

**DAR AL-THURAYA REAL ESTATE COMPANY
K.S.C.P. AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

31 MARCH 2022



Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18–20th Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

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

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Dar Al-Thuraya Real Estate Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 31 March 2022, and the related interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of comprehensive income interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

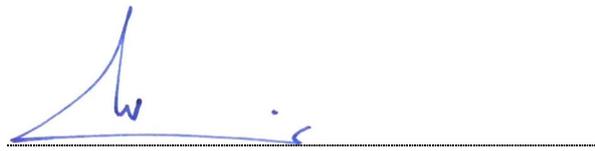
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

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

Report on Other Legal and Regulatory Matters

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Articles of Association and Memorandum of Incorporation, as amended, during the three-months period ended 31 March 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the three-months period ended 31 March 2022 that might have had a material effect on the business of the Parent Company or on its financial position.



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

15 May 2022
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 31 March 2022

| | Notes | Three months ended 31 March | |
|---|-------|--------------------------------|--------------|
| | | 2022 KD | 2021 KD |
| INCOME | | | |
| Net real estate income | 3 | 79,973 | 16,411 |
| Net gain (loss) from investments securities | 4 | 26,021 | (42,267) |
| Reversal of provision for expected credit losses | | - | 25,420 |
| | | 105,994 | (436) |
| EXPENSES | | | |
| Administrative expenses | | (32,599) | (37,702) |
| Finance costs | | (9,584) | - |
| | | (42,183) | (37,702) |
| PROFIT (LOSS) BEFORE PROVISION FOR TAX | | 63,811 | (38,138) |
| Contribution to Kuwait Foundation for Advancement of Sciences (KFAS) | | (574) | - |
| National Labour Support Tax (NLST) | | (1,618) | - |
| PROFIT (LOSS) FOR THE PERIOD | | 61,619 | (38,138) |
| Other comprehensive income | | - | - |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | | 61,619 | (38,138) |
| Attributable to: | | | |
| Equity holders of the Parent Company | | 61,619 | (37,741) |
| Non-controlling interests | | - | (397) |
| | | 61,619 | (38,138) |
| BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY | | | |
| | 5 | 0.421 Fils | (0.258) Fils |

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

Dar Al-Thuraya Real Estate Company K.S.C. P. and its Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
 POSITION (UNAUDITED)
 As at 31 March 2021

| | Notes | 31 March 2022 KD | (Audited) 31 December 2021 KD | 31 March 2021 KD |
|--|-------|--------------------------|--|--------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Furniture and equipment | | - | - | 616 |
| Investment properties | 6 | 12,450,000 | 12,450,000 | 9,792,933 |
| | | <u>12,450,000</u> | <u>12,450,000</u> | <u>9,793,549</u> |
| Current assets | | | | |
| Trade and other receivables | 7 | 6,493,177 | 6,490,217 | 6,611,788 |
| Financial assets at fair value through profit or loss | 11 | 1,012,935 | 531,438 | 160,000 |
| Bank balances and cash | | 111,935 | 666,834 | 968,994 |
| | | <u>7,618,047</u> | <u>7,688,489</u> | <u>7,740,782</u> |
| TOTAL ASSETS | | <u><u>20,068,047</u></u> | <u><u>20,138,489</u></u> | <u><u>17,534,331</u></u> |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | | 14,650,000 | 14,650,000 | 14,650,000 |
| Statutory reserve | | 917,748 | 917,748 | 866,845 |
| Voluntary reserve | | 866,845 | 866,845 | 866,845 |
| Retained earnings (accumulated losses) | | 492,413 | 430,794 | (440,224) |
| | | <u>16,927,006</u> | <u>16,865,387</u> | <u>15,943,466</u> |
| Equity attributable to equity holders of the Parent Company | | <u>16,927,006</u> | <u>16,865,387</u> | <u>15,943,466</u> |
| Non-controlling interests | | - | - | 1,610 |
| Total equity | | <u>16,927,006</u> | <u>16,865,387</u> | <u>15,945,076</u> |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Employees' end of service benefits | | 19,995 | 19,595 | 28,092 |
| | | <u>19,995</u> | <u>19,595</u> | <u>28,092</u> |
| Current liabilities | | | | |
| Other liabilities | | 3,121,046 | 3,253,507 | 1,561,163 |
| | | <u>3,121,046</u> | <u>3,253,507</u> | <u>1,561,163</u> |
| Total liabilities | | <u>3,141,041</u> | <u>3,273,102</u> | <u>1,589,255</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>20,068,047</u></u> | <u><u>20,138,489</u></u> | <u><u>17,534,331</u></u> |

