

البحرين الأولى  
First Bahrain

# Vision to Victory

Annual Report 2025

البحرين الأولى  
First Bahrain





**His Highness  
Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah**

Amir of the State of Kuwait



**His Highness  
Sabah Al-Khalid Al-Sabah**

Crown Prince of the State of Kuwait



**His Majesty  
King Hamad bin Isa Al Khalifa**

King of the Kingdom of Bahrain



**His Royal Highness  
Prince Salman bin Hamad Al Khalifa**

The Crown Prince and Deputy Supreme  
Commander and Prime Minister of the  
Kingdom of Bahrain

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# Company Profile

First Bahrain Real Estate Development Co. K.S.C. (First Bahrain) is an experienced real estate investment company dedicated to achieving sustainable returns through collaborative relationships.

Established in October 2004 in Kuwait as Baraq Al Khaleej Holding Company, with a paid-up capital of KD 1 million, the corporate name was later changed to First Bahrain Real Estate Development Company, and the paid-up capital was increased. In 2007, First Bahrain opened an office in the Kingdom of Bahrain. Since its inception, the Company has been guided by the principles of Islamic Sharia in all its daily operations and business interests.

The principal shareholders of First Bahrain are leading regional institutions and high-profile real estate investors, including KAMCO, Wafra International Investments Co., Action Group Holdings Co., Yaqoob Yusuf Aljouan, Esterad Investment Co. and Daman, the State of Qatar's General Retirement and Social Insurance Authority.

First Bahrain owns or holds rights to over 90,000 square meters of strategically located lands in the Kingdom of Bahrain.

The Company's first project, Majaal, is a flexible-use industrial facility designed to support Small-to-Medium sized Enterprises (SMEs). The facility is located

at the Bahrain Investment Wharf (BIW), within Salman Industrial City, near both the new Khalifa bin Salman Port and the Bahrain International Airport. Comprised of seven buildings developed between 2009 and 2014, the complex is home to businesses representing a range of activities from FMCG distributors to small manufacturers.

The Company initiated a mixed-use development in Janabiya in 2015, completing the commercial phase in early 2016. El Mercado Mall, a neighbourhood market with an upscale outdoor experience, has identified a niche market within its catchment area, providing food and beverage, services, and a high-end grocer as the anchor. A residential community featuring 42 stand-alone and semi-detached homes was delivered to initial off-plan buyers in 2018. El Mercado Village is now a thriving community.

El Balcón Mall, the Company's development in the Manama Sea Front, began operations in 2020. The property offers an open-air experience for its visitors who frequent cafes, dining and services offered. Adjacent to El Balcón

Mall, the Company delivered a built-to-suit property for Jarir Bookstore, one of the strongest home-grown brands in the Kingdom of Saudi Arabia, began operations in September 2022.

This year, the Group won a tender to develop 44 seaside homes for the Ministry of Housing and Urban Development (MOHUP) under the Government Land Development Programme (GLDP). This twenty-month project will deliver homes to citizens on an extensive waiting list, thus the offtake is virtually guaranteed. The programme could be the source of more development work in the future.

First Bahrain's diversified portfolio, consisting of multiple revenue streams from industrial, commercial, and residential sectors, provides dependable cash returns.

Marked by entrepreneurial leadership, commitment and integrity, First Bahrain is actively putting its potential to work for benefit of all its stakeholders.





## Our Vision

Our vision is to realise value potential.

## Our Values

Our values drive our behaviour. First Bahrain's four core values flow from who we are as people and shape who we are as a Company, enabling us to achieve our vision and mission. These values are also in rank order. If there is any conflict between two values, we choose conduct in line with the higher value.

## Our Mission

With entrepreneurial vision and innovation, First Bahrain exists to initiate and orchestrate real estate developments which bring enduring value and sustainable prosperity to both our communities and to our shareholders, through partnerships and investments made in accordance with the principles of Sharia.

## Integrity

We are passionate and committed to our principles. Driven by Islamic values, we stand by our corporate social responsibilities. Our expertise and dedication enables us to transcend traditional ideas, and offer clients inspired and meaningful solutions.

## Partnership

We continue to build an international network of strategic alliances. These alliances share our vision of maximizing Return of Investment in accordance with the principles of Sharia. In working together with select partners, we develop a strong and secure support-structure and move forward with confidence and strength.

## Innovation

We embrace creativity in a constantly changing environment and provide intelligent solutions to capitalise upon these developments. Through dynamic planning, we enhance stakeholder value, increase investor opportunity, and spearhead regional real estate growth to higher levels.

## Prosperity

Our understanding and insight into the real estate market is the driving force that enables us to ensure continued prosperity for all our shareholders. We have established an energetic culture that both demands and rewards excellence throughout every business venture.

# Report of the Board of Directors

On behalf of the Board of Directors, we hereby deliver to you this Annual Report along with the enclosed Consolidated Financial Statements for the year ended 31 December 2025.

As I write to you today, our region is suffering significant economic disruption associated with missile attacks and the effective closure of the Straits of Hormuz. While no one could have anticipated the extent of this current crisis, which God willing, will be a distant memory by the time you read these words, I am pleased to report that your Company is strong and operating with a healthy cushion of liquidity which will see us through these light and momentary troubles.

We ended the year on a high with the award of a major contract from the Ministry of Housing and Urban Development (MOHUP), having won a tender to develop 44 seaside homes in Madinat Salman under Government Land Development Programme (GLDP). This twenty-month project will deliver homes to citizens on an extensive waiting list, thus the offtake is virtually guaranteed. The programme could be the source of more development work in the future. As we begin the new year, we have designs that are complete and we are mobilising our contractor for the project ahead.

Considering the financial performance of the year past, true, the results this year sadly tell the story of a loss, however, this loss was driven by a single transaction which saw the Company gain KD 1,653,797 in cash from the sale of two unproductive plots of land in the Seef district of Bahrain, for which the Company had determined that the risks and costs related to development were

higher than the benefits that would have been gained had we initiated a project using them. The resulting loss for the year is KD (1,265,013). However, having accepted the loss associated with the transaction to improve our cash position, we are now able to execute the GLDP project without requiring any additional debt and we are also ready to face the economic shocks associated with the crisis.

Reviewing the balance sheet, the 10.7% reduction in the value of investment property is primarily related to this land sale, being KD 25,133,827 relative to KD 28,155,163 in the prior year. You will note that this reduction included a KD (289,908) change in fair value related to softening in lease rates (2024: KD (83,307).

The value of villas for sale in inventory, included within properties under development, reduced to KD 183,362 (2023: KD 451,412) with the sale of two homes, leaving just one in inventory (2023: 3), which is leased to management. This category also includes KD 52,838 in new investment towards the GLDP project for the MOHUP.

As discussed, the liquidity position of the Company is strong. The current ratio is 3.8 (2024: 2.1) with cash and deposits totalling KD 2,120,654 (2024: KD 216,973). The cash designated as restricted includes uncollected distributions to shareholders and

amounts set aside against future finance payments, comprised of a non-current portion KD 239,674 (2024: 238,203) and a current portion being KD 116,778 (2024: KD 414,598), sufficient to meet three months of future obligations to the bank.

The liabilities primarily consist of the Islamic finance payable to Mashreq Al Islami Bank, which stood at KD 7,882,577 decreased by 3.8% (2024: KD 8,190,348) per the agreed twelve-year repayment schedule, which includes a 30% balloon payment on maturity. The healthy gearing ratio stood at 22% (2023: 27%) with the Company fully complying with all its covenants under the agreement. This healthy and sustainable leverage is easily supported by rental income cash flows.

Beyond the loss of KD (1,240,342) on the land sale transaction, there were additional losses of KD (47,005) suffered on the exit from the remaining home sales, all of which created liquidity and made the balance sheet lean and productive. Despite downward pressure on rental rates, we were able to achieve net rental income just 1.8% below the prior year at KD 1,569,412, down from KD 1,598,622. Accordingly, gross profit slipped 5.3% to KD 1,522,407 from KD 1,606,950.

Savings were found in the current and future year operating expenses, through reductions in staffing during the year. The



Company also realized benefits from our long-term relationship with Mashreq Al Islami Bank, executed in 2023, seeing net finance expenses reduce by 5.6% to KD 549,761 (2024: KD 582,100). Noting the 75-basis point reduction in the SOFR benchmark in the last quarter of 2025, the Company expects to save over KD 60,000 in expected finance costs in the year ahead.

Looking forward, we will work to deliver our new GLDP project over the coming 20 months. While managing our existing properties, emphasis will be placed on making gains in occupancy and rental income across all the properties, particularly the industrial properties of Majaal. We expect these efforts, along with operational cost savings, will yield real gains.

Operationally, we have liquidated a subsidiary in the Group which is no longer required and we have initiated VAT group reporting under our subsidiary First Bahrain Holding Company, consolidating our tax position in Bahrain. We are also amid an ERP upgrade which will enhance reporting and information access across the organisation.

