our valuation experts to help in valuation of methodologies and assumptions.
- We assessed the price to carrying value, price to earnings used through measurement of the same in the comparable companies and market information. In addition, we have valued growth rates, discount rates and final growth rates for valuations that are made using the discounted cash flows.
- We assessed the adequacy and appropriateness of the fair value disclosures in (Note 9 and Note 25) to the consolidated financial statements, particularly completeness and accuracy of assets of levels 2 and 3 and their related sensitivity.

How our audit addressed the matter

As part of our audit procedures, we inquired whether the management has identified existence or absence of any indicators of impairment in its associates, including significant changes in economy, market, legal environment, industry or the political environment affecting the associates business and also considering any changes in financial condition.

- We obtained management's impairment calculations and reviewed the appropriateness of the valuation technique and the reasonableness of key assumptions and data used in the valuation.
- We assessed the adequacy and appropriateness of the Group's disclosure in (Note 10) to the consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Aqar Real Estate Investments Company K.S.C. (Public)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements (Continued)

Key Audit Matters (Continued)

Valuation of investment properties

Investment properties as at 31 December 2025 by an amount of KD 16,609,562 form a significant part of the Group's total assets. The determination of the fair value of such properties depends highly on judgments and estimates. We considered this as a key audit matter.

The Group's policy is to make fair value of the investment properties once a year through credit valuers. These valuations are based on some principal assumptions such as estimated market prices, rental income, discount rates, occupancy rates, market knowledge.

For the purpose of estimating the fair value of the investment properties, valuers had used market comparable and income capitalisation valuation techniques.

Refer to (Note 11 and Note 25) to the consolidated financial statements for the related disclosures.

Other information

Management is responsible for the other information. The "Other information" section consists of the information included in the annual report of the Group for the financial year ended 31 December 2025, other than the consolidated financial statements and the auditor's report thereon. We have not received the Group's annual report, which also includes the Board of Directors' report, prior to the date of our auditor's report and we expect to receive these reports after the date of our auditor's 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 mentioned above and consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of our auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact in our report. We have nothing to report in this regard.

How our audit addressed the matter

Audit procedures performed by us included carrying out the following procedures and other matters:

- We have reviewed the valuation issued by the accredited valuers.
- We assessed the adequacy and appropriateness of the Group's disclosures in (Note 11 and Note 25) to the consolidated financial statements.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**To the Shareholders of Aqar Real Estate Investments Company K.S.C. (Public)
State of Kuwait**

Report on the Audit of the Consolidated Financial Statements (Continued)

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 International Accounting Standards Board ("IFRS Accounting Standards"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**To the Shareholders of Aqar Real Estate Investments Company K.S.C. (Public)
State of Kuwait**

Report on the Audit of the Consolidated Financial Statements (Continued)

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

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 those resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Group's management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting. Based on the audit evidence obtained, we will determine 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 will draw attention in our auditor's report to the related disclosures in the consolidated financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions will be based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures. Further, evaluate whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the companies or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

Among 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 considered as a key audit matter. We disclosed these matters in our auditor's report in our audit report unless local laws or regulations preclude 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.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**To the Shareholders of Aqar Real Estate Investments Company K.S.C. (Public)
State of Kuwait**

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of accounts 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 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, and its Executive Regulations, as amended, and by 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 its financial position.

Furthermore, in our opinion, we report that nothing has come to our attention indicating any material violations during the financial year ended 31 December 2025 of the Law No. 7 of 2010 regarding Establishment of Capital Markets Authority and its related regulations, as amended, that might have had a material effect on the business of the Parent Company or its financial position.

Faisal Saqer Al Saqer
License No. 172 – "A"
BDO Al Nisf & Partners

Kuwait: 23 February 2026

Aqar Real Estate Investments Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Consolidated Statement of Financial Position
As at 31 December 2025

	Notes	2025 KD	2024 KD
ASSETS			
Cash and cash equivalents	5	4,289,309	1,927,816
Debtors and other debit balances	6	59,287	74,997
Due from a related party	7	53,962	74,202
Financial assets at fair value through profit or loss	8	3,129,753	3,306,245
Financial assets at fair value through other comprehensive income	9	5,272,351	6,054,474
Investment in associates	10	9,450,101	9,073,925
Investment properties	11	16,609,562	17,027,618
Property and equipment		2,099	10,327
Total assets		38,866,424	37,549,604
LIABILITIES AND EQUITY			
LIABILITIES			
Term loans	12	3,170,880	3,411,096
Murabaha payable	13	2,999,045	3,241,100
Accounts payable and other credit balances	14	746,357	592,919
Provision for end of service indemnity		62,131	55,320
Total liabilities		6,978,413	7,300,435
EQUITY			
Share capital	15	23,425,000	23,425,000
Share premium		227,567	227,567
Treasury shares	19	(628,451)	(753,118)
Treasury shares reserve		24,809	421
Statutory reserve	16	2,605,315	2,424,172
Voluntary reserve	17	2,605,315	2,424,172
Fair value reserve		(612,542)	(1,106,501)
Foreign currency translation reserve		(116,487)	(11,935)
Group's share in associate's treasury shares		(369,968)	(33,718)
Retained earnings		4,727,453	3,653,109
Total equity		31,888,011	30,249,169
Total liabilities and equity		38,866,424	37,549,604

The accompanying notes on pages 12 to 56 form an integral part of these consolidated financial statements.

Abdullatif Sulaiman Al Ebrahim
Vice Chairman & CEO

Aqar Real Estate Investments Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Consolidated Statement of Profit or Loss
For the financial year ended 31 December 2025

	Notes	2025 KD	2024 KD
Income			
Properties rental income		1,126,834	1,053,875
Properties operating costs		(193,692)	(217,984)
Net operating profit		<u>933,142</u>	<u>835,891</u>
Other income		31,055	14,761
Interest income		74,450	12,270
Group's share of results from associates	10	768,438	396,431
Change in fair value of investment properties	11	(418,056)	42,988
Net investments income	20	<u>1,501,312</u>	<u>682,461</u>
		<u>2,890,341</u>	<u>1,984,802</u>
Expenses			
General and administrative expenses	21	(480,104)	(523,499)
Provision for expected credit losses	7	(20,240)	(59,056)
Impairment loss on investment in an associate	10	(102,277)	-
Depreciation		(8,774)	(21,330)
Finance costs		(375,885)	(417,245)
Net foreign currencies exchange differences		(91,631)	47,606
		<u>(1,078,911)</u>	<u>(973,524)</u>
Profit for the year before deductions		1,811,430	1,011,278
Kuwait Foundation for the Advancement of Sciences		-	(5,015)
National Labor Support Tax		(54,934)	(27,612)
Zakat		(6,077)	(10,695)
Net profit for the year		<u>1,750,419</u>	<u>967,956</u>
Basic and diluted earnings per share attributable to the Shareholders of the Parent Company (fils)	22	<u>7.81</u>	<u>4.22</u>

The accompanying notes on pages 12 to 56 form an integral part of these consolidated financial statements.

**Aqar Real Estate Investments Company K.S.C. (Public) and its Subsidiaries
State of Kuwait**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 December 2025**

	Notes	<u>2025</u> KD	<u>2024</u> KD
Net profit for the year		1,750,419	967,956
Other comprehensive (loss) / income items:			
<i>Items that may be reclassified subsequently to the consolidated statement of profit or loss:</i>			
Group's share from change in foreign currency translation reserve from an associate	10	(104,552)	5,106
<i>Items that will not be reclassified subsequently to the consolidated statement of profit or loss:</i>			
Changes in fair value of financial assets at fair value through other comprehensive income	9	474,320	798,453
Group's share from change in fair value of financial assets at fair value through other comprehensive income from associate	10	378,543	325,853
Other comprehensive income for the year		<u>748,311</u>	<u>1,129,412</u>
Total comprehensive income for the year		<u><u>2,498,730</u></u>	<u><u>2,097,368</u></u>

The accompanying notes on pages 12 to 56 form an integral part of these consolidated financial statements.

Aqar Real Estate Investments Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Consolidated Statement of Changes in Equity
For the financial year ended 31 December 2025

	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Voluntary reserve KD	Fair value reserve KD	Foreign currency translation reserve KD	Group's share in associate's treasury shares KD	Retained earnings KD	Total equity KD
Balance as at 1 January 2024	23,425,000	227,567	(90,659)	-	2,323,044	2,323,044	(2,201,340)	(17,041)	-	3,323,351	29,312,966
Net profit for the year	-	-	-	-	-	-	-	-	-	967,956	967,956
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	-
Impact of disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1,124,306	5,106	-	-	1,129,412
Group's share from treasury shares of associate	-	-	-	-	-	-	(29,467)	5,106	-	967,956	2,097,368
Purchase of treasury shares	-	-	(668,517)	-	-	-	-	-	(33,718)	-	(33,718)
Sale of treasury shares	-	-	6,058	421	-	-	-	-	-	-	(668,517)
Cash dividends (Note 18)	-	-	-	-	-	-	-	-	-	(465,409)	(465,409)
Transfer to reserves	-	-	(753,118)	421	101,128	101,128	-	-	-	(202,256)	(465,409)
Balance as at 31 December 2024	<u>23,425,000</u>	<u>227,567</u>	<u>(753,118)</u>	<u>421</u>	<u>2,424,172</u>	<u>2,424,172</u>	<u>(1,106,501)</u>	<u>(11,935)</u>	<u>(33,718)</u>	<u>3,653,109</u>	<u>30,249,169</u>
Balance as at 1 January 2025	23,425,000	227,567	(753,118)	421	2,424,172	2,424,172	(1,106,501)	(11,935)	(33,718)	3,653,109	30,249,169
Net profit for the year	-	-	-	-	-	-	-	-	-	1,750,419	1,750,419
Other comprehensive income / (loss) for the year	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the year	-	-	-	-	-	-	852,863	(104,552)	-	-	748,311
Impact of disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	852,863	(104,552)	-	1,750,419	2,498,730
Group's share from treasury shares of associate	-	-	-	-	-	-	(358,904)	-	-	358,904	-
Purchase of treasury shares	-	-	(797)	-	-	-	-	-	(336,250)	-	(336,250)
Sale of treasury shares	-	-	125,464	24,388	-	-	-	-	-	-	(797)
Cash dividends (Note 18)	-	-	-	-	-	-	-	-	-	(672,693)	(672,693)
Transfer to reserves	-	-	(628,451)	24,809	181,143	181,143	-	-	-	(362,286)	-
Balance as at 31 December 2025	<u>23,425,000</u>	<u>227,567</u>	<u>(628,451)</u>	<u>24,809</u>	<u>2,605,315</u>	<u>2,605,315</u>	<u>(612,542)</u>	<u>(116,487)</u>	<u>(369,968)</u>	<u>4,727,453</u>	<u>31,888,011</u>

The accompanying notes on pages 12 to 56 form an integral part of these consolidated financial statements.