Ahmad Abdulrazaq Al-Bahar
 Chairman

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2022

| | <i>Attributable to equity holders of the Parent Company</i> | | | | | | <i>Total equity KD</i> |
|---|---|---------------------------------|---------------------------------|--|-------------------------|---|----------------------------|
| | <i>Share capital KD</i> | <i>Statutory reserve KD</i> | <i>Voluntary reserve KD</i> | <i>Retained Earnings (accumulated losses) KD</i> | <i>Sub-total KD</i> | <i>Non-controlling interests KD</i> | |
| As at 1 January 2022 (audited) | 14,650,000 | 917,748 | 866,845 | 430,794 | 16,865,387 | - | 16,865,387 |
| Total comprehensive income for the period | - | - | - | 61,619 | 61,619 | - | 61,619 |
| As at 31 March 2022 | 14,650,000 | 917,748 | 866,845 | 492,413 | 16,927,006 | - | 16,927,006 |
| As at 1 January 2021 (audited) | 14,650,000 | 866,845 | 866,845 | (402,483) | 15,981,207 | 2,007 | 15,983,214 |
| Loss for the period | - | - | - | (37,741) | (37,741) | (397) | (38,138) |
| Total comprehensive loss for the period | - | - | - | (37,741) | (37,741) | (397) | (38,138) |
| As at 31 March 2021 | 14,650,000 | 866,845 | 866,845 | (440,224) | 15,943,466 | 1,610 | 15,945,076 |

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 31 March 2022

| | Notes | Three months ended 31 March | |
|--|-------|--------------------------------|------------|
| | | 2022 KD | 2021 KD |
| OPERATING ACTIVITIES | | | |
| Loss for the period | | 61,619 | (38,138) |
| <i>Adjustments to reconcile loss for the period to net cash flows:</i> | | | |
| Depreciation of furniture and equipment | | - | 41 |
| Changes in fair value on financial assets at FVPL | 4 | 15,018 | 29,301 |
| Realised (gain) loss on sale of financial assets at FVPL | 4 | (41,039) | 12,966 |
| Reversal of provision for expected credit losses | | - | (25,420) |
| Provision for employees' end of service benefits | | 900 | 900 |
| Finance costs | | 9,584 | - |
| | | 46,082 | (20,350) |
| <i>Working capital changes:</i> | | | |
| Prepayments and other receivables | | (2,960) | 126,050 |
| Other liabilities | | (142,045) | (28,461) |
| Cash flow (used in) from operations | | (98,923) | 77,239 |
| Employees' end of service benefits paid | | (500) | - |
| Net cash flows (used in) from operating activities | | (99,423) | 77,239 |
| INVESTING ACTIVITIES | | | |
| Capital expenditure on investment properties | 6 | - | (92,933) |
| Proceeds from sale of financial assets at FVPL | | - | 839,257 |
| Purchase of financial assets at FVPL | | (455,476) | - |
| Net cash flows (used in) from investing activities | | (455,476) | 746,324 |
| NET (DECREASE) INCREASE IN BANK BALANCES AND CASH | | (554,899) | 823,563 |
| Bank balances and cash as at 1 January | | 666,834 | 145,431 |
| BANK BALANCES AND CASH AS AT 31 MARCH | | 111,935 | 968,994 |

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

1.1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Dar Al-Thuraya Real Estate Co. K.S.C. P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2022 was authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 15 May 2022.

The Annual General Assembly of the Parent Company’s shareholders for the year ended 31 December 2021 has not yet been held. The Annual General Assembly of the Parent Company’s shareholders has the power to amend the consolidated financial statements for the year ended 31 December 2021; and consequently, may have an impact on the current period’s interim condensed consolidated financial information.

The Parent Company is a public shareholding company, incorporated and domiciled in the State of Kuwait, and whose shares are publicly traded in Boursa Kuwait.

The Parent Company’s head office is located at Al Salam Tower, Fahad Al Salem Street, Al Salhia and its registered postal address is P.O. Box 1376, Safat 13014, State of Kuwait.

The Group principally operates in Kuwait and engages in financial investments and properties as detailed in the Group’s annual consolidated financial statements for the year ended 31 December 2021. The principal activities of the Group are described in Note 10.

The Group carries out its activities in accordance with the principles of Islamic Shari‘a as approved by the Fatwa and Shari‘a board appointed by the Parent Company.

The Parent Company is a subsidiary of Al Madar Finance and Investment Company K.S.C.P. (the “Intermediate Parent Company”). The Intermediate Company is a subsidiary of Al Thekair General Trading and Contracting Company W.L.L. (the “Ultimate Parent Company”).