As we look to the future, we will remain on the lookout for opportunistic exits, investments and growth, seeking to create sufficient liquidity for further expansion and consistent, sustainable dividends. Wherever the Company invests, it will make sure we are

delivering value and contributing to the local community.

## Acknowledgments

Particularly in the midst of this moment of regional conflict, we offer both our prayers for and loyalty to our leaders, the Amir of the State of Kuwait, H.H. Sheikh Meshaal Al-Ahmad Al-Jaber Al-Sabah, as they lead the nation forward. May God keep and protect you along with the whole State of Kuwait. May we all benefit from your wise guidance and selfless dedication to duty.

In like manner, we are grateful for the stable and wise leadership of H.M. the King Hamad bin Isa Al Khalifa, King of the Kingdom of Bahrain, H.R.H., Salman bin Hamad Al Khalifa, The Crown Prince, Deputy Supreme Commander, and Prime Minister of the Kingdom of Bahrain. May God strengthen you and protect the nation.

Furthermore, we express appreciation to all governmental ministries, supervisory bodies, and regulatory authorities of both countries, for their constructive support and wise guidance.

To our management and staff, your faithful and professional service are acknowledged and appreciated, particularly during moments of challenge like we are currently enduring. Your commitment to perform your duties and meet your objectives in a remote work environment is admirable and much

appreciated. I commend each of you to renew your commitment to meet the challenges that are before us.

And finally, to our shareholders, we remain committed to growing a company you can be proud of and that you can rely on. While we neither able to control the fluctuations of the market, nor the conflicts which have raged across our region, we are building stable and diversified income streams which will help ensure we are able to deliver you enduring value.

May Almighty Allah grant us all health, security, and sustainable prosperity.

**Waleed Ahmed Alkhaja**  
Chairman

# Balanced and Diversified Portfolio



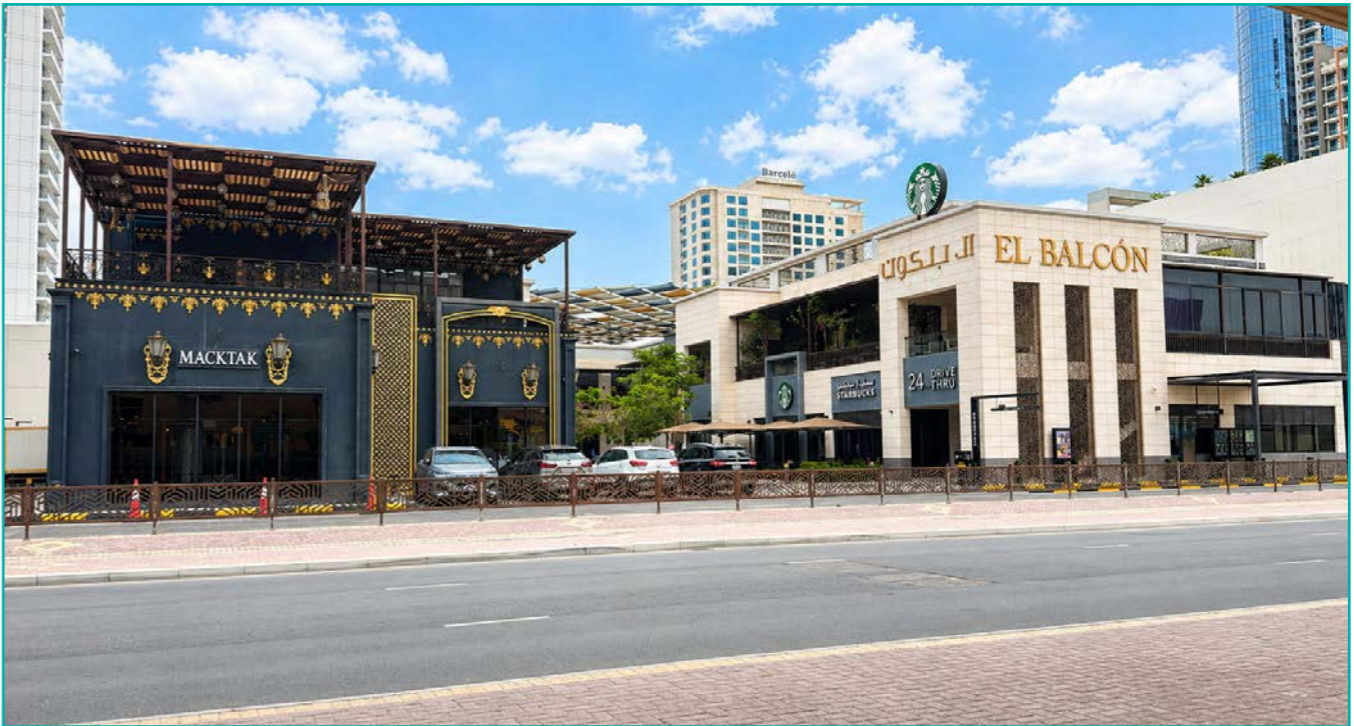
COMMERCIAL SECTOR 63.0%

### Jarir Bookstore

Jarir Bookstore is one of the strongest brands in the Kingdom of Saudi Arabia. This new big box retail project was custom designed to meet the needs of the client who made their first entry into the Bahrain market after successful expansions into Kuwait and other GCC countries.

- Location:**  
Building 3147, Road 4653  
Manama Sea Front 346, Kingdom of Bahrain
- Value:**  
KD 5.4 million
- Total Occupancy at 31 December:**  
96.7%
- Leasable Area:**  
5,013 square meters
- Start of Construction:**  
Q2 2020
- Completion:**  
Q3 2021
- Commencement of Operation:**  
Q3 2022

# EL BALCÓN البلكون



### El Balcón Mall

The retail centre is designed to provide a mix of casual dining restaurants, cafés, shopping, and services featuring terraced views and outdoor seating. The mall is anchored by a Starbucks with 24/7 operations and Drive Thru facilities.

The two-storey property is built around an open courtyard with a shading feature.

- Location:**  
Building 3214, Road 4654  
Manama Sea Front 346 Kingdom of Bahrain
- Value:**  
KD 6.4 million
- Total Occupancy at 31 December:**  
89.7%
- Leasable Area:**  
4,068 square meters
- Start of Construction:**  
Q1 2019
- Completion:**  
Q2 2020
- Commencement of Operations:**  
Q4 2020

**EL MERCADO**  
المركادو

JANABIYA الجنبية



**El Mercado Mall**

El Mercado Mall is a neighbourhood retail centre designed to provide a mix of casual dining restaurants, cafés, shopping, and services supported by an anchor supermarket. The facility has a covered car park area at ground level. The majority of the shops are on an elevated, landscaped open-air platform cooled with shading and water features.

**Location:**  
Building 108, Avenue 79  
Janabiya, 575 Kingdom of Bahrain  
**Value:**  
KD 4.4 million  
**Total Occupancy at 31 December:**  
100.0%  
**Leasable Area:**  
4,569 square meters  
**Start of Construction:**  
Q2 2015  
**Date of Completion:**  
Q2 2016  
**Commencement of Operations:**  
Q3 2016

**EL MERCADO VILLAGE**  
قرية المركادو

JANABIYA الجنبية



**RESIDENTIAL SECTOR 0.5%**

**El Mercado Village – 42 Villa Residential Development**

El Mercado Village was designed in a Spanish and Mediterranean style, the homes are complementary in style to the adjacent retail development. Project zoning of RHA (row houses) enabled the development of 34 semi-detached and 8 stand-alone villas.

El Mercado Village is now a thriving community, and the occupants of the homes are demand drivers for the businesses which locate within the retail centre. The two projects benefit from each other's success.

**Location:**  
Avenue 79 Janabiya 575  
Kingdom of Bahrain  
**Inventory Value:**  
KD 0.18 million  
**Total Units Available for Sale:**  
1  
**Start of Construction:**  
Q4 2016  
**Date of Completion:**  
Q4 2018



### The Madinat Salman Housing Project- 44 Villa Residential Development

The Madinat Salman Housing Project is being developed under the Government Land Development Programme (GLDP) for the Ministry of Housing and Urban Planning (MOHUP), our first government housing development collaboration, establishing the foundation for future partnerships and continued contribution to the Kingdom’s housing sector. The project also represents the first official development supporting Eskan Bank’s off-plan housing program.

Comprising 44 modern waterfront homes currently under construction, the development has been designed to create a contemporary residential community within the growing Madinat Salman area. The villas are being developed on plots ranging between 183 sqm and 216 sqm, with a built-up area of 221 sqm for each home. The villas will be offered to eligible Bahraini citizens on the government housing waiting list, with Eskan Bank managing financing solutions as part of the program.