Aqar Real Estate Investments Company K.S.C. (Public) and its Subsidiaries
State of Kuwait

Consolidated Statement of Cash Flows
For the financial year ended 31 December 2025

	Notes	2025 KD	2024 KD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before deductions		1,811,430	1,011,278
<i>Adjustments for:</i>			
Provision for expected credit losses	7	20,240	59,056
Interest income		(74,450)	(12,270)
Group's share of results from associates	10	(768,438)	(396,431)
Impairment loss on investment in an associate	10	102,277	-
Change in fair value of investment properties	11	418,056	(42,988)
Net investments income	20	(1,501,312)	(682,461)
Depreciation		8,774	21,330
Finance costs		375,885	417,245
Net foreign currencies exchange differences		91,631	(47,606)
Provision for end of service indemnity		9,205	16,716
		<u>493,298</u>	<u>343,869</u>
Change in operating assets and liabilities			
Debtors and other debit balances		34,773	(23,173)
Accounts payable and other credit balances		140,302	153,516
<i>Cash generated from operations</i>		<u>668,373</u>	<u>474,212</u>
End of service indemnity paid		(2,394)	(12,032)
Kuwait Foundation for the Advancement of Sciences paid		(5,015)	(3,358)
National Labor Support Tax paid		(27,612)	(24,585)
Zakat paid		(10,661)	(9,176)
Net cash flows generated from operating activities		<u>622,691</u>	<u>425,061</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Paid for purchase of financial assets at fair value through profit or loss	8	(26,732,574)	(16,215,427)
Proceeds from sale of financial assets at fair value through profit or loss		28,230,076	17,003,899
Paid for purchase of financial assets at fair value through other comprehensive income	9	(1,274,889)	(292,389)
Proceeds from sale of financial assets at fair value through other comprehensive income	9	2,531,332	205,872
Paid for purchase of property and equipment		(546)	(120)
Dividends income received		180,302	284,458
Dividends income received from an associate	10	227,726	229,460
Interest income received		74,450	13,445
Net cash flows generating from investing activities		<u>3,235,877</u>	<u>1,229,198</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in term loans		(350,910)	(293,506)
Net movement in Murabaha payable		(242,055)	353,100
Finance costs paid		(380,787)	(417,245)
Proceeds from sale of treasury shares		149,852	6,479
Purchase of treasury shares		(797)	(668,517)
Cash dividends paid		(672,378)	(464,863)
Net cash flows used in financing activities		<u>(1,497,075)</u>	<u>(1,484,552)</u>
Net increase in cash and cash equivalents		2,361,493	169,707
Cash and cash equivalents at the beginning of the year		1,927,816	1,758,109
Cash and cash equivalents at the end of the year	5	<u>4,289,309</u>	<u>1,927,816</u>

The accompanying notes on pages 12 to 56 form an integral part of these consolidated financial statements.

Aqar Real Estate Investments Company K.S.C. (Public) and its Subsidiaries State of Kuwait

Notes to the Consolidated Financial Statements For the financial year ended 31 December 2025

1. INCORPORATION AND ACTIVITIES

Aqar Real Estate Investments Company K.S.C. (Public) “the Parent Company” (formerly known as Al Ahlia Kuwaiti Real Estate Company K.S.C. (Closed)) was incorporated as a Kuwaiti Shareholding Closed Company on 9 October 1997. On 19 August 2003, the Parent Company changed its name to Aqar Real Estate Investments Company K.S.C. (Closed). In 11 April 2005, the Parent Company changed its legal form from Kuwaiti Shareholding Closed Company to Kuwait Public Shareholding Company. The last amendment recorded in the Commercial Registry under No. 10/32 dated 21 October 2019.

The Parent Company is listed on Boursa Kuwait on 11 April 2005.

The main activities for which the Parent Company was incorporated are as follows:

- All real estate activities including buying, acquiring lands and properties for purpose of sale in its original condition or after splitting the same, lease, development or trading purposes.
- Renting and leasing lands and properties individually or in participation with third parties.
- Establishing buildings and real estate projects, residential and commercial complexes, private and public parking lots and implementing those activities directly or through third parties, and it has the right to manage, lease, sell the same in cash or in instalments, and carry out legal dispositions in connection therewith.
- Managing third parties’ properties and investing the same for their account or for the Parent Company account.
- Conducting economic, technical and engineering studies and consultations related to real estate’s business and private and public real estate projects of all kinds and all related activities for its own or for third parties’ account.
- Utilising surplus funds available with the Parent Company through investing the same in financial portfolios managed by specialised companies.
- Acquiring, buying and selling shares and bonds of real estate companies for the benefit of the Parent Company only inside and outside State of Kuwait.
- Acquiring and managing hotels, health clubs and touristic utilities and renting and leasing them.
- Performing maintenance works related to buildings and real estate owned by the Parent Company, including maintenance work, execution of civil, mechanical, electrical, elevators, and air conditioning work to ensure the protection and safety of the buildings.
- Managing, operating, investing, renting and leasing hotels, health clubs, motels, hospitality houses, rest houses, parks, gardens, exhibitions, restaurants, cafeterias, housing complexes, touristic and health resorts, entertainment and sports projects and shops at all levels including all original and auxiliary relate to them along with its services.
- Organising the real estate exhibitions related to Parent Company’s real estate projects in accordance with the Ministry’s rules.
- Establishing real estate auctions; in accordance with the Ministry’s rules.
- Establishing and managing real estate investments fund (after approval of Central Bank of Kuwait).
- Importing building materials related to Parent Company’s objectives after getting necessary license.
- Contributing in the infrastructure of districts, residential, commercial and environmental industrial projects through Build Operate and Transfer System (BOT), and managing real estate utilities through (BOT) system.
- Obtain agencies for all companies related to Parent Company activities such as hotels, parks, buildings materials and supplies for all of them.

**Aqar Real Estate Investments Company K.S.C. (Public) and its Subsidiaries
State of Kuwait**

**Notes to the Consolidated Financial Statements
For the financial year ended 31 December 2025**

1. INCORPORATION AND ACTIVITIES (CONTINUED)

The Parent Company may carry on the above-mentioned activities inside State of Kuwait or abroad on its own or as an agent for other parties. The Parent Company may have an interest or in any way associate itself with other entities engaged in similar activities or that may assist the Parent Company in achieving its objectives in State of Kuwait or abroad. The Parent Company may establish, participate in, acquire these institutions, or have them affiliated to it.

The consolidated financial statements for the financial year ended 31 December 2025 includes the financial statements of the Parent Company and its subsidiaries (together referred to as “the Group”) (Note 3.1).

The Parent Company is registered in the Commercial Registry under. No. 69418 dated 19 August 2003.

The Parent Company’s registered address is: P.O. Box 20017 - Safat 13061, State of Kuwait.

The consolidated financial statements were authorised for issuance by the Parent Company’s Board of Directors on 23 February 2026 and are subject to the approval of the Shareholders’ General Assembly. The Shareholders of the Parent Company have the power to amend these consolidated financial statements after issuance at the Shareholders’ Ordinary General Assembly.

1.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment properties that are measured at fair value.

These consolidated financial statements have been presented in Kuwaiti Dinars (“KD”), which is the functional and presentation currency of the Group.

1.2 Statement of compliance

The Group’s consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (“IASB”), and applicable requirements of the Companies’ Law No. 1 of 2016 and its Executive Regulations, as amended.

The preparation of consolidated financial statements in compliance with adopted IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Group’s management to exercise judgment in applying the Group’s accounting policies. The areas of significant estimates and assumptions made in preparing the consolidated financial statements and their effect are disclosed in (Note 4).

Notes to the Consolidated Financial Statements

For the financial year ended 31 December 2025

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

a) New standards, interpretations, and amendments adopted from 1 January 2025

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year except for the changes due to implementation of the following new and revised IFRS Accounting standards, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated).

Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates):

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

This amendment had no material effect on the consolidated financial statements of the Group.