1.2 GROUP INFORMATION

The consolidated financial statements of the Group include the following subsidiaries:

| Name | Principal activities | Country of Incorporation | 31 March 2022 | % equity interest | |
|---|---------------------------------|--------------------------|---------------|-------------------|---------------|
| | | | | 31 December 2021 | 31 March 2021 |
| Al Thuraya Star Company W.L.L. | General trading and contracting | Kuwait | 100% | 100% | 100% |
| Kuwait Building Real Estate Company K.S.C. (Closed) * | Real estate | Kuwait | 99% | 99% | 99% |
| Golden Madar Real Estate Company W.L.L. | Real estate | Kuwait | 100% | 100% | 100% |

* The remaining shares in this subsidiary is held by other parties on behalf of the Group. Therefore, the effective ownership of the Group in this subsidiary is 100%.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

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

2.1 Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34: "*Interim Financial Reporting*" ("IAS 34"). The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2021.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no onerous contracts outstanding within the scope of these amendments arisen during the period.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

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

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

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no modifications of the Group's financial instruments during the period.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial information of the Group.

3 REAL ESTATE INCOME

| | <i>Three months ended</i> | |
|--|---------------------------|---------------|
| | <i>31 March</i> | |
| | <u>2022</u> | <u>2021</u> |
| | <i>KD</i> | <i>KD</i> |
| Rental income from investment properties | 81,765 | 47,815 |
| Real estate related expenses | (1,792) | (31,404) |
| | <u>79,973</u> | <u>16,411</u> |

4 NET GAIN (LOSS) FROM INVESTMENTS SECURITIES

| | <i>Three months ended</i> | |
|--|---------------------------|-----------------|
| | <i>31 March</i> | |
| | <u>2022</u> | <u>2021</u> |
| | <i>KD</i> | <i>KD</i> |
| Changes in fair value of financial assets at FVPL | (15,018) | (29,301) |
| Realised gain (loss) on sale of financial assets at FVPL | 41,039 | (12,966) |
| | <u>26,021</u> | <u>(42,267)</u> |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

5 EARNINGS PER SHARE (EPS)

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

| | <i>Three months ended</i> | |
|--|---------------------------|-------------|
| | <i>31 March</i> | |
| | 2022 | 2021 |
| Profit (loss) for the period attributable to equity holders of the Parent Company (KD) | 61,619 | (37,741) |
| Weighted average number of ordinary shares outstanding during the period (shares)* | 146,500,000 | 146,500,000 |
| Basic and diluted EPS (Fils) | 0.421 | (0.258) |

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

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

6 INVESTMENT PROPERTIES

| | <i>(Audited)</i> | | |
|---|-------------------|--------------------|-----------------|
| | 31 March | 31 December | 31 March |
| | 2022 | 2021 | 2021 |
| | KD | KD | KD |
| As at the beginning of the period/ year | 12,450,000 | 9,700,000 | 9,700,000 |
| Additions | - | 3,324,000 | - |
| Capital expenditure on owned property | - | 515,196 | 92,933 |
| Disposals | - | (1,624,000) | - |
| Change in fair value in investment properties | - | 534,804 | - |
| As at the end of the period/ year | 12,450,000 | 12,450,000 | 9,792,933 |

Included in the investment properties, an income generating developed property in the State of Kuwait with a carrying value of KD 1,700,000 (31 December 2021: 1,700,000 and 31 March 2021: KD Nil) that is financed through an Islamic profit -bearing loan payable to a related party amounting to KD 1,050,880 as at (31 December 2021: KD 1,041,297 and 31 March 2021: KD Nil) included under other liabilities in the interim condensed consolidated statement of financial position. The property is registered in the name of the related party who has confirmed in writing through an irrevocable power of attorney that the risks and rewards associated with the property lies with the Group (Note 9).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

6 INVESTMENT PROPERTIES (continued)

The Group's investment property portfolio consists of the following:

| | <i>(Audited)</i> | |
|------------------------------|-------------------|-----------------|
| | <i>31 March</i> | <i>31 March</i> |
| | <i>2022</i> | <i>2021</i> |
| | <i>KD</i> | <i>KD</i> |
| Properties under development | 10,750,000 | 10,750,000 |
| Developed properties | 1,700,000 | 1,700,000 |
| | 12,450,000 | 9,792,933 |
| | 12,450,000 | 9,792,933 |

7 PREPAYMENTS AND OTHER RECEIVABLES

| | <i>(Audited)</i> | |
|---|------------------|-----------------|
| | <i>31 March</i> | <i>31 March</i> |
| | <i>2022</i> | <i>2021</i> |
| | <i>KD</i> | <i>KD</i> |
| Trade receivables | 2,169 | 77,185 |
| Receivables from sale of investment properties | 6,381,900 | 6,381,900 |
| Prepaid expenses | 34,038 | 29,932 |
| Advances paid to purchase investment properties | - | - |
| Refundable deposits | 27,000 | - |
| Other receivables | 48,070 | 1,200 |
| | 6,493,177 | 6,611,788 |
| | 6,493,177 | 6,611,788 |

8 COMMITMENTS

Capital commitments

The Group has commitments in respect of future capital expenditure amounting to KD 1,812 (31 December 2021: KD 1,812 and 31 March 2021: KD 1,806,568) relating to purchase and construction of properties under development.