**Location:**  
Madinat Salman, Kingdom of Bahrain

**Value:**  
KD 3.28 Million

**Total Units:**  
44

**Start of Construction:**  
Q2 2026

### INDUSTRIAL SECTOR 36.5%

### Majaal Warehousing Development at BIW

Majaal is a leading provider of industrial facilities for Small to Medium-sized Enterprises (SMEs), a market segment which constitutes the engine of growth for every economy. As developer and operator of these flexible multi-purpose facilities, Majaal seeks to facilitate the growth of business and industry in the markets we serve.

The Majaal property is located at the Bahrain Investment Wharf (BIW) within the Salman Industrial City, providing easy access to Khalifa bin Salman Port and other major transport links in Bahrain. Majaal holds lease rights to land covering over 66,579 square meters in this modern and private industrial development.

The initial three S-Type buildings became operational in February 2010. Each building is sub-dividable into units as small as 250 square meters. Three more S-Type buildings were added to our inventory in June 2013.

The centrepiece of the development at BIW, completed during 2014, is our M-Type building, offering 13,000 square meters of net leasable area sub-divisible into units of minimum space of 1,000 square meters. The building features raised floors with adjustable dock-levellers to cater for direct on and off loading of trucks along with a 12m structure height to facilitate maximum storage density.

**Location:**  
Bahrain Investment Wharf, Salman Industrial City, Kingdom of Bahrain

**Value:**  
KD 9.2 million

**Total Occupancy at 31 December:**  
72.0%

**Leasable Area:**  
37,701 square meters

**Start of Construction:**  
Q1 2009

**Date of Completion:**  
Q2 2014

# Board of Directors



**Mr. Waleed Ahmed Alkhaja**  
Chairman

Mr. Alkhaja is a seasoned leader with a long career in investments. He served for 19 years in the Investment Directorate of the Kingdom of Bahrain's Ministry of Finance, before joining the Pension Fund Commission of Bahrain as Director of Investment and Executive Director of the SIO Asset Management Company. In 2013, he became the Managing Director of AMAK Property & Development, a family firm. He served two terms on the Board of Directors of Seef Properties, the Batelco Group, and Bahrain Tourism Co. He currently serves on the Board of Directors of Reef Real Estate Finance Co., and Gulf Educational Projects (Applied Science University). Mr. Alkhaja holds a Bachelor degree in Business Administration from North Texas State University.



**Mr. Abdulaziz Abdulla Al Humaidhi**  
Vice Chairman

Mr. Al Humaidhi is the Deputy General Manager of Action Real Estate Company in Kuwait. A member of Action Real Estate Company since 2016, Mr. Al Humaidhi comes with over 19 years of extensive experience in private sector real estate. While at Ajial Real Estate & Entertainment Company, he managed the construction of Kuwait's tallest skyscraper, the Al Hamra Tower. He also worked in the Chicago, USA with Stanley Consultants, Inc. He currently serves on the Board of Directors for Al Masaken International Real Estate Development Company and previously served as Chairman of Al Hamra Cinema Company, and as a board member for both Ecovert FM Kuwait for General Trading and Contracting and Gulf Real Estate Company. He holds a Bachelor of Science degree in Civil Engineering from the Santa Clara University in California, USA.



**Mr. Sulaiman Mohammad Al Furaih**  
Chairman, Audit and Risk Management Committee

Mr. Al Furaih is the Senior Vice President of the Capital Markets Sector at Wafra International Investment Company, Kuwait. He brings over 20 years of experience with the firm, during which he has held a number of senior leadership roles across investment and capital markets functions. In addition to his executive responsibilities, Mr. Al Furaih serves as Chairman of Marbil Yapı Construction in the Republic of Turkey. Mr. Al Furaih holds a Bachelor of Science in Accounting from Kuwait University.



**Mr. Abdullah Hamad Al Jouan**  
Director, Chairman, Remuneration & Compensation Committee

Mr. Al Jouan is the VP of Strategic Corporate Relations MENA at Talabat as well as Managing Partner of Gusto Group Food Services. During 2024, he served for several months as the Minister of Commerce and Industry for the State of Kuwait. Previously, he was the Director of General (DG) of the National Fund for Small & Medium Enterprise Development and also the Deputy General Manager for Al Jouan Investment. His career in finance and investments has seen him serve with the Capital Markets Authority, the Kuwait Financial Centre (Markaz) and Boubyan Bank. Mr. Al Jouan holds a Bachelor of Science degree in Business Administration from the University of Denver.



**Mr. Ahmad Mohammad Al Ajlan**  
Director

Mr. Al-Ajlan is the CEO and a Board Member of Action Energy Company, he brings over 25 years of executive experience in the energy, investment, and real estate sectors, successfully managing projects and enhancing operations in both local and international markets. As Chairman of Al-Jahra Cleaning Company, where he shapes its strategic direction and oversees growth with a focus on quality and efficiency. Respected for his knowledge of business regulations and financial systems, Al-Ajlan has a strong track record in regulated industries and investment management. He holds a Bachelor's degree in Business (Marketing) from Kuwait University and has undergone advanced training with Goldman Sachs and Merrill Lynch.



**Mr. Naser Abdulhameed Alnaser**  
Director

Mr. Alnaser is Director - Investments at Esterad Investment Company B.S.C. who brings with him over 12 years of experience in private equity, investment management, real estate, and deal advisory. Mr. Alnaser holds a Bachelor of Science Degree in Finance and Global Commerce from Bentley University and a Master of Science degree in Management : Global Entrepreneurship from Babson College in Massachusetts, USA.



**Mr. Abdulaziz Khaled Alghemlas**  
Director

Mr. Alghemlas is the Vice President of MENA Asset Management at KAMCO Investment Company with over 15 years of experience in Asset Management from several reputable establishments. Mr. Alghemlas holds a Bachelor of Science degree in Business Administration from Arizona State University.

# Executive Management



**Mr. Omar Faysal Al Temiemy**  
Chief Executive Officer

Serving as the CEO since 1 January 2019, Mr. Al Temiemy is the former Vice President in the Investment Banking Department at Global Investment House in Kuwait, where he served for the previous 16 years since 2003. Mr. Al Temiemy brings significant experience in investment analysis and management. He was a lead team member of issuing and restructuring more than USD 750 million worth Bonds including the work as bondholders representative, also arranging short-term customized financing transaction and syndications of around KD 700 million. He worked as a financial advisor for debt restructuring in a USD 600 million debt restructuring of an industrial company in Kuwait. Key mergers and acquisition transactions for which he has served as the Buy/Sell-side advisor are valued at more than USD 200 million across sectors including educational, medical, leasing and financing, contracting and food and beverages. His current and past board memberships include First Bahrain Real Estate Development Company (2014-2019), First Securities Brokerage Company (Oula Wasata) (2014-2019), Global Investment House Jordan – Vice Chairman (2017), Bayan Holding Company (2012-2014). He holds a Bachelor's degree in Economics, with a specialization in Finance, from the International Islamic University of Malaysia and a Master of Business Administration from the Kuwait Maastricht Business School.



**Mr. Daniel Taylor**  
Chief Financial Officer

An entrepreneur and professional management accountant with a wealth of operational and management experience, Mr. Taylor leads the Finance and Operations teams, overseeing the planning and execution of the Company's strategic objectives. Prior to joining First Bahrain, he was General Manager of New York Coffee, and General Manager of Mariner Technologies, where he was the chief architect of the GCC business news portal, TradeArabia.com. He serves as a member of the Board of Directors of the American Chamber of Commerce in Bahrain and is the former Chairman of the Board of Directors of Al Raja School, Bahrain. He earned his Master of Business Administration from the Kellstadt Graduate School of Business at DePaul University, Chicago, USA; and his Bachelor of Arts from the University of Virginia, USA. He is also a current student and candidate for a Doctor of Business Administration from the American University of Bahrain. Mr. Taylor holds the designations FCMA and CGMA through the Chartered Institute of Management Accountants (CIMA) and the Association of International Certified Professional Accountants (AICPA).



**Ameera Al-Qusaimi**  
Board Secretary



**Hussain Salman**  
Senior Financial Controller



**Hessa Aljaber**  
Senior Development Manager



**Basma AlMukharreq**  
HR & Marketing Manager



**Sayed Mustafa Alawi**  
Account Manager



**Mahmood Hasan**  
Senior Associate – Business Development



**Marwa AlNasheet**  
Senior Associate – Business Development



**Thompson Mwadori**  
Mall Operations Manager



**Muath Almustarihi**  
Mall Operations Manager



**Hussain Isa**  
Associate - Collections & Gov. Relations



**Abdulhaseeb Abdulwadood**  
Associate – Information Systems



**Muna Ali**  
Admin. Assistant

# Corporate Governance

The Company has put in place a Corporate Governance framework through which it seeks to safeguard shareholders interest, particularly for the minority owners.