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

Amendments to IFRS 9 - Financial instruments and IFRS 7 - Financial instruments: Disclosures

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

- (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system,
- (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion,
- (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets), and
- (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

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Notes to the Consolidated Financial Statements
For the financial year ended 31 December 2025

2. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

b) New standards, interpretations and amendments not yet effective (Continued)

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS Accounting Standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

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

3. MATERIAL ACCOUNTING POLICIES INFORMATION

3.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries.

The financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any intra-group balances and transactions, and any realised gains, losses, expenses, income and balances arising from intra-group transactions, are eliminated in preparing these consolidated financial statements.

The consolidated financial statements include the financial statements of Aqar Real Estate Investments Company K.S.C. (Public) and its subsidiaries as follows:

Name of subsidiary	Country of incorporation	Principal Activities	Ownership (%)	
			2025	2024
Aqar Middle East Real Estate Company S.P.C.	State of Kuwait	Buying and selling lands, real estate, stocks & bonds	100%	100%
Al-Mourqab Capital Holding Company K.S.C. (Closed) *	State of Kuwait	Holding Company	99.52%	99.52%

* The effective ownership interest of the Group in the subsidiary is 100%. Certain shares attributable to Al-Mourqab Capital Holding Company K.S.C. (Closed) have been registered under the names of other parties who hold these shares on behalf of and for the benefit of the Group. They have been assigned based on official power of attorneys and written representations in favour of the Group.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.1 Basis of consolidation (Continued)

The financial information of the subsidiaries were consolidated through financial information prepared by the Management as of 31 December 2025.

Subsidiaries are those enterprises controlled by the Parent Company. Control is achieved when the Parent Company:

- Has power over the investee.
- Is exposed, or has rights, to variable returns from its involvement with the investee.
- Has the ability to use its power to affect the investee's returns.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three components of controls listed above.

When the Group holds a percentage less than the majority of voting rights in the investee, it shall have the power over the investee in case of its voting rights have the sufficient practical ability to direct the relevant activities of the investee. In determining the adequacy of the investee voting rights, the Group considers all relevant facts and circumstances, including:

- The Group's voting rights in proportion to distribution of the voting rights attributable to others.
- The potential voting rights held by the Company, holders of other votes or other parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances indicate to the financial ability of the Company to direct the relevant activities when the decision is taken, including the patterns of voting in the previous meetings of Shareholders.

3.2 Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred or assumed by the Group to the former stakeholders of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. Acquisition-related costs are generally recognised in consolidated statement of profit or loss as incurred. At the acquisition date, the assets and liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.2 Business combination (Continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37, provisions, contingent liabilities and assets, as appropriate, with the corresponding gain or loss being recognised in the consolidated statement of profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in consolidated statement of profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquirer's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If the initial accounting for business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in the consolidated statement of profit or loss and other comprehensive income are reclassified to consolidated statement of profit or loss where such treatment would be appropriate if that interest was disposed of.

Notes to the Consolidated Financial Statements
For the financial year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments

3.3.1 Financial assets

i. Classification and measurement of financial assets

Financial assets carried at amortised cost

The financial assets are measured at amortised cost if both of the following conditions are met and are not designated at fair value through profit or loss:

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

Subsequent measurement

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.

The financial assets at amortised cost consist of “cash and cash equivalents”, “debtors and other debit balances” and “due from a related party”.

Cash and cash equivalents

Cash and cash equivalents item comprise of cash on hand, current accounts at banks, cash at financial institution, cash at investment portfolio and short term deposit due within three months period.

Debtors and other debit balances and due from a related party

Debtors and other debit balances and due from a related party are amounts due from customers for services completed in the ordinary course of business and recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less the expected credit losses. For further details on the expected credit losses (Note 24).

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Equity investment at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. 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 financial asset recognised at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments (Continued)

3.3.1 Financial assets (Continued)

i. Classification and measurement of financial assets (Continued)

Equity investment at fair value through profit or loss (Continued)

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not recognised at fair value through profit or loss, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

These assets are subsequently measured at fair value. Net profits and losses, including any interest or dividend income, are recognised in the consolidated statement of profit or loss.

Equity investment at fair value through other comprehensive income

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Subsequent Measurement

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividends clearly represent a recovery of part of the cost of the investment. Other net profits and losses are recognised in other comprehensive income and are never reclassified to the consolidated statement of profit or loss.

ii. Impairment of financial assets

IFRS 9 requires the Group to make provision for ECL for all debt instruments, which are not carried at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

If the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the impairment loss of the financial assets carried at amortised cost is reversed at the subsequent periods.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-months ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments (Continued)

3.3.1 Financial assets (Continued)

ii. Impairment of financial assets (Continued)

The Group measures loss allowances at an amount equal to lifetime ECLs, except for cash and cash equivalents (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECLs.

The Group has elected to measure; using the simplified approach, loss allowances for debtors and other debit balances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 180 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of the expected credit losses (ECL)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to debtors and other debit balances are presented separately in the consolidated statement of profit or loss.

Accrued rental income

Further details on calculation of ECLs related to accrued rental income on adoption of IFRS 9 are presented in (Note 24). The Group considers the model and some of the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

Notes to the Consolidated Financial Statements
For the financial year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments (Continued)

3.3.1 Financial assets (Continued)

ii. Impairment of financial assets (Continued)

Presentation of impairment (Continued)

Accrued rental income (continued)

The ECLs were calculated based on actual credit loss experience over the past 3-5 years. The Group performed the calculation of ECL rates for its tenants.

Exposures within each group were segmented based on common credit risk characteristics such as credit risk grade, geographic region and industry, delinquency status, age of relationship and type of product purchased where applicable.

Actual credit loss experience was adjusted by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the accrued rental income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

3.3.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or loans. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value. Borrowings are recognised initially at fair value, net of transaction costs incurred. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In that case, fees shall be posted until the withdrawal is carried out.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Classification and subsequent measurement

The Group's financial liabilities include "term loans", "Murabaha payable" and "accounts payable and other credit balances".

Term loans

After initial recognition, interest bearing term loan is subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of profit or loss. Unpaid amounts of term loan are included in 'Term Loans'.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.3 Financial instruments (Continued)

3.3.2 Financial liabilities (Continued)

Murabaha payable

Murabaha payable is initially recognised at the value received from contracts. After initial recognition, Murabaha payable is measured at amortised cost using the effective interest rate method. The effective interest rate is a method of calculating the amortised cost of a financial asset and of allocating cost over the relevant period. The effective interest is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Accounts payable and other credit balances

Liabilities are recognised for the amount to be paid in the future for goods or services received, whether billed or not. Accounts payables and other credit balances are subsequently measured at amortised cost using the effective yield method.

Derecognition of financial liabilities

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

Offsetting

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

3.4 Associates

Associates are those entities in which the Group has significant influence which is the power to participate in the financial and operating policy decisions of the associate. Under the equity method, investment in associates are carried in the consolidated statement of financial position at cost as adjusted for changes in the Group share of the net assets of the associate from the date that significant influence effectively commences until the date that significant influence effectively ceases, except when the investment is classified as held for sale, in which case it is accounted as per IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

The Group recognises its share in business results of the associate in the consolidated statement of profit or loss. Moreover, the Group recognises its share of the changes in the associate’s other comprehensive income in its other comprehensive income.

Losses of an associate in excess of the Group’s interest in that associate (including any long-term interests that, in substance, form part of the Group’s net investment in the associate) are not recognised except to the extent that the Group has an obligation or has made any payments on behalf of the associate.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.4 Associates (Continued)

Any excess of the cost of acquisition over the Group share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying value of the investment in associates. It is assessed as a part of the investment in order to determine the impairment. If the cost of acquisition is lower than the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is recognised immediately in the consolidated statement of profit or loss.

The Group determines, at each reporting date, whether there is an indication that the investment in the associate may be impaired and determining whether it is necessary to recognise any impairment in the investment. If any such indication exists, an impairment loss is determined for the entire carrying amount of the investment. The Group calculates the impairment amount as the difference between the recoverable amount of the associate and its carrying amount. Such amount is recognised in the consolidated statement of profit or loss. Any reversal of the impairment is recognised to the extent that the recoverable amount of the investment subsequently increases.

The Group measures and recognises any investments held at the fair value upon loss of significant influence on the associate. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal are recognised in the consolidated statement of profit or loss.

3.5 Investment properties

Investment properties include current properties, properties under construction or redevelopment held for gaining rentals or increase in the market value or both. Investment properties are initially recognised at cost, which contains purchase price and its related transaction costs. Subsequent to initial recognition, investment properties are recognised at fair value at the financial period end date. Profits or losses arising from changes in the fair value of investment properties are included in the consolidated statement of profit or loss for the period in which they arise.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Profits or losses arising on the disposal or termination of an investment property are recognised in the consolidated statement of profit or loss.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of its development for selling purposes.

If a property being used by the owner is transferred to investment property, the Group will account for such property as per the applicable accounting policy for property, plant and equipment up to date of the usage change and transfer.

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3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.6 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Significant improvements and replacements of assets are capitalised.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in consolidated statement of profit or loss in the period in which they occur.

Depreciation of property and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Vehicles	5
Equipment	5
Office furniture	5
Computers and printers	4

The useful life and depreciation method is reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

3.7 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial 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. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually. Whenever there is an indication that the asset may be impaired, its recoverable amount is estimated.

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. 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 profit or loss.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.7 Impairment of non-financial assets (Continued)

For a non-financial asset, other than goodwill, in which impairment subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of consolidated statement of profit or loss.

3.8 Provision for end of service indemnity

The Group provides end of service indemnity to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service subject to the completion of a minimum service period in accordance with provisions of Labor Law and related contracts of employees. The expected costs of these benefits are accrued over the period of employment. This liability which is unfunded represents the amount payable to each employee as a result of termination on the reporting date.