9 RELATED PARTY DISCLOSURES

These represent transactions with certain parties (associates, major shareholders, directors and executive officers of the Group, close members of their families and entities of which they are principal owners or over which they are able to exercise control or significant influence) entered into by the group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the Parent Company's management.

The following table provides the total amount of outstanding balances with related parties as at 31 March 2022, 31 December 2021 and 31 March 2021 and transactions for the periods/ year then ended:-

| | <i>(Audited)</i> | | |
|---|-----------------------|------------------|-----------------|
| | <i>Intermediate</i> | <i>31 March</i> | <i>31 March</i> |
| | <i>Parent Company</i> | <i>2022</i> | <i>2021</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| <i>Interim condensed consolidated statement of financial position</i> | | | |
| Other liabilities | 3,030,143 | 3,030,143 | 1,370,211 |
| | 3,030,143 | 3,030,143 | 1,370,211 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

9 RELATED PARTY DISCLOSURES (continued)

Amount due to related parties under other liabilities include an amount of KD 1,050,880 as at 31 March 2022 (31 December 2021: 1,041,297 and 31 March 2021: KD Nil) due to shareholder of the Ultimate Parent Company, which represents financing the purchase of an investment property. The amount is denominated in KD, carries a fixed Islamic profit rate of 3.8% (31 March 2021: Nil%) and is repayable on maturity on 30 June 2022 and is therefore classified as a current liability. The Group had incurred finance costs amounting to KD 9,584 (31 March 2021: KD Nil) for the period then ended (Note 6).

Transactions with key management personnel

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

| | <i>Transaction values for the period ended</i> | | <i>Balance outstanding as at</i> | | |
|--|--|----------------------|----------------------------------|-------------------------|----------------------|
| | <i>31 March 2022</i> | <i>31 March 2021</i> | <i>31 March 2022</i> | <i>31 December 2021</i> | <i>31 March 2021</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Salaries and other short-term benefits | 8,520 | 8,473 | 15,696 | 12,420 | 8,559 |
| Employees end of service benefits | 1,285 | 1,285 | 13,121 | 7,100 | 5,420 |
| | 9,805 | 9,758 | 28,816 | 19,520 | 13,979 |

No BOD remuneration has been approved in the annual general meeting for the year ended 31 December 2021.

10 SEGMENT INFORMATION

For management purposes, the Group is organised into Four major business segments. The principal activities and services under these segments are as follows:

- ▶ **Real estate:** Buying, selling, capital appreciation and investing in real estate
- ▶ **Investment:** investment in subsidiaries, associates and equity securities.
- ▶ **Others:** assets, liabilities, revenues and expenses that are not allocated to the above sectors

| | <i>31 March 2022</i> | | | |
|-----------------|----------------------|-------------------|------------------|-------------------|
| | <i>Real estate</i> | <i>Investment</i> | <i>Other</i> | <i>Total</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Assets | 18,855,182 | 1,059,790 | 153,075 | 20,068,047 |
| Liabilities | 1,053,880 | 338 | 2,086,823 | 3,141,041 |
| Income | 79,973 | 26,021 | - | 105,994 |
| Segment results | 79,973 | 26,021 | (44,375) | 61,619 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

10 SEGMENT INFORMATION (continued)

| | 31 March 2021 | | | |
|---------------------|----------------------------|------------------|-------------|-------------|
| | Real estate KD | Investment KD | Other KD | Total KD |
| Assets | 16,355,397 | 160,000 | 1,018,934 | 17,534,331 |
| Liabilities | - | - | 1,589,255 | 1,589,255 |
| Income/ (loss) | 16,411 | (42,267) | 25,420 | (436) |
| Segment results | 16,411 | (42,267) | (12,282) | (38,138) |
| Capital expenditure | 92,933 | - | - | 92,933 |
| | 31 December 2021 (Audited) | | | |
| | Real estate KD | Investment KD | Other KD | Total KD |
| Assets | 12,450,000 | 606,670 | 7,081,819 | 20,138,489 |
| Liabilities | 1,044,297 | 73,042 | 2,155,763 | 3,273,102 |

11 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value hierarchy

All financial and non-financial assets for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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

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

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

As at 31 March 2022, financial assets at fair value through profit or loss with a carrying value of KD 1,012,935 (31 December 2021: KD 531,438 and 31 March 2021: KD 160,000) are classified under Level 1 of the fair value hierarchy.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the three months ended 31 March 2022.

The valuation techniques and inputs used in this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair value as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in profit rates.