The Company has put in place a Corporate Governance framework through which it seeks to safeguard shareholders interest, particularly for the minority owners. The Company seeks to balance entrepreneurship, compliance and industry best practice, while creating value for all stakeholders. This includes, but is not limited to, conducting the policy and affairs of the Company in compliance with regulatory requirements. It also involves having checks and balances in place throughout the organization to ensure that the right things are always done in the right way.

First Bahrain Real Estate Development Company K.S.C. (Closed) is a Kuwaiti closed Shareholding Company which operates as a real estate developer in compliance with the guiding principles of Islamic Sharia. While not publicly listed, the Company is working to fully comply with the Corporate Governance framework as established by the Capital Markets Authority of Kuwait. The Company has only one class of ordinary share and the holders of shares have equal voting rights.

## Leading shareholders

Name	Nationality	No. of Shares	Share %
KAMCO Investments (Client Accounts)	Kuwait	41,392,895	21.5%
Gulf Bank (Client Accounts)	Kuwait	39,390,820	20.4%
Wafra International Investments (Client Accounts)	Kuwait	38,171,174	19.8%
Yaqoob Yusuf Aljouan	Kuwait	18,319,122	9.5%
Esterad Real Invest 1 WLL	Bahrain	11,988,410	6.2%
Daman: General Retirement and Social Insurance Authority	Qatar	9,345,513	4.9%
Other Shareholders	Various	34,023,796	17.7%
<b>Total</b>		<b>192,631,730</b>	<b>100.0%</b>

## Distribution of ownership by shares and nationality:

Nationality	Shareholders	No. of Shares	Share %
Kuwaiti	286	168,896,960	87.7%
Bahraini	9	13,535,068	7.0%
Other Nationalities	19	10,199,702	5.3%
<b>Total</b>	<b>314</b>	<b>192,631,730</b>	<b>100.0%</b>

## Distribution of ownership by size of shareholders:

Size of Holding	Shareholders	No. of Shares	Share %
Less than 1%	301	23,176,347	12.0%
1% to less than 5%	8	20,192,962	10.5%
5% to less than 10%	2	30,307,532	15.7%
10% and above	3	118,954,889	61.8%
<b>Total</b>	<b>314</b>	<b>192,631,730</b>	<b>100.0%</b>

## Board of Directors

The Articles of Association of the Company detail the responsibilities of the Chairman and members of the Board of Directors as well as the guidelines of Corporate Governance with respect to the distribution of responsibilities between the Board of Directors and Executive Management. The Board of Directors oversee all the business activities in consultation with the Executive

Management team. The Board of Directors discuss and confirm the Company's business strategy. Additionally, they are responsible for the preparation of financial statements, for risk management, and for Corporate Governance issues. These activities are supplementary to the main role of the Board of Directors which is to ensure adherence and commitment to the Company's values as set forth in its internal policies and procedures.

When appointed, Board Members are provided with the necessary detailed information to enable them to effectively perform their main role of overseeing the strategic, operational, financial, and compliance affairs as well as corporate Governance controls in the Company. The Corporate Governance framework allows a member of the Board of Directors to seek independent advice when necessary.

With respect to the channels of communication between the Board of Directors and Executive Management, the Board Members can always contact and request information from the Executive Management.

Board of Directors are responsible for ensuring that the systems and controls framework in the Company, including the Board structure and the organizational structure is appropriate for the Company's business and its associated risks. The Board of Directors ensure that there are sufficient resources and expertise to identify, understand, and measure the significant risks to which the Company is exposed in its activities. Directors are regularly assessing the systems and controls framework of the Company to ensure that:

- The Company's operations, individually and collectively are measured, monitored, and controlled by appropriate, effective and prudent risk management systems commensurate with the scope of the Company's activities;
- The Company's operations are supported by an appropriate control environment;
- The compliance, risk management and financial reporting functions are adequately resourced, independent of business lines and is run by individuals not involved with the day-to-day running of the various business areas.
- The Management develops, implements and oversees the effectiveness of comprehensive "Know Your Customer" standards in compliance with Anti-Money Laundering (AML) rules enforced by the Real Estate Regulatory Authority (RERA) of the Kingdom of Bahrain. They also perform on-going monitoring of accounts and transactions, in keeping with the requirements of relevant laws, regulations, and best practice.

In their strategy review process, the Board of Directors:

- Review the Company's business plans and the inherent level of risk in the plans;
- Assess the adequacy of capital to support the business risks of the Company;
- Set performance objectives; and
- Oversee major capital expenditures, divestitures, and acquisitions.

## Election and Re-election of Directors:

In their meeting dated 26 June 2023 and in compliance with the terms stipulated in the Article of Association,

the Shareholders elected all current members of the Board of Directors for a period of three years.

The Directors are elected by the shareholders at the Annual General Meeting. Candidates for the Board shall be selected by the Remuneration Committee, and recommended to the Board of Directors for approval, in accordance with the qualifications approved by the Board taking into consideration the overall composition and diversity of the Board and areas of expertise new Board members might be able to offer.

## Board Composition & Attendance

The members of the Board of Directors collectively possess an extensive background in finance, real estate development, and broader management experience. The members provide valuable directives in meeting Company objectives. The Board consists of seven (2024: seven) non-executive Directors comprising including two (2024: two) independent Director(s).

Per the Articles of Association, the Board is required to meet six times during each year. Board members must attend 75% of all meetings within a calendar year. Board members will step down if they are unable to attend four consecutive meetings without an acceptable explanation. The absence of Board members at Board and Committee meetings will be noted in the meeting minutes. Board attendance percentage will then be reported during any General Assembly Meeting when Board members stand for re-election. Voting and attendance proxies for Board meetings are always prohibited.

### Board & Committee Membership:

Director's Name	Membership Type	Position	Committee Membership Audit & Risk Management	Remuneration & Compensation
Waleed Ahmed Alkhaja	Independent	Chairman		Member
Abdulaziz Abdulla Al Humaidhi	Non-Independent	Vice Chairman		Member
Sulaiman Mohammad Al Furaih	Non-independent	Member	Chairman	
Abdullah Hamad Al Jouan	Non-independent	Member		Chairman
Abdulaziz Khaled Alghemlas	Non-independent	Member	Member	
Ahmad Mohammad Al Ajlan	Independent	Member	Member	
Naser Abdulhameed Alnaser	Non-independent	Member	Member	

### Board Meeting Attendance Record:

Board of Directors Meeting	2025-1	2025-2	2025-3	2025-4	2025-5	2025-6	2025-7	%
Date	27-Jan	19-Mar	24-Apr	24-Apr	21-May	8-Sep	10-Nov	
Waleed Alkhaja	C	C	C	C	C	C	C	100%
Abdulaziz Al Humaidhi	P	P	P	P	P	P	P	100%
Sulaiman Al Furaih	P	P	P	P	P	P	P	100%
Abdullah Al Jouan	P	P	P	P	P	P	P	100%
Ahmed Al Ajlan	/	P	P	P	P	P	P	85.7%
Naser Alnaser	P	P	P	P	P	P	P	100%
Abdulaziz Alghemlas	P	P	P	P	P	P	P	100%

### Board Committee Meetings Attendance Record:

#### Audit and Risk Management Committee

Audit & Risk Management Committee	2025-1	2025-2	%
Board Meeting Date	26-Jan	9-Nov	
Sulaiman Al Furaih	C	C	100%
Ahmad Al Ajlan	/	P	50%
Naser Alnaser	P	P	100%
Abdulaziz Alghemlas	P	P	100%

#### Remuneration and Compensation Committee

Remuneration & Compensation Committee	2025-1	2025-2	%
Board Meeting Date	27-Jan	10-Nov	
Abdullah Al Jouan	C	C	100%
Abdulaziz Al Humaidhi	P	P	100%
Waleed Alkhaja	P	P	100%

P=Present A=Absent C=Chairman

Profiles of each of the members of the Board of Directors are included within this Annual Report.

### Board Committees

The Board of Directors have established two subordinate Committees and have delegated specific powers to each committee as follows:

#### Audit & Risk Management Committee

The primary purpose of the Audit & Risk Management Committee is to assist the Board of Directors in fulfilling its responsibilities by overseeing all audit (external, internal, and Sharia) related processes for the Company and its Subsidiaries and by reviewing the related financial information

which will be provided to the shareholders, banks and other stakeholders, as well as the systems of internal controls which Management and the Board of Directors have established. The Committee should meet at least three times a year.

The Committee held two meetings during the fiscal year 2025 (2024: 3).

#### Remuneration & Compensation Committee

The Remuneration & Compensation Committee was established to align with best practice in Corporate Governance. As and when required by the Board, the Committee identifies persons qualified to become members of the Board, to serve as Chief Executive Officer ("CEO") and or other officers of the Company. The appointment of the external and internal auditors, however, is the responsibility of the Audit & Risk Management Committee. The Committee can make recommendations to the Board including recommendations of candidates for the Board membership to be included by the Board on the agenda for the next AGM meeting, besides reviewing the Company's remuneration policies for both the Executive Management and for the Board of Directors. Board remuneration shall be subject to approval by the shareholders in the AGM meetings. The Committee should meet at least twice a year.