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

3.9 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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 a provision is the best estimate of the consideration required to settle the present obligation at the consolidated 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.

3.10 Treasury shares

Treasury shares consist of the Parent Company's own shares that have been issued, subsequently reacquired by the Group 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, profits are credited to a separate account in Shareholders' equity "treasury shares reserve" which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings, reserves, and then share premium respectively.

Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in reserves, retained earnings and treasury shares reserve respectively. 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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.10 Treasury shares (Continued)

Where any Group's company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Parent Company's Shareholders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs is included in equity attributable to the Parent Company's Shareholders.

3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, 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 as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the consolidated statement of profit or loss in the year in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.12 Revenue recognition

Revenues are measured based on the consideration to which it is expected by the Group to be entitled through the contract with customer as the amounts that have been collected on behalf of the other parties are excluded. Revenues are recognised when the control over goods or services is transferred to the customer.

Control shall be transferred at a specific time if any of the criteria required for transferring goods or service is not met over a period of time. The following items should be considered by the Group whether or not control is transferred:

- The Group shall have immediate right in payments against the asset.
- The customer shall have a legal right in the asset.
- The Group shall transfer the physical possession to the asset.
- The customer shall have the significant risks and benefits of ownership of the asset.
- The customer shall accept the asset.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.12 Revenue recognition (Continued)

Group's revenue streams arise from the following activities:

Rental income

Rental income is recognised when earned, on a time apportionment basis.

Interest income

Interest income is recognised on accrual basis using the effective interest method.

Dividends

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

Other income

Other income is recognised on accrual basis.

3.13 Leases

The Group as a lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Other lease contracts are classified as financing leases. The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. The Group recognises right-of use assets and the lease liabilities regarding all lease arrangements when it acts as the lessee.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.14 Taxes

Contribution to National Labour Support Tax (NLST), Kuwait Foundation for the Advancement of Sciences (KFAS) and Zakat

Contribution to NLST, KFAS, and Zakat represent levies/taxes imposed on the Parent Company at fixed percentage of profit for the year less permitted deductions under the prevalent respective fiscal regulations of the State of Kuwait. Under prevalent levies/taxes regulations, no carry forward of losses is permitted and there are no significant differences between the levies/taxes bases of assets and liabilities and their carrying amounts for the purposes of the consolidated financial statements.

<i>Statutory levy/Tax</i>	<i>Percentage</i>
National Labour Support Tax	2.5% of net profit, less permitted deductions
Contribution to Kuwait Foundation for the Advancement of Sciences	1% of net profit, less permitted deductions.
Zakat	1% of net profit, less permitted deductions.

3.15 Foreign currencies translation

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The Group's consolidated financial statements have been prepared and presented in Kuwaiti Dinars, which is the Group's presentation currency.

Transactions and balances

Transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of transactions. At each consolidated statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the consolidated statements financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the consolidated statement of profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated statement of profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in the consolidated statement of profit or loss and other comprehensive income. For such non-monetary items, any exchange component of such profit or loss is also recognised directly in the consolidated statement of profit or loss and other comprehensive income.

Foreign operations

The assets and liabilities of the Group's foreign operations are expressed in KD using exchange rates prevailing at the consolidated statement of financial position date. Income and expense items are translated into the Group's presentation currency at the average rate over the consolidated reporting period.

3. MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

3.15 Foreign currencies translation (Continued)

Foreign operations (continued)

Exchange differences are charged / credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to consolidated statement of profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into KD at the closing rate.

3.16 Contingencies

Contingent liabilities are not recognised in the consolidated financial statements unless it is probable as a result of past events that an outflow of economic resources will be required to settle a present, legal or constructive obligation; and the amount can be reliably estimated. However, the contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic losses is remote.

Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits as a result of past events is probable.

3.17 Segment information

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. Operating segments are disclosed in a manner consistent with the internal reporting reviewed by the chief operating decision-maker, i.e. the person being responsible for allocating resources, assessing performance and making strategic decisions on the operating segments.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATION UNCERTAINTY AND ASSUMPTIONS

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

Significant accounting judgements

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

Classification of financial instruments

On acquisition of a financial asset, the Group decides whether it should be classified as "at fair value through profit or loss", "at fair value through other comprehensive income" or "at amortised cost". IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets of the instrument's contractual cash flow characteristics. The Group follows the guidance of IFRS 9 on classifying its financial assets.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATION UNCERTAINTY AND ASSUMPTIONS (CONTINUED)

Significant accounting judgements (Continued)

Classification of properties

The Group decides on acquisition of a real estate property whether it should be classified as trading, property held for development, investment property or property, plant and equipment. The Group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The Group classifies property as property under development if it is acquired with the intention of development. The Group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

Leases

Significant opinions on requirements for applying IFRS 16 include, among others, the following:

- Determine whether the contract (part thereof) contains a lease.
- Determine whether it is reasonably certain that extension or termination option will be exercised
- Classification of lease agreements (when the entity is the lessor).
- Determine whether the variable payments are substantially fixed.
- Determine whether there are multiple leases in the arrangement.
- Determine the sale price of leased and non-leased items.

Estimation uncertainty and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated financial statements date, that have a significant impact causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Provision for expected credit losses for receivables

The Group has reassessed its significant judgments and estimates in respect of expected credit losses including probability of default, loss rate on default and incorporation of forward looking information.

The Group uses a provision matrix to calculate ECLs for accrued rental income. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, services type, customer and type). 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, stock market capitalisation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate 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.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATION UNCERTAINTY AND ASSUMPTIONS (CONTINUED)

Estimation uncertainty and assumptions (Continued)

Provision for expected credit losses for receivables (continued)

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 of the Group's receivables is disclosed in (Note 24).

Valuation of unquoted financial assets

Valuation of unquoted equity investments is normally based on one of the following recent market transactions:

- Recent arm's length market transactions.
- Current fair value of other instruments that are substantially the same.
- Earnings multiples.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- Price to book value model.
- Other valuation models.

The determination of the cash flows, earnings multiple, price to book value multiple and discount factors for unquoted shares requires significant estimation.

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Group's management determines the appropriate valuation techniques and input for fair value measurement. In estimating the fair value of an asset or a liability, the management uses market observable data to the extent it is available. In case no market observable data are available, the Group shall assign an external qualified valuer to carry out the valuation process. Information about valuation techniques and input used in determining the fair value of various assets and liabilities are disclosed in (Note 25).

Valuation of investment properties

The Group carries its investment properties at fair value where changes in the fair value are recognised in the consolidated statement of profit or loss, three basic methods are used for determining the fair value of the investment properties:

- a) Discounted cash flows method: in this method the successive amounts of expected future cash flows of the asset are used based on the outstanding contracts and rental conditions, and discount the present value by using a discount rate that reflects the risks related to this asset.
- b) Income capitalisation: through which the property value is estimated based on its resulted income. Such value is calculated based on the net operating income of the property divided by the expected rate of profit from the property as per market inputs, which is known as capitalisation rate.
- c) Comparative analysis: using values of actual deals transacted recently by other parties for properties in a similar location and condition and relying on expertise of independent real estate appraiser.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATION UNCERTAINTY AND ASSUMPTIONS (CONTINUED)

Estimation uncertainty and assumptions (Continued)

Useful lives of property and equipment

As described in the accounting policies, the Group reviews the estimated useful lives over which its property and equipment are depreciated. The Group's management is satisfied that the estimates of useful lives are appropriate.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Determination whether matching the criteria of revenue recognition in accordance with IFRS 15 and IFRS 16 and the policy of revenue recognition disclosed in (Note 3.12) require significant judgments.

5. CASH AND CASH EQUIVALENTS

	<u>2025</u>	<u>2024</u>
	KD	KD
Cash on hand	3,099	6,555
Current accounts at banks	660,908	661,658
Cash at Kuwait Clearing Company	2,067	477,902
Cash at investment portfolio	1,923,235	781,701
Short term deposit *	<u>1,700,000</u>	<u>-</u>
	<u>4,289,309</u>	<u>1,927,816</u>

* This represents term deposit with a local bank carrying an effective interest rate of 3% per annum (31 December 2024: Nil). This term deposit has maturity of less than three months from the placement date. There is a pledge on the deposit against foreign term loan (Note 12).

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6. DEBTORS AND OTHER DEBIT BALANCES

	<u>2025</u>	<u>2024</u>
	KD	KD
Accrued rental income	40,966	59,130
Less: provision for expected credit losses	<u>(26,228)</u>	<u>(26,228)</u>
	14,738	32,902
Prepaid expenses	18,683	16,182
Refundable deposits	<u>25,866</u>	<u>25,913</u>
	<u>59,287</u>	<u>74,997</u>

Accrued rental income are non-interest bearing and are normally due within 30 days.