The Committee held two meetings during the fiscal year 2025 (2024: 2).

#### Management

The Board delegates authority for the day-to-day management of the Company to the Chief Executive Officer, who is supported by a qualified and experienced Executive

Management team. Profiles of the Executive Management are included within this Annual Report.

#### Communication & Disclosure

The Company conducts all communications with its stakeholders in a professional, transparent, and timely manner. Communication channels include this annual report and the Annual General Meeting of the shareholders. Other communication channels include the website, social media, and regular announcements made to the local press. For the most current information regarding the Company, including relevant news along with current and historical financial reports, you are invited to regularly visit the Company website at [www.firstbahrain.com](http://www.firstbahrain.com).

#### Risk Management

The Company has developed a risk management framework that provides controls and ongoing management of the major risks inherent in the Company's core business activities. The Board of Directors has the ultimate authority for setting the risk appetite, risk tolerance and associated parameters and limits, in which the Company operates. The Audit & Risk Management Committee is responsible for establishing, maintaining, and monitoring a risk-based approach to all business activities and management of the Company.

The main risks that the Company is exposed to are credit, liquidity, and market risk. The nature of these risks are further detailed in note 3 to the Consolidated Financial Statements.

#### Capital Management

The policy of the Board of Directors is to

maintain a strong capital base in order to maintain investor, creditor and market confidence, as well as to provide for the future development of the Company. The Board of Directors seeks to maintain a balance between the higher returns and growth which may be possible with higher levels of borrowings and the advantages and security offered by a sound capital position.

#### Internal Audit

Internal Audit provides an additional line of defence in risk management and internal controls. The role of internal audit is to provide independent and objective assurance that the process for identifying, evaluating and managing significant risks faced by the Company is appropriately and effectively applied.

Internal Audit reports on a semi-annual basis to the Board of Directors through the Audit & Risk Management Committee. The internal auditors report to the Audit & Risk Management Committee the results of periodic audits and obtains commitments from Management to take any remedial action required for any issues raised.



# Al Mashora & Al Raya Shari'ah Advisory Board Report



Date: 9 April, 2025

## Final report of the Sharia Supervisory Committee For the financial period of 01/01/2025 to 31/12/2025

To the Shareholders of First Bahrain Real Estate Development  
Allah's peace, mercy and blessings be upon you

In accordance with the powers delegated to us by the members of the General Assembly of First Bahrain Real Estate Development the Company's Articles of Association and the relevant regulatory directives, the Sharia Supervisory Committee submits its final report for the period from 01/01/2025 to 31/12/2025 It includes four items as follows:

### First: The work of the Sharia Supervisory Committee

The Sharia Supervisory Committee carried out its work, which included examining the investment structures, contract forms, products, policies and procedures either directly or in coordination with the internal Sharia audit department in order to obtain all the information and explanations that it considered necessary to provide sufficient evidence and give reasonable assurance that the company did not violate the provisions of Islamic law in the light of the resolutions of the Sharia Supervisory Committee and the Sharia standards adopted by the Company and the decisions of the relevant regulatory bodies.

Shari'ah Advisory Board:

Head of the Sharia  
Supervisory Committee  
Prof. Abdul Aziz k. Al-Qassar

Member of the Sharia  
Supervisory Committee  
Prof. Ibrahim Ali Al-Rashed

Member of the Sharia  
Supervisory Committee  
Prof. Esam k. Alenezi

### Second: Decisions of the Sharia Supervisory Committee

The Sharia Supervisory Committee of the Company responded to all the company's inquiries and issued 10 decisions.

### Three: Decisions of the Sharia Supervisory Committee

The Sharia Supervisory Committee did not Approve any policies and procedures during the period.

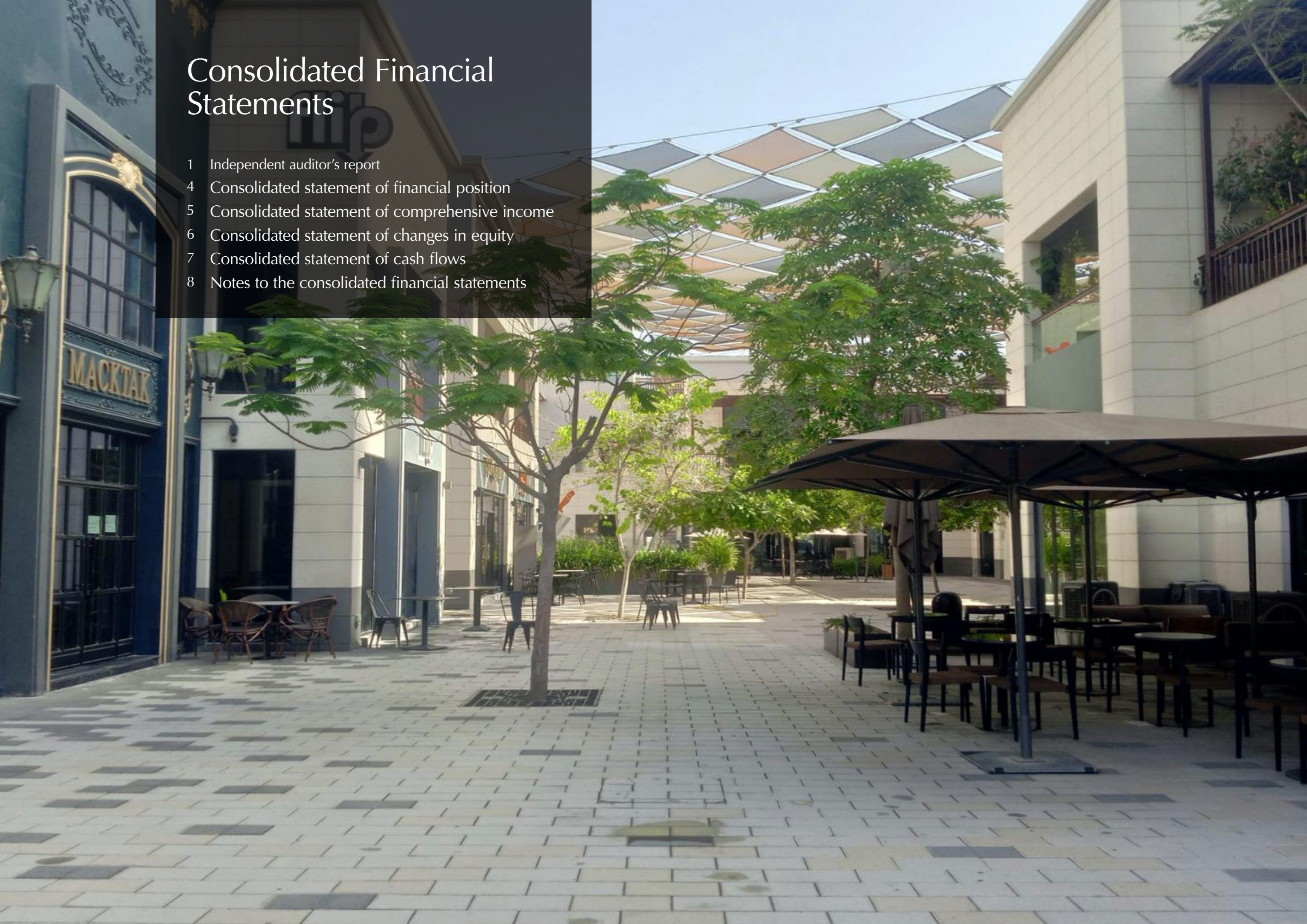
### Four: The final opinion:

**In our opinion, after examining all the clarifications and assurances we have obtained, we confirm that:**

1. The contracts, operations and transactions concluded by the Company during the period from 01/01/2025 to 31/12/2025 were made entirely in accordance with the provisions of the Islamic Sharia.
2. The responsibility to pay zakat falls on the shareholders.

# Consolidated Financial Statements

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# Independent Auditor's Report

to the shareholders of First Bahrain Real Estate Development Company K.S.C. (Closed)

## Report on the audit of the consolidated financial statements

### Our opinion

We have audited the consolidated financial statements of First Bahrain Real Estate Development Company K.S.C. (Closed), Kuwait (the "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 statement of comprehensive income, consolidated statement of changes in equity and consolidated statement cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of 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 reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

### Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Company and the consolidated financial statements, together with the contents of the report of the 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 and by the 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 or of the Company's Memorandum of Incorporation or Articles of Association, as amended, have occurred during the year ended 31 December 2025 that might have had a material effect on the business of the Company or on its consolidated financial position.