7. RELATED PARTIES' DISCLOSURES

Related parties represent major Shareholders, directors and senior management personnel of the Group, and companies controlled, or significantly influenced by such parties. The pricing policies and conditions for these transactions are approved by the Group's management. The significant related parties' balance and transactions are as follows:

Balances included in the consolidated statement of financial position

	<u>Nature of relationship</u>	<u>2025</u>	<u>2024</u>
		KD	KD
<i>Due from a related party</i>			
Aqar Al Khalijiya General Trading & Contracting Company W.L.L.	Associate	133,258	133,258
Less: provision for expected credit losses *		<u>(79,296)</u>	<u>(59,056)</u>
		<u>53,962</u>	<u>74,202</u>

* The movement during the year is as follows:

	<u>2025</u>	<u>2024</u>
	KD	KD
Balance as at the beginning of the year	59,056	-
Charge during the year	20,240	59,056
Balance as at the end of the year	<u>79,296</u>	<u>59,056</u>

	<u>2025</u>	<u>2024</u>	
	KD	KD	
<i>Murabaha payable</i>			
Al-Manar Financing and Leasing Company K.S.C. (Public) (Note 13)	Associate	850,000	900,000

Represented as follows:

	<u>2025</u>	<u>2024</u>
	KD	KD
<i>Due from a related party</i>		
Non-current portion	53,962	74,202
	<u>53,962</u>	<u>74,202</u>

	<u>2025</u>	<u>2024</u>
	KD	KD
<i>Murabaha payable</i>		
Current portion	850,000	900,000
	<u>850,000</u>	<u>900,000</u>

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7. RELATED PARTIES' DISCLOSURES (CONTINUED)

Transactions included in the consolidated statement of profit or loss

	<u>Associate</u>	<u>Others</u>	<u>2025</u>	<u>2024</u>
	KD	KD	KD	KD
Finance costs	69,525	-	<u>69,525</u>	<u>60,025</u>
Provision for expected credit losses	20,240	-	<u>20,240</u>	<u>59,056</u>
Other income	-	3,459	<u>3,459</u>	<u>5,217</u>
General and administrative expense	-	36,000	<u>36,000</u>	<u>36,000</u>
Operating costs	-	59,235	<u>59,235</u>	<u>38,611</u>

Key management personnel:

	<u>2025</u>	<u>2024</u>
	KD	KD
Salaries and short term benefits	68,692	61,712
End of service benefits	<u>2,308</u>	<u>4,038</u>
	<u>71,000</u>	<u>65,750</u>

Contingent liabilities:

	<u>2025</u>	<u>2024</u>
	KD	KD
Letters of guarantee (Note 26)	<u>1,011,485</u>	<u>1,020,427</u>
	<u>1,011,485</u>	<u>1,020,427</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2025</u>	<u>2024</u>
	KD	KD
Local quoted securities	<u>3,129,753</u>	<u>3,306,245</u>
	<u>3,129,753</u>	<u>3,306,245</u>

The movement during the year is as follows:

	<u>2025</u>	<u>2024</u>
	KD	KD
Balance as at the beginning of the year	3,306,245	3,696,714
Additions	26,732,574	16,215,427
Disposals	(27,492,497)	(16,670,560)
Unrealised gain from change in fair value (Note 20)	583,431	64,664
Balance as at the end of the year	<u>3,129,753</u>	<u>3,306,245</u>

Fair value of financial assets was disclosed in (Note 25).

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9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>2025</u>	<u>2024</u>
	KD	KD
Local quoted securities	3,133,189	4,120,032
Local unquoted securities	1,141,791	531,562
Foreign unquoted securities	997,370	1,402,879
Foreign quoted securities	1	1
	<u>5,272,351</u>	<u>6,054,474</u>

There are local quoted securities by an amount of KD 2,467,123 (2024: KD 3,720,000) that have been pledged to foreign bank against term loan (Note 12).

The movement during the year is as follows:

	<u>2025</u>	<u>2024</u>
	KD	KD
Balance as at the beginning of the year	6,054,474	5,169,504
Additions	1,274,889	292,389
Disposals	(2,531,332)	(205,872)
Change in fair value	474,320	798,453
Balance as at the end of the year	<u>5,272,351</u>	<u>6,054,474</u>

Financial assets at fair value through other comprehensive income denominated in the following currencies:

	<u>2025</u>	<u>2024</u>
	KD	KD
KD	4,274,980	4,651,595
USD	897,881	1,243,483
GBP	-	51,289
BD	99,490	108,107
	<u>5,272,351</u>	<u>6,054,474</u>

Fair value of financial assets was disclosed in (Note 25).

10. INVESTMENT IN ASSOCIATES

Name of associate	Country of Incorporation	Ownership (%)		Carrying amount		Principal activities
		2025	2024	2025	2024	
				KD	KD	
Aqar Al Khalijjiya General Trading & Contracting Company W.L.L.	State of Kuwait	21%	21%	1,357,392	1,557,576	General trading and contracting
Al Manar Financing and Leasing Company K.S.C. (Public)	State of Kuwait	29%	29%	8,092,709	7,516,349	Financing and leasing
				<u>9,450,101</u>	<u>9,073,925</u>	

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10. INVESTMENT IN ASSOCIATES (CONTINUED)

The movement during the year is as follows:

	<u>2025</u>	<u>2024</u>
	KD	KD
Balance as at the beginning of the year	9,073,925	8,609,713
Group's share of results for the year *	768,438	396,431
Group's share from change in foreign currency translation reserve	(104,552)	5,106
Group's share from change in fair value of financial assets at fair value through other comprehensive income	378,543	325,853
Groups share in associate treasury shares	(336,250)	(33,718)
Impairment loss on investment in an associate **	(102,277)	-
Dividends income received from an associate	(227,726)	(229,460)
Balance as at the end of the year	<u>9,450,101</u>	<u>9,073,925</u>

* The Group recognised its share of results from Aqar Al Khalijiya General Trading & Contracting Company W.L.L. based on interim condensed consolidated financial information as at 30 September 2025 prepared by Management. Management assessed that no significant events and transactions occurred between that date and the Group's reporting date requiring adjustments to the carrying amount of the investment. The Group recognised its share of results from Al-Manar Financing and Leasing Company K.S.C. (Public) based on audited consolidated financial statements as at 31 December 2025. The Group has recorded its share of results from these associates in the consolidated statement profit or loss.

** Impairment assessment of Aqar Al Khalijiya General Trading & Contracting Company W.L.L.:

As at 31 December 2025, the Group performed a fair value of the associate for the purpose of impairment testing. The Group had used fair value less cost of disposal using adjusted net assets value approach. As a result, the recoverable amount was lower than the carrying value. Accordingly, impairment loss was recognised by an amount of KD 102,277 in the consolidated profit or loss.

Key assumptions used:

- Discount of Lack of Marketability (DLOM) to calculate valuation by 30%.
- Cost of disposal by 2%.

Sensitivity to changes in assumptions:

- A rise in the DLOM by 10 % would result in decline in the fair value by KD 192,912.

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10. INVESTMENT IN ASSOCIATES (CONTINUED)

The following table shows financial information of the Group's associates:

2025	Aqar Al Khalijiya General Trading & Contracting Company W.L.L. KD	Al Manar Financing and Leasing Company K.S.C. (Public) KD	Total KD
Consolidated statement of profit or loss:			
Revenues	-	5,577,040	5,577,040
(Loss) / profit for the period / year	(99,176)	2,933,707	2,834,531
Attributable to:			
To the Shareholders of the Parent Company	(75,248)	2,704,282	2,629,034
Non-controlling interests	(23,928)	229,425	205,497
	(99,176)	2,933,707	2,834,531
Other comprehensive (loss) / income	(390,975)	68,426	(322,549)
Consolidated statement of financial position:			
Total assets	18,866,775	61,823,051	80,689,826
Total liabilities	9,444,394	25,449,377	34,893,771
Net assets	9,422,381	36,373,674	45,796,055
Attributable to:			
To the Shareholders of the Parent Company	6,950,804	32,758,539	39,709,343
Non-controlling interests	2,471,577	3,615,135	6,086,712
	9,422,381	36,373,674	45,796,055

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10. INVESTMENT IN ASSOCIATES (CONTINUED)

2024	Aqar Al Khalijiya General Trading & Contracting Company W.L.L. KD	Al Manar Financing and Leasing Company K.S.C. (Public) KD	Total KD
Consolidated statement of profit or loss:			
Revenues	-	4,264,530	4,264,530
(Loss) / profit for the period / year	(68,844)	1,672,568	1,603,724
Attributable to:			
To the Shareholders of the Parent Company	(58,072)	1,409,084	1,351,012
Non-controlling interest	(10,772)	263,484	252,712
	(68,844)	1,672,568	1,603,724
Other comprehensive (loss) / income	(3,036)	1,027,159	1,024,123
Consolidated statement of financial position:			
Total assets	17,310,515	56,293,013	73,603,528
Total liabilities	7,260,269	21,953,117	29,213,386
Net assets	10,050,246	34,339,896	44,390,142
Attributable to:			
To the Shareholders of the Parent Company	7,417,026	30,771,093	38,188,119
Non-controlling interest	2,633,220	3,568,803	6,202,023
	10,050,246	34,339,896	44,390,142

The following table shows a reconciliation of the financial information of the associate to the carrying amount of the Group's interest in the associates:

2025	Aqar Al Khalijiya General Trading & Contracting Company W.L.L. KD	Al Manar Financing and Leasing Company K.S.C. (Public) KD	Total KD
Net assets of the associate	6,950,804	32,758,539	39,709,343
Group's effective interest in the associate's equity	21%	29%	
Group's interest in net assets of the associate	1,459,669	9,499,977	10,959,646
Fair value adjustments *	-	(1,407,268)	(1,407,268)
Impairment losses of an associate	(102,277)	-	(102,277)
Carrying amount of the Group's investment in the associate	1,357,392	8,092,709	9,450,101

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10. INVESTMENT IN ASSOCIATES (CONTINUED)

The following table shows a reconciliation of the financial information of the associate to the carrying amount of the Group's interest in the associates: (Continued)

2024	Aqar Al Khalijiya General Trading & Contracting Company W.L.L.	Al Manar Financing and Leasing Company K.S.C. (Public)	Total
	KD	KD	KD
Net assets of the associate	7,417,026	30,771,093	38,188,119
Group's effective interest in the associate's equity	21%	29%	
Group's interest in net assets of the associate	1,557,576	8,923,617	10,481,193
Fair value adjustments *	-	(1,407,268)	(1,407,268)
Carrying amount of the Group's investment in the associate	<u>1,557,576</u>	<u>7,516,349</u>	<u>9,073,925</u>

* The fair value adjustments represent in the excess of the Group's share of the net carrying value over the net fair value of the associate's identifiable assets and liabilities at the date of acquisition.

The shares of Al Manar Leasing and Investment Company K.S.C. (Public) ("Associate") are mortgaged against Murabaha payable (Note 13).

11. INVESTMENT PROPERTIES

The movement during the year is as follows:

	2025 KD	2024 KD
Balance as at the beginning of the year	17,027,618	16,984,630
Change in fair value	(418,056)	42,988
Balance as at the end of the year	<u>16,609,562</u>	<u>17,027,618</u>

There are investment properties with carrying value of KD 12,439,786 (2024: KD 12,704,291) that have been pledged to local and foreign banks against term loans (Note 12) and Murabaha Payable (Note 13).

Investment properties are located in Kuwait and United Arab Emirates.

Investment properties that have been valued using market comparable approach and capitalised income approach were classified within level 2 and level 3 in the fair value hierarchy (Note 25).

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12. TERM LOANS

The balance included the following:

	<u>2025</u>	<u>2024</u>
	KD	KD
Loans from foreign banks	<u>3,170,880</u>	<u>3,411,096</u>
	<u>3,170,880</u>	<u>3,411,096</u>

Term loan granted by a foreign bank by an amount of KD 2,095,380 at an interest rate of 2.25% (31 December 2024: 2.25%) per annum over EIBOR, paid on quarterly basis and they are secured by mortgage of investment properties with carrying amount of KD 6,446,786 (2024: KD 6,834,291) (Note 11). The loan balance is denominated in UAE Dirhams.

Term loan granted by a foreign bank by an amount of KD 1,075,500 at an interest rate of 2% per annum over the greater of the bank's cost of funding, paid on monthly basis and they are secured by mortgage of financial assets at fair value through other comprehensive income by an amount of KD 2,467,123 (2024: KD 3,720,000) (Note 9) and short term deposit by KD 1,700,000 (Note 5). The loan balance is denominated in EURO.

The fair value of the term loans is equivalent to its carrying value.

Represented as follows:

	<u>2025</u>	<u>2024</u>
	KD	KD
Current portion	1,408,100	1,297,320
Non-current portion	<u>1,762,780</u>	<u>2,113,776</u>
	<u>3,170,880</u>	<u>3,411,096</u>

13. MURABAHA PAYABLE

	<u>2025</u>	<u>2024</u>
	KD	KD
Total amount	3,030,997	3,290,813
Less: deferred profit	<u>(31,952)</u>	<u>(49,713)</u>
	<u>2,999,045</u>	<u>3,241,100</u>

Murabaha payable by an amount of KD 1,749,045 (2024: KD 1,841,100) obtained from a local bank carrying a profit rate of 1.25% per annum (2024: 1.25% per annum) over Central Bank of Kuwait discount rate and due within one year as at the financial year ended 31 December 2025. It is secured by mortgage of investments properties with carrying amount of KD 3,610,000 (2024: KD 3,520,000) (Note 11).

Murabaha payable by an amount of KD 850,000 was granted by Al-Manar Financing and Leasing Company K.S.C. (Public) ("Associate Company") at profit rate 6% per annum (2024: 6% per annum) and due within one year as at the financial year ended 31 December 2025 (Note 7).

Murabaha payable by an amount of KD 400,000 was granted by a local bank carrying a profit rate of 1.5% per annum (2024: 1.5% per annum) over Central Bank of Kuwait discount rate and due within one year. It is secured by the shares of Al Manar Leasing and Investment Company K.S.C. (Public) "associate" with carrying amount of KD 8,092,709 (2024: KD 7,516,349) (Note 10).

The fair value of the Murabaha payable is equivalent to its carrying value.

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14. ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES

	<u>2025</u>	<u>2024</u>
	KD	KD
Accrued expenses	456,366	329,285
Dividend payable	83,134	82,816
Rent received in advance	57,324	54,291
Tenants' deposits	61,667	60,458
Kuwait Foundation for the Advancement of Sciences payable *	863	5,878
National Labour Support Tax payable	54,934	27,612
Zakat payable	6,134	10,718
Staff payable	291	415
Accrued staff leave	25,644	21,446
	<u>746,357</u>	<u>592,919</u>

* The following is the movement on the outstanding contribution of the Kuwait Foundation for the Advancement of Sciences (KFAS):

	<u>2025</u>	<u>2024</u>
	KD	KD
Balance at the beginning of the year	5,878	4,221
Charge during the year	-	5,015
Paid during the year	(5,015)	(3,358)
Balance at the end of the year	<u>863</u>	<u>5,878</u>

15. SHARE CAPITAL

The Parent Company's authorised, issued and paid-up share capital is KD 23,425,000 distributed over 234,250,000 shares with nominal value of 100 Kuwaiti fils each (31 December 2024: KD 23,425,000 distributed over 234,250,000 shares with nominal value of 100 Kuwaiti fils each), and all shares are cash.

16. STATUTORY RESERVE

As required by the Companies' Law and the Parent Company's Articles of Association, 10% of the profit for the year attributable to Shareholders of the Parent Company before calculation of the contribution to KFAS, NLST, Zakat and Board of Directors' remuneration is transferred to the statutory reserve. The Parent Company may resolve to discontinue such annual transfers when the statutory reserve exceeds 50% of the capital. This reserve is not available for distribution except in cases stipulated by Law and the Parent Company's Articles of Association.

It is not allowed to distribute statutory reserve to Shareholders; it is only allowed to use it to distribute profits to Shareholders up to 5% of paid-up share capital in the years when retained earnings are not sufficient for the payment of a dividend of that amount.

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17. VOLUNTARY RESERVE

As required by the Parent Company's Article of Association, a percentage of the profit for the year attributable to Shareholders of the Parent Company before calculation of the contribution to NLST, KFAS, Zakat and Board of Directors' remuneration is transferred to the voluntary reserve. Voluntary reserve should be transferred based on the Board of Directors' recommendation that is subject to approval of the General Assembly of the Parent Company's Shareholders. Such annual transfers may be discontinued by the Parent Company based on a resolution of the Shareholders' General Assembly upon recommendation by the Board of Directors.

18. THE PARENT COMPANY'S SHAREHOLDERS GENERAL ASSEMBLY

At the meeting held on 23 February 2026, the Board of Directors have proposed distribution of cash dividends for the financial year ended 31 December 2025 of 3 fils per share after deduction of treasury shares. Also, not to pay remuneration to the Board of Directors. This proposal is subject to the approval of the Shareholders Annual General Assembly.

The Parent Company's Shareholders' Ordinary General Assembly Meeting held on 29 April 2025 approved the consolidated financial statements of the Group for the financial year ended 31 December 2024 and approved to distribute cash dividends of 3% of the paid-up capital (3 fils per share) after disposal of treasury shares for the year ended 31 December 2024. Also, not to pay remuneration to the Board of Directors.

The Annual General Assembly Meeting of the Parent Company's Shareholders' held on 5 May 2024 approved the consolidated financial statements of the Group for the financial year ended 31 December 2023 and approved to distribute cash dividends of 2% of the paid-up capital (2 fils per share) after disposal of treasury shares for the year ended 31 December 2023. Also, not to pay remuneration to the Board of Directors.

19. TREASURY SHARES

	<u>2025</u>	<u>2024</u>
Number of shares (share)	10,018,000	12,007,000
Percentage to paid up shares (%)	4.277%	5.126%
Market value (KD)	950,708	886,117
Cost (KD)	628,451	753,118

20. NET INVESTMENTS INCOME

	<u>2025</u>	<u>2024</u>
	KD	KD
Unrealised gain from change in fair value of financial assets at fair value through profit or loss (Note 8)	583,431	64,664
Realised gain from sale of financial assets at fair value through profit or loss	737,579	333,339
Dividends income	180,302	284,458
	<u>1,501,312</u>	<u>682,461</u>

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21. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2025</u>	<u>2024</u>
	KD	KD
Staff costs	268,645	307,419
Professional fees	34,107	78,769
Subscription fees	23,555	20,564
Advertising expenses	756	996
Maintenance expenses	2,849	3,011
Others	150,192	112,740
	<u>480,104</u>	<u>523,499</u>

22. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

Basic and diluted earnings per share is computed by dividing the net profit for the year attributable to Shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares). There are no potential dilutive ordinary shares.