### Talal Y. Al-Muzaini

Deloitte & Touche - Al-Wazzan & Co.  
Kuwait

\_\_\_\_\_, \_\_ 2026

## Consolidated statement of financial position

All amounts are in Kuwaiti Dinars unless otherwise stated

As at 31 December			
	Notes	2025	2024
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	5	25,133,827	28,155,163
Right-of-use assets		9,803	7,075
Furniture and equipment		78,313	97,573
Wakala deposits	9	163,154	-
Restricted cash	6	239,674	238,203
		25,624,771	28,498,014
<b>Current assets</b>			
Properties under development	7	183,362	451,412
Trade and other receivables	8	464,744	378,119
Restricted cash	6	116,778	414,598
Wakala deposits	9	1,815,462	81,788
Cash and cash equivalents	10	142,038	135,186
		2,722,384	1,461,103
<b>Total assets</b>		<b>28,347,155</b>	<b>29,959,117</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11	19,263,173	19,263,173
Statutory reserve	12	22,316	22,316
Foreign currency translation reserve	13	1,858,824	1,733,753
(Accumulated losses) / retained earnings		(1,068,956)	196,057
<b>Total equity</b>		<b>20,075,357</b>	<b>21,215,299</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Islamic finance payables	14	7,470,170	7,831,347
Employees' end of service benefits		44,646	178,972
		7,514,816	8,010,319
<b>Current liabilities</b>			
Islamic finance payables	14	412,407	359,001
Lease liabilities		9,803	7,075
Trade and other payables	15	221,892	191,672
Dividend payable		112,880	175,751
		756,982	733,499
<b>Total liabilities</b>		<b>8,271,798</b>	<b>8,743,818</b>
<b>Total equity and liabilities</b>		<b>28,347,155</b>	<b>29,959,117</b>



Waleed Ahmed Alkhaja  
Chairman



Omar Faysal Al Temiemy  
Chief Executive Officer

The accompanying notes set out on pages 36 to 57 form an integral part of these consolidated financial statements.

## Consolidated statement of comprehensive income

All amounts are in Kuwaiti Dinars unless otherwise stated

For the year ended 31 December			
	Notes	2025	2024
Sale of residential villas	17	270,201	267,131
Cost of residential villas sold	17	(317,206)	(258,803)
Net (loss) / income from sale of properties under development		(47,005)	8,328
Gross rental income	16	1,925,509	1,992,436
Cost of rental income		(356,097)	(393,814)
Net rental income		1,569,412	1,598,622
Gross profit		1,522,407	1,606,950
General and administrative expenses	18	(616,142)	(630,005)
Selling and marketing expenses		(39,139)	(40,121)
Change in fair value of investment properties	5	(289,908)	(83,307)
Loss on sale of investment properties	5	(1,240,342)	-
Provision for expected credit losses	3.1 b	(16,561)	(51,456)
Other (loss) / income – net		(35,567)	3,197
Operating (loss) / profit		(715,252)	805,258
Income from wakala deposits		24,924	15,710
Finance cost		(574,685)	(597,810)
Finance costs – net		(549,761)	(582,100)
Loss before provisions for contribution to Kuwait Foundation for Advancement of Sciences (KFAS) and Zakat		(1,265,013)	223,158
Contribution to KFAS		-	(2,008)
Zakat		-	(2,777)
<b>(Loss) / profit for the year</b>		<b>(1,265,013)</b>	<b>218,373</b>
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Foreign currency translation differences for foreign operations		125,071	82,713
<b>Other comprehensive income for the year</b>		<b>125,071</b>	<b>82,713</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(1,139,942)</b>	<b>301,086</b>

The accompanying notes set out on pages 36 to 57 form an integral part of these consolidated financial statements.

## Consolidated statement of changes in equity

All amounts are in Kuwaiti Dinars unless otherwise stated

	Share capital	Statutory reserve	Foreign currency translation reserve	(Accumulated losses)/ retained earnings	Total equity
<b>Balance at 1 January 2024</b>	20,005,626	-	1,651,040	(142,284)	21,514,382
Profit for the year	-	-	-	218,373	218,373
Other comprehensive income for the year	-	-	82,713	-	82,713
<b>Total comprehensive income for the year</b>	-	-	82,713	218,373	301,086
Transfer to statutory reserve	-	22,316	-	(22,316)	-
Dividends distributions from capital reduction	(600,169)	-	-	-	(600,169)
Absorption of accumulated losses	(142,284)	-	-	142,284	-
<b>Balance at 31 December 2024</b>	<b>19,263,173</b>	<b>22,316</b>	<b>1,733,753</b>	<b>196,057</b>	<b>21,215,299</b>
Loss for the year	-	-	-	(1,265,013)	(1,265,013)
Other comprehensive income for the year	-	-	125,071	-	125,071
<b>Total comprehensive income / (loss) for the year</b>	-	-	125,071	(1,265,013)	(1,139,942)
<b>Balance at 31 December 2025</b>	<b>19,263,173</b>	<b>22,316</b>	<b>1,858,824</b>	<b>(1,068,956)</b>	<b>20,075,357</b>

The accompanying notes set out on pages 36 to 57 form an integral part of these consolidated financial statements.

## Consolidated statements of cash flows

All amounts are in Kuwaiti Dinars unless otherwise stated

### For the year ended 31 December

	Note	2025	2024
<b>Cash flows from operating activities</b>			
(Loss) / profit for the year		(1,265,013)	218,373
<b>Adjustments for:</b>			
Loss on sale of investment properties	5	1,240,342	-
Depreciation – furniture and equipment		19,794	20,970
Depreciation – right-of-use assets		18,388	16,952
Provision for expected credit losses, net	3.(1) b	16,561	51,456
Change in fair value of investment properties	5	289,908	83,307
Amortisation of arrangement fees	14	8,962	8,925
Finance costs		574,685	597,810
Income from wakala deposits		(24,924)	(15,710)
Provision for employees' end of service benefits		17,736	19,984
<b>Operating income before changes in working capital</b>		<b>896,439</b>	<b>1,002,067</b>
<b>Changes in working capital:</b>			
Properties under development		268,050	256,625
Trade and other receivables		(179,334)	41,212
Trade and other payables		30,220	(52,640)
Dividends payable		(62,871)	(42,987)
<b>Cash generated from operating activities</b>		<b>952,504</b>	<b>1,204,277</b>
Employees' end of service benefits paid		(77,697)	-
<b>Net cash generated from operating activities</b>		<b>874,807</b>	<b>1,204,277</b>
<b>Cash flows from investing activities:</b>			
Net proceeds from sale of investment properties	5	1,653,797	-
Purchase of furniture and equipment		-	(29,618)
(Invest in) / withdrawal from Wakala deposits		(1,896,828)	357,673
Income from wakala deposits received		24,924	15,710
<b>Net cash (used in) / generated from investing activities</b>		<b>(218,107)</b>	<b>343,765</b>
<b>Cash flows from financing activities:</b>			
Repayments of Islamic finance payables	14	(357,102)	(249,508)
Lease liabilities paid		(19,106)	(17,637)
Finance costs paid		(574,685)	(597,125)
Distributions through share capital reduction		-	(600,169)
Restricted cash flow		296,349	(356,492)
<b>Net cash used in financing activities</b>		<b>(654,544)</b>	<b>(1,820,931)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,156</b>	<b>(272,889)</b>
Net foreign exchange differences		4,696	3,312
Cash and cash equivalents at the beginning of the year		135,186	404,763
<b>Cash and cash equivalents at the end of the year</b>	10	<b>142,038</b>	<b>135,186</b>

The accompanying notes set out on pages 36 to 57 form an integral part of these consolidated financial statements.

# Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

## 1. INCORPORATION AND ACTIVITIES

First Bahrain Real Estate Development Company K.S.C. (Closed) (“the Parent Company”) was incorporated as a Kuwait Shareholding Holding Company on 5 October 2004. The Parent Company has commercial registration Number 103837 dated 16 October 2004. The Parent Company is engaged in activities in accordance with Noble Islamic Sharia, which include:

- Trading, management and development of properties inside and outside Kuwait.
- Owning, buying and selling of stocks and bonds of real estate companies inside and outside Kuwait.
- Performing maintenance of properties, including mechanical, electro-mechanical, and air conditioning activities.
- Performing real estate advisory services, feasibility studies and real estate appraisals.
- Managing, operating and leasing hotels, clubs, residential buildings, touristic and health care resorts and providing support services.
- Organizing real estate exhibitions for the Parent Company’s real estate projects.

The registered head office of the Parent Company is P.O. Box 29295 Al-Safat 13153, State of Kuwait.

The Parent Company’s main office is at 2nd Floor, City Tower, Khaled Bin Al Waleed Street, Sharq, State of Kuwait.