The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding during the year is as follows:

	<u>2025</u>	<u>2024</u>
Net profit for the year attributable to the Shareholders of the Parent Company ("KD")	<u>1,750,419</u>	<u>967,956</u>
Number of the Parent Company's outstanding shares (share)	234,250,000	234,250,000
Less: weighted average number of the Parent Company's treasury shares (share)	<u>(10,237,178)</u>	<u>(4,641,081)</u>
Weighted average number of the Parent Company's outstanding shares (share)	<u>224,012,822</u>	<u>229,608,919</u>
Basic and diluted earnings per share attributable to the Shareholders of the Parent Company (fils)	<u>7.81</u>	<u>4.22</u>

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23. SEGMENTS REPORTING

The Group is organised into functional divisions to manage its various lines of business. The Group operates in the State of Kuwait, United Arab Emirates and other countries. For the purposes of segment reporting, the Group's management has grouped its activities into the following business segments:

- Real estate
- Investments
- Others

	2025			Total KD
	Real estate segment KD	Investments segment KD	Other segments KD	
Properties rental income	1,126,834	-	-	1,126,834
Properties operating costs	(193,692)	-	-	(193,692)
Net rental income	933,142	-	-	933,142
Provision for expected credit losses	(20,240)	-	-	(20,240)
Net operating profit	912,902	-	-	912,902
Other income	-	-	31,055	31,055
Interest income	-	74,450	-	74,450
Group's share of results from associates	-	768,438	-	768,438
Change in fair value of investment properties	(418,056)	-	-	(418,056)
Net investments income	-	1,501,312	-	1,501,312
	<u>494,846</u>	<u>2,344,200</u>	<u>31,055</u>	<u>2,870,101</u>
General and administrative expenses	-	-	(480,104)	(480,104)
Depreciation	-	-	(8,774)	(8,774)
Finance costs	-	-	(375,885)	(375,885)
Net foreign currencies exchange differences	-	-	(91,631)	(91,631)
Impairment loss on investment in an associate	-	-	(102,277)	(102,277)
Total expenses	-	-	<u>(1,058,671)</u>	<u>(1,058,671)</u>
Profit / (loss) for the year before deductions	494,846	2,344,200	(1,027,616)	1,811,430
National Labour Support Tax	-	-	(54,934)	(54,934)
Contribution to Zakat	-	-	(6,077)	(6,077)
Net profit / (loss) for the year	<u>494,846</u>	<u>2,344,200</u>	<u>(1,088,627)</u>	<u>1,750,419</u>
Other information:				
Segment assets	<u>16,609,562</u>	<u>17,852,205</u>	<u>4,404,657</u>	<u>38,866,424</u>
Segment liabilities	<u>5,094,425</u>	<u>1,075,500</u>	<u>808,488</u>	<u>6,978,413</u>

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23. SEGMENTS REPORTING (CONTINUED)

	2024			
	Real estate segment	Investments segment	Other segment	Total
	KD	KD	KD	KD
Properties rental income	1,053,875	-	-	1,053,875
Properties operating costs	(217,984)	-	-	(217,984)
Net rental income	835,891	-	-	835,891
Provision for expected credit losses	(59,056)	-	-	(59,056)
Net operating profit	776,835	-	-	776,835
Other income	-	-	14,761	14,761
Interest income	-	12,270	-	12,270
Group's share of results from associates	-	396,431	-	396,431
Change in fair value of investment properties	42,988	-	-	42,988
Net investments income	-	682,461	-	682,461
	<u>819,823</u>	<u>1,091,162</u>	<u>14,761</u>	<u>1,925,746</u>
General and administrative expenses	-	-	(523,499)	(523,499)
Depreciation	-	-	(21,330)	(21,330)
Finance costs	-	-	(417,245)	(417,245)
Net foreign currencies exchange differences	-	-	47,606	47,606
Total expenses	-	-	(914,468)	(914,468)
Profit / (loss) for the year before deductions	819,823	1,091,162	(899,707)	1,011,278
Kuwait Foundation for the Advancement of Sciences	-	-	(5,015)	(5,015)
National Labour Support Tax	-	-	(27,612)	(27,612)
Contribution to Zakat	-	-	(10,695)	(10,695)
Net profit / (loss) for the year	<u>819,823</u>	<u>1,091,162</u>	<u>(943,029)</u>	<u>967,956</u>
Other information:				
Segment assets	<u>17,027,618</u>	<u>18,434,644</u>	<u>2,087,342</u>	<u>37,549,604</u>
Segment liabilities	<u>5,690,396</u>	<u>961,800</u>	<u>648,239</u>	<u>7,300,435</u>

24. CAPITAL MANAGEMENT AND FINANCIAL RISKS

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for Shareholders and benefits for other stakeholders and to provide an adequate return to Shareholders by pricing products and services commensurately with the level of risk.

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24. CAPITAL MANAGEMENT AND FINANCIAL RISKS (CONTINUED)

Capital management (Continued)

The Group's sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio, which is calculated by net debt value divided by total invested capital. Net debt is calculated as the total debt less cash and cash equivalents. Total capital invested is calculated as the total equity and net debt.

Gearing ratio

	<u>2025</u>	<u>2024</u>
	KD	KD
Term loans (Note 12)	3,170,880	3,411,096
Murabaha payable (Note 13)	2,999,045	3,241,100
Less: cash and cash equivalents (Note 5)	<u>(4,289,309)</u>	<u>(1,927,816)</u>
Net debt	1,880,616	4,724,380
Total equity	<u>31,888,011</u>	<u>30,249,169</u>
Total capital	<u>33,768,627</u>	<u>34,973,549</u>
Gearing ratio	<u>5.57%</u>	<u>13.51%</u>

Financial risk

Categories of financial instruments

	<u>2025</u>	<u>2024</u>
	KD	KD
Financial assets		
Cash and cash equivalents	4,289,309	1,927,816
Debtors and other debit balances (excluding prepaid expenses)	40,604	58,815
Due from a related party	53,962	74,202
Financial assets at fair value through profit or loss	3,129,753	3,306,245
Financial assets at fair value through other comprehensive income	5,272,351	6,054,474
Financial liabilities		
Term loans	3,170,880	3,411,096
Murabaha payable	2,999,045	3,241,100
Accounts payable and other credit balances (excluding rent received in advance)	689,033	538,628

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

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24. CAPITAL MANAGEMENT AND FINANCIAL RISKS (CONTINUED)

Financial risk (Continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign currency risk, interest rate risk and equity price risk will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency rates. The Group undertakes some transactions in foreign currencies, and hence the risk of exposure to fluctuations in currency rates arises. The management monitors the positions on a daily basis to ensure positions are maintained within established limits.

The carrying amounts of the Group's major foreign currencies denominated assets and liabilities at the consolidated financial position date are as follows:

	<u>2025</u>	<u>2024</u>
	KD	KD
	(Equivalent)	(Equivalent)
AED	7,492,147	7,601,464
USD	901,661	1,247,300
EURO	(1,067,367)	(921,739)
GBP	4,979	66,085
BD	99,490	108,107

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency rates used by the Group against the Kuwaiti Dinar. The effect of decrease in currency is expected to be equal and opposite to the effect of the increases shown below:

	<u>2025</u>		
	<u>Increase against Kuwaiti Dinar</u>	<u>Impact on the consolidated statement of profit or loss</u>	<u>Effect on consolidated other comprehensive income</u>
		(KD)	(KD)
AED	5%	374,607	-
USD	5%	189	44,894
EURO	5%	(53,368)	-
GBP	5%	249	-
BD	5%	-	4,975

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24. CAPITAL MANAGEMENT AND FINANCIAL RISKS (CONTINUED)

Financial risk (Continued)

Market risk (Continued)

i) Foreign currency risk (Continued)

	Increase against Kuwaiti Dinar	2024	
		Impact on the consolidated statement of profit or loss (KD)	Effect on consolidated other comprehensive income (KD)
AED	5%	380,073	-
USD	5%	191	62,174
EURO	5%	(46,087)	-
GBP	5%	740	2,564
BD	5%	-	5,405

ii) Interest rate risk

The financial instruments are exposed to the risk of changes in value due to changes in interest rates for financial assets and liabilities with floating rate. The effective interest rates and periods during which the financial assets and liabilities are re-priced or become due are listed in their related notes.

The following table shows the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit through the impact of changing the interest rate. The effect of decrease in interest rate is expected to be equal and opposite to the effect of the increases shown below:

	Increase against interest rate	2025	
		Balance KD	Effect on consolidated statement of profit or loss KD
Short term deposit	0.5%	1,700,000	8,500
Term loans	0.5%	3,170,880	(15,854)

	Increase against interest rate	2024	
		Balance KD	Effect on consolidated statement of profit or loss KD
Term loans	0.5%	3,411,096	(17,055)

iii) Equity price risk

Equity price risk arises from the changes in fair values of equity investments. The Group manages this risk through diversification of investments in terms of geographical distribution and industry concentration.

The following table demonstrates the sensitivity to a reasonably possible change in equity indices as a result of change in the fair value of these equity instruments, to which the Group had significant exposure as at the date of the consolidated financial statements. The effect of decreases in market prices is expected to be equal and opposite to the effect of the increases shown:

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24. CAPITAL MANAGEMENT AND FINANCIAL RISKS (CONTINUED)

Financial risk (Continued)

Market risk (Continued)

iii) Equity price risk (continued)

<u>Description</u>	<u>2025</u>		
	<u>Increase against equity price</u>	<u>Effect on the consolidated statement of profit or loss</u>	<u>Effect on the consolidated statement of profit or loss and other comprehensive income</u>
		KD	KD
Financial assets at fair value through profit or loss	5%	156,488	-
Financial assets at fair value through other comprehensive income	5%	-	156,659
		<u>2024</u>	
<u>Description</u>	<u>Increase against equity price</u>	<u>Effect on the consolidated statement of profit or loss</u>	<u>Effect on the consolidated statement of profit or loss and other comprehensive income</u>
		KD	KD
Financial assets at fair value through profit or loss	5%	165,312	-
Financial assets at fair value through other comprehensive income	5%	-	206,002

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit policy and exposure to credit risk is monitored on an ongoing basis. The Group seeks to avoid undue concentration of risks with individuals or group of customers in specific locations or business through diversification of lending activities and obtaining the suitable guarantees when appropriate.