The consolidated financial statements comprise the Parent Company and its subsidiaries (together referred to as “the Group”). A list of direct and indirect subsidiaries are as follows:

Name of the company	Country of incorporation	Percentage of ownership		Principal activities
		2025	2024	
First Bahrain Holding Company W.L.L. *	Kingdom of Bahrain	100%	100%	Holding Company activities
First Kuwait Al Seef Real Estate Development Co. W.L.L.	Kingdom of Bahrain	100%	100%	Real estate and investment activities
Majaal Warehouse Co. W.L.L.	Kingdom of Bahrain	100%	100%	Real estate and investment activities
FB Janabiya Residential Development W.L.L.	Kingdom of Bahrain	100%	100%	Real estate and investment activities
Seef Hospitality Investment Company W.L.L. **	Kingdom of Bahrain	-	100%	Real estate and investment activities

\* The Parent Company converted its branch office in Bahrain into a locally incorporated fully owned Holding Company in the Kingdom of Bahrain on 30 June 2024 and transferred all of its subsidiary companies in Bahrain into the Holding Company on 7 October 2024, through which it owns directly and indirectly 100% of its subsidiaries.

\*\* The Parent Company elected to liquidate Seef Hospitality Investment Company W.L.L., an indirect subsidiary in the Kingdom of Bahrain, a 100% owned subsidiary of First Kuwait Al Seef Real Estate Development Company W.L.L. The liquidation was finalized on 23 November 2025.

The total number of employees in the Group was 14 as at 31 December 2025 (31 December 2024: 16 employees).

The consolidated financial statements for the year ended 31 December 2025 were authorised for issuance by the board of directors on 09 March 2026 and the shareholders have the power to amend these consolidated financial statements at the annual general assembly meeting.

## 2. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

# Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

## 2.1 Basis of preparation

### (i) (i) Compliance with IFRS Accounting Standards as issued by the International Accounting Standard Board (IFRS Accounting Standards)

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the consolidated financial statements are disclosed in note 4.

### Going concern

The Group’s management is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

### (ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, as modified for the fair valuation of “investment properties”.

#### 2.1.1 Changes in accounting policies and disclosures

In the current year, the Group has applied the following amendment to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), which is mandatorily effective for an accounting period that begins on or after January 1, 2025. Its adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

#### Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability

The Group has adopted the amendments to IAS 21 for the first time in the current year

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

#### 2.1.2 New and revised IFRS Accounting Standards issued but not yet effective

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

Effective date	New accounting standard or amendments
Effective date	New accounting standard or amendments
January 1, 2026	Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments and Contracts Referencing Nature-dependent Electricity
January 1, 2026	Annual Improvements to IFRS Accounting Standards – Volume 11
January 1, 2027	IFRS 18 - Presentation and Disclosures in Financial Statements
January 1, 2027	IFRS 19 - Subsidiaries without Public Accountability: Disclosures

# Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

The board of directors are still assessing the impact of IFRS 18, and they do not expect that the adoption of the remaining standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

## 2.2 Consolidation

### 2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### 2.2.2 Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Parent Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the consolidated statement of comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified the consolidated statement of comprehensive income.

## 2.3 Foreign currencies

### (a) Functional and presentation currency

Items included in the consolidated financial statements are measured in Bahraini Dinars (BD), which is the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in Kuwaiti Dinars (KD), which is the Parent Company's presentation currency of the Group.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are recognised in the consolidated statement of comprehensive income.

### (c) Foreign operations

The results and financial position of all foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each financial position presented are translated at the closing rate at the date of that financial position;
- (ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in other comprehensive income.

# Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

## 2.4 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property that is obtained through a lease is measured initially at the lease liability amount adjusted for any lease payments made at or before the commencement date.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

Valuations are performed as of the reporting date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated statement of financial position. Management applies judgments in deriving investment properties' fair value.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

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 and the cost of the item 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.

Changes in fair values are recognised in the consolidated statement of comprehensive income under 'change in fair value of investment properties'. Investment properties are derecognised when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising on the retirement or disposal of an investment property are recognised in the consolidated statement of comprehensive income. Where the Group disposes a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the consolidated statement of comprehensive income.

## 2.5 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Costs are assigned to properties under development by the method most appropriate to the particular class of inventory, valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for properties under development less all estimated costs of completion and costs necessary to make the sale.

## 2.6 Furniture and equipment

Furniture and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses, if any.

Cost of an item of furniture and equipment includes its purchase price and any direct attributable costs. Cost includes the cost of replacing part of an existing furniture and equipment at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an item of furniture and equipment.

# Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

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 the replaced part is derecognised. All other repairs and maintenance are charged to the comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Furniture and office equipment	Computers and electronics	Leasehold improvement	Fixtures
5 years	3 years	3 years	3-10 years

The assets' depreciation method and useful lives are reviewed and adjusted if appropriate, at least at each financial year-end. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are recognised in the comprehensive income.

## 2.7 Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are computed at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.8 Financial assets

### 2.8.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in comprehensive income or OCI. The Group's financial assets carried at amortised cost are as follows:

#### (a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method, less impairment provision. The Group holds the trade and other receivables with the objective to collect the contractual cash flows.

#### (b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank balances held at call with financial institutions.

#### (c) Wakala deposits

Wakala deposits are held with reputable financial institutions with original maturity of more than three months which are subject to an insignificant risk of change in value. Wakala deposits with original maturity greater than three months but less than or equal to twelve months are presented separately under current assets. Wakala deposits with original maturity exceeding twelve months are classified as non-current financial assets and disclosed separately in the consolidated statement of financial position.

# Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

### 2.8.2 Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

### 2.8.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The measurement category into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in comprehensive income. Impairment losses are presented as a separate line item in the consolidated statement of comprehensive income. Financial assets at amortised cost comprise of "trade and other receivables", "restricted cash", "wakala deposits", and "cash and cash equivalents".

### Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade and other receivables are recognised initially at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

### 2.8.4 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While bank balances, restricted cash and wakala deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

## 2.9 Financial liabilities

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group.

All financial liabilities are initially recognised at fair value less directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method. The Group classifies its financial liabilities as "trade and other payables", "Islamic finance payables", and "lease liabilities".

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

#### (a) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are classified as non-current liabilities.

#### (b) Islamic finance payables

Islamic finance payables are initially recognised at fair value, net of transaction costs incurred. Islamic finance payables are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption

# Notes to the consolidated financial statements

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amount is recognised in consolidated statement of comprehensive income over the period of the Islamic finance payables using the effective interest method. 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 this case, the fee is deferred until the draw down occurs. 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 prepayment for liquidity services and amortised over the period of the facility to which it relates.

Islamic finance payables are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of comprehensive income as other income.

Islamic finance payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

## 2.10 Employees' end of service benefits

The Group is liable under Labor Laws' in respective countries, to make payments to the employees for post-employment benefits through defined benefits plan. Such payment is made on a lump sum basis at the end of an employee's service. This liability is unfunded and is computed as the amount payable as a result of involuntary termination of the Group's employees on the reporting date. The Group expects this method to produce a reliable approximation of the present value of this obligation.

With respect to its national employees, the Parent Company makes contributions to Public Authority for Social Security calculated as a percentage of the employees' salaries.

## 2.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 2.12 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

## 2.13 Revenue recognition

### Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

### Sale of developed units

Revenue on sale of developed units is recognised when control over the unit has been transferred to the customer, which

# Notes to the consolidated financial statements

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is considered to be at a point in time, when the customer has taken possession of the unit along with compliance with all local regulatory requirements governing the real estate sale contracts. The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties are handed over to customers upon full payment of the purchase price. Notice to customers to make final payment does not arise until connection of government services to the completed properties, including electricity and water. Revenue from sale of residential villas is recognised at a point in time whenever the conditions for the handover are satisfied, and the risks and rewards are transferred to the buyer.

The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when government services are connected to the completed properties. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

## Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Revenue from services is recognised in the accounting period in which control of the services are passed to the customer, which is when the service is rendered. For certain service contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

## 2.14 Finance costs

Finance 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 Islamic finance payable pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalisation. All other finance costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

## 2.15 Leases

### Group as a lessor

Lease income from operating leases where the Group is a lessor is recognised in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

### Group as a lessee

The Group leases its offices and vehicles from different lessors. Rental contract is made for a fixed period of 1 to 3 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreement do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

## 2.16 Dividends distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities may expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Group's finance department as approved by board of directors.

#### (a) Market risk

##### (i) Foreign currency risk

The Group is exposed to foreign currency risk arising from various currency exposures. Foreign currency risk arises from future commercial transactions, recognised assets and liabilities. Foreign currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. Positions are monitored on a regular basis to ensure positions are maintained within established limits.

# Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

The Group manages its foreign currency risk by regularly assessing current and expected foreign currency rate movements and Group's foreign currency monetary assets and liabilities.

The Group's net exposure denominated in foreign currencies is not significant, however, this situation is expected to change in the year ahead.