Risk of impairment of financial assets

Financial assets exposed to impairment include "cash and cash equivalents", "debtors and other debit balances" and "due from a related party".

Cash and cash equivalents

The Group's cash and cash equivalents measured at amortised cost are considered to have a low credit risk and the loss allowance is based on the 12 months expected loss. The Group's cash and cash equivalents are placed with high credit rating financial institutions with no recent history of default. Based on management's assessment, the expected credit loss impact arising from such financial assets are insignificant to the Group as the risk of default has not increased significantly since initial recognition. The Group's maximum exposure arising from default of the counter-party is limited to the carrying amount of cash and cash equivalents.

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24. CAPITAL MANAGEMENT AND FINANCIAL RISK (CONTINUED)

Financial risk (Continued)

Credit risk (Continued)

Debtors and other debit balances and due from a related party

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all accrued rental income as this item do not have a significant financing component. In measuring the expected credit losses, accrued rental income have been assessed on a collective basis respectively and grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profile for transactions over the prior the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

On this basis, the provision for impairment loss of accrued rental income as at 31 December 2025 and 31 December 2024 has been determined as follows:

31 December 2025:

Ageing	Accrued rental income KD	Expected credit loss rate	Provision for impairment losses KD
Current	14,738	-	-
More than 180 days	26,228	100%	26,228
	40,966		26,228

31 December 2024:

Ageing	Accrued rental income KD	Expected credit loss rate	Provision for impairment losses KD
Current	32,902	-	-
More than 180 days	26,228	100%	26,228
	59,130		26,228

Accrued rental income is written off when there is no reasonable expectation of recovery. Indicators include lack of a reasonable expectation of recovery, among other matters, e.g. the failure of the customer to subscribe to a payment plan with the Group and lack to make contractual payments for more than 180 days.

The Group continues to use both changes in delay period and likelihood of default as indicator for the significant increase in credit risk.

While other debit balances and due a from related party are also subject to the requirements of credit loss in IFRS 9, the impairment loss is insignificant.

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24. CAPITAL MANAGEMENT AND FINANCIAL RISK (CONTINUED)

Financial risk (Continued)

Credit risk (Continued)

Credit risk exposure

The book values for financial assets represent the maximum exposure to credit risks. The maximum net exposure to credit risk for assets categories at the consolidated financial statements date was:

	<u>2025</u>	<u>2024</u>
	KD	KD
Cash and cash equivalents (excluding cash on hand)	4,286,210	1,921,261
Debtors and other debit balances (excluding prepaid expenses)	40,604	58,815
Due from a related party	53,962	74,202
	<u>4,380,776</u>	<u>2,054,278</u>

Concentration of credit risk

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by change in economic, political or other conditions. Concentration indicates the relative sensitivity of the Group's performance to developments affecting in particular industry or geographical location.

Analysis of Group's financial assets that are exposed to credit risk by geographic segment and business sector is as follows:

	<u>2025</u>	<u>2024</u>
	KD	KD
<i>Geographical segment:</i>		
State of Kuwait	4,027,693	1,800,053
United Arab Emirates	353,083	254,225
	<u>4,380,776</u>	<u>2,054,278</u>
	<u>2025</u>	<u>2024</u>
	KD	KD
<i>Business sector:</i>		
Banks and financial institutions	4,286,210	1,921,261
Real estate	94,566	133,017
	<u>4,380,776</u>	<u>2,054,278</u>

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24. CAPITAL MANAGEMENT AND FINANCIAL RISK (CONTINUED)

Financial risk (Continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter to meet commitments associated with financial liabilities that result from (remote likelihood) that requires the Group to pay its commitments before they fall due.

Prudent management of liquidity risk includes maintaining adequate liquidity, and providing finance through an adequate amount of committed credit facilities, and the ability to close market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available as well as the support from the Shareholders.

The table below summarises the maturity profile of the Group's undiscounted financial liabilities at 31 December based on contractual undiscounted repayment obligations. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 December 2025	Within 3 months KD	From 3-6 months KD	6-12 months KD	More than one year KD	Total KD
Term loans	1,158,650	83,150	166,300	1,870,331	3,278,431
Murabaha payable	-	2,999,045	-	-	2,999,045
Accounts payable and other credit balances (excluding rent received in advance)	203,929	125,899	359,205	-	689,033
	1,362,579	3,208,094	525,505	1,870,331	6,966,509
31 December 2024	Within 3 months KD	From 3-6 months KD	6-12 months KD	More than one year KD	Total KD
Term loans	1,045,680	83,880	167,760	2,257,484	3,554,804
Murabaha payable	-	3,241,100	-	-	3,241,100
Accounts payable and other credit balances (excluding rent received in advance)	103,892	187,208	247,528	-	538,628
	1,149,572	3,512,188	415,288	2,257,484	7,334,532

25. FAIR VALUE MEASUREMENT

The fair value represents 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. In the opinion of the Group's management, the carrying values of the financial assets and liabilities as at 31 December 2025 and 2024 are not significantly different from their carrying value.

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25. FAIR VALUE MEASUREMENT (CONTINUED)

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (inputs relating to prices).
- Level 3: inputs are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial assets are classified is determined based on the lowest level of significant input to the fair value measurement.

The assets that are measured at fair value in the consolidated statement of financial position are classified under the fair value hierarchy as follows:

2025	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets				
Financial assets at fair value through profit or loss	3,129,753	-	-	3,129,753
Financial assets at fair value through other comprehensive income	3,133,190	586,417	1,552,744	5,272,351
Non-financial assets				
Investment properties	-	1,272,000	15,337,562	16,609,562
2024	Level 1	Level 2	Level 3	Total
	KD	KD	KD	KD
Financial assets				
Financial assets at fair value through profit or loss	3,306,245	-	-	3,306,245
Financial assets at fair value through other comprehensive income	4,120,033	207,500	1,726,941	6,054,474
Non-financial assets				
Investment properties	-	-	17,027,618	17,027,618

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25. FAIR VALUE MEASUREMENT (CONTINUED)

The table below gives information about how the fair values of the financial assets are determined:

Financial assets	Fair value as at 31 December		Fair value level	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2025	2024				
	KD	KD				
<i>Financial assets at fair value through other comprehensive income</i>						
Local unquoted securities	555,374	324,062	Three	Discounted Cash Flow method ("DCF")	Discount rate and growth rate	The higher the discount rate, the lower the fair value
Foreign unquoted securities	997,370	1,402,879	Three	Discounted Cash Flow method ("DCF")	Discount rate and growth rate	The higher the discount rate, the lower the fair value

Reconciliation of Level 3 fair value measurements:

	Financial assets at fair value through other comprehensive income
	KD
31 December 2025	
As at 1 January 2025	1,726,941
Change in fair value	(174,197)
31 December 2025	<u>1,552,744</u>
31 December 2024	
As at 1 January 2024	1,733,307
Change in fair value	(6,366)
31 December 2024	<u>1,726,941</u>

Investment properties measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Adopted fair value measurement
	Significant unobservable inputs
	Level 3
	KD
31 December 2025	
Investment properties	15,337,562
31 December 2024	
Investment properties	17,027,618

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25. FAIR VALUE MEASUREMENT (CONTINUED)

The reconciliation of Level 3 fair value measurements of the investment properties is as follows:

	<u>Investment properties</u> KD
31 December 2025	
As at 1 January 2025	17,027,618
Change in fair value	<u>(1,690,056)</u>
31 December 2025	<u>15,337,562</u>
31 December 2024	
As at 1 January 2024	16,984,630
Change in fair value	<u>42,988</u>
31 December 2024	<u>17,027,618</u>

<u>Valuation Basis</u>	<u>Fair value</u>		<u>Significant unobservable inputs</u>	<u>2025</u>		<u>2024</u>	
	<u>2025</u> KD	<u>2024</u> KD		<u>2025</u>	<u>2024</u>		
Income capitalisation	15,337,562	17,027,618	<ul style="list-style-type: none"> • Average rent (per square meter) (KD) • Yield rate 	114 – 232	106 – 234	6.31% -9.4%	6.75% -8.79%

Sensitivity Analysis

The table below represents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of the investment properties. The effect of change in valuation assumptions is expected to be equal and opposite to the effect of the increases shown below:

	<u>Increase in valuation assumptions</u>	<u>Impact on the fair value</u>	
		<u>2025</u> KD	<u>2024</u> KD
Average rent	5%	766,878	851,381
Yield rate	50 basis points	76,688	85,138
Price per square meter	5%	63,600	-

During the year, there were no significant transfers between level 1, level 2 and level 3.

26. CONTINGENT LIABILITIES

As at the consolidated financial position date, the Group has contingent liabilities in respect of the following, from which it is anticipated that no material liability will arise.

	<u>2025</u> KD	<u>2024</u> KD
Letters of guarantee *	<u>1,011,485</u>	<u>1,020,427</u>

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26. CONTINGENT LIABILITIES (CONTINUED)

- * These letters of guarantee are used by the Group in favour of Aqar Al Khalijiya General Trading & Contracting Company W.L.L. (“Associate Company”) and are secured by mortgage of an investment property with a carrying amount of KD 2,383,000 (31 December 2024: KD 2,350,000) (Note 7).
- * There is a mortgage of an investment property with carrying amount of KD 2,383,000 (31 December 2024: KD 2,350,000) against letters of guarantee issued in favour of one of the Group’s associates (Note 7).