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises from the possibility that changes in interest rate will affect future profitability or the fair values of financial instruments. The Group has interest rate risk exposure with its current Islamic finance payables carrying rates that are reviewed annually.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on its consolidated statement of comprehensive income and equity of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

#### Sensitivity analysis

The following table demonstrates the sensitivity to reasonable possible increase of 25 basis points in interest rates, with other variables held constant, on the Group's consolidated statement of comprehensive income. The sensitivity reflects the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate financial instruments held at 31 December. The sensitivity analysis does not take account of actions by the Group that might be taken to mitigate the effect of such changes.

Loss allowance	2025	2024
Profit rate sensitivity +/- 0.25%	19,909	20,699

#### (iii) Equity Price Risk

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual share prices. Equity price risk arises from the change in fair values of equity investments. As at 31 December 2025 the Group does not have any equity investments (31 December 2024: nil).

#### (b) Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group has no significant concentrations of credit risk.

Credit risk arises from bank balances held at banks, restricted cash, wakala deposits and trade and other receivables.

Credit risk is managed on a group basis. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to a quarterly or more frequent review.

The Group has policies in place to ensure rental contracts are entered into only with counterparties with an appropriate credit history and monitors the credit quality of receivables on an ongoing basis. Cash balances are held only with financial institutions with a good credit rating. The Group has policies that limit the amount of credit exposure to any financial institution.

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The Group's maximum exposure to credit risk by class of financial asset is as follows:

As at 31 December	2025	2024
Trade and other receivables, excluding prepaid expenses (note 8)	425,605	338,514
Wakala deposits – Non-current (note 9)	163,154	-
Wakala deposits - Current (note 9)	1,815,462	81,788
Restricted cash – Non-current (note 6)	239,674	238,203
Restricted cash – Current (note 6)	116,778	414,598
Cash and cash equivalents, excluding cash on hand (note 10)	141,164	134,355
	<b>2,901,837</b>	1,207,458

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of tenants over a period of 36 months before 31 December 2025 or 2024, respectively, and the corresponding historical credit losses experienced within this period. On that basis, the impairment provision as at 31 December 2025 and 2024 was determined as follows for trade receivables:

31 December 2025	Rental income receivables and contract assets					Total
	Not due	0-30 days	31-60 days	61-90 days	91 days above	
Expected loss rate*	12.17%	1.24%	4.20%	-	89.62%	33.28%
Gross carrying amount – Trade receivables	275,270	55,932	113,265	-	193,414	637,881
<b>Lifetime expected credit loss allowance</b>	<b>33,498</b>	<b>694</b>	<b>4,752</b>	<b>-</b>	<b>173,332</b>	<b>212,276</b>

31 December 2024	Rental income receivables and contract assets					Total
	Not due	0-30 days	31-60 days	61-90 days	91 days above	
Expected loss rate*	1.37%	1.24%	1.54%	13.94%	95.34%	40.46%
Gross carrying amount – Trade receivables	257,829	56,141	15,856	2,229	236,502	568,557
Lifetime expected credit loss allowance	3,538	698	244	311	225,252	230,043

\* The above expected loss rates are the average rates for the whole subsidiaries of the Group.

The closing impairment provision for trade receivables as at 31 December reconcile to the opening impairment provision as follows:

Loss allowance	2025	2024
Opening loss allowance as at 1 January	230,043	195,302
Charge for the year	16,561	51,456
Write offs during the year	(35,212)	(17,477)
Foreign currency difference	884	762
<b>At 31 December</b>	<b>212,276</b>	230,043

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All amounts are in Kuwaiti Dinars unless otherwise stated

### (c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting commitments associated with financial liabilities, arises because of the possibility (which may often be remote) that the Group could be required to pay its liabilities earlier than expected.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's objective is to maintain a balance between continuity of funding and flexibility through use of Islamic finance payables. Management monitors rolling forecasts of the Group's liquidity reserve (comprising the undrawn Islamic finance facilities) and bank balances and cash on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring consolidated statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The maturity profile is monitored by the Group's management to ensure adequate liquidity is maintained. A summary table with maturity of financial liabilities is presented below. The amounts disclosed in the below tables are the contractual undiscounted cash flows. Undiscounted cash flows in respect of non-interest bearing balances due within 12 months equal their carrying amounts in the consolidated statement of financial position as the impact of discounting is not significant.

The maturity analysis of financial instruments at 31 December is as follows:

31 December 2025	Contractual cash flows					Total	Carrying amount
	Less than one year	From 1 to 2 years	From 2 to 3 years	More than three years			
<b>Liabilities</b>							
Islamic finance payables	922,851	928,807	941,990	8,615,582	11,409,230	7,882,577	
Trade and other payables	90,515	-	-	-	90,515	90,515	
Lease liabilities	10,472	-	-	-	10,472	9,803	
<b>Total liabilities</b>	<b>1,023,838</b>	<b>928,807</b>	<b>941,990</b>	<b>8,615,582</b>	<b>11,510,217</b>	<b>7,982,895</b>	

31 December 2024	Contractual cash flows					Total	Carrying amount
	Less than one year	From 1 to 2 years	From 2 to 3 years	More than three years			
<b>Liabilities</b>							
Islamic finance payables	943,995	980,627	983,033	9,800,382	12,708,037	8,190,348	
Trade and other payables	73,130	-	-	-	73,130	73,130	
Lease liabilities	7,557	-	-	-	7,557	7,075	
<b>Total liabilities</b>	<b>1,024,682</b>	<b>980,627</b>	<b>983,033</b>	<b>9,800,382</b>	<b>12,788,724</b>	<b>8,270,553</b>	

### 3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, increase capital or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated by the Group as Islamic finance payables and lease liabilities less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

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As at 31 December	2025	2024
Islamic finance payables	7,963,522	8,279,735
Lease liabilities	9,803	7,075
Less: Wakala deposits	(1,978,616)	(81,788)
Less: Non-current restricted cash	(239,674)	(238,203)
Less: cash and cash equivalent	(142,038)	(135,186)
Net debt	5,612,997	7,831,633
<b>Total equity</b>	<b>20,075,357</b>	<b>21,215,299</b>
<b>Total capital</b>	<b>25,688,354</b>	<b>29,046,932</b>
<b>Gearing ratio</b>	<b>22%</b>	<b>27%</b>

### 3.3 Fair value estimation

#### (a) Assets carried at amortised cost

The fair value of the financial assets measured at amortised cost approximate their carrying amounts as at the reporting date.

#### (b) Investment properties

Refer to note 5.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### Valuations of investment properties

The determination at the fair value of investment property requires the use of estimates. These estimates are based on local market conditions existing at the reporting date.

In arriving at their estimates of market values as at 31 December 2025, the valuation consultants have applied their market knowledge and professional judgment to use an income approach and sales comparable approach to measure the value of the property. Therefore, in arriving at their estimates of market values for the undeveloped raw lands as at 31 December 2025 and 31 December 2024 the valuers have not only relied solely on historic transactional comparable. In these circumstances, there is a greater degree of uncertainty than which exists in a more active market in estimating the market values of investment property. Income approach is used to measure the value of the property through a discounted cash flow (DCF) analysis of the net operating income, presuming that the capital investment for the land and buildings is recovered in full over the period of the ground lease. Management applies judgments in deriving investment properties' fair value.

### Expected credit losses (ECL)

ECL were estimated based on a range of forecast economic conditions as at that date and the Group has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

Judgement is involved in determining which forward looking information variables are relevant for particular financing portfolios and for determining the sensitivity of the parameters to movements in these forward-looking variables. The Group derives a forward looking "base case" economic scenario which reflects the Group's view of the most likely future macro-economic conditions.

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### Impairment and useful lives of furniture and equipment

At each statement of financial position date, the management assesses, whether there is any indication that furniture and equipment may be impaired. The recoverable amount of an asset is determined based on "the value-in-use" method. This method uses estimated cash flow projections over the estimated useful life of the asset.

Management determines estimated useful lives and related depreciation charge for the year. The estimate is based on product life cycle of furniture and equipment. It could change significantly as a result of change in technology. Management modifies the depreciation charge when useful lives are different from previously estimated lives.

### Classification of investment properties

Group's management decides on acquisition of real estate property whether it should be classified as trading property or investment property or property under development.

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 investment property if it is acquired to generate rental income or for capital appreciation or for undetermined future use.

For development projects where there will ultimately be a trading and an investment component, the Group classifies all related costs as property under development, until such time that the project is complete.

Any changes in these estimates and assumptions as well as the use of different, but equally reasonable estimates and assumptions may have an impact on the carrying value of the above assets.

## 5. INVESTMENT PROPERTIES

As at 31 December	2025	2024
Balance at the beginning of the year	28,155,163	28,135,830
Disposals during the year	(2,894,139)	-
Change in fair value	(289,908)	(83,307)
Foreign currency translation differences	162,711	102,640
Balance at the end of the year	25,133,827	28,155,163

Investment properties are classified as follows:

As at 31 December	2025	2024
Investment properties right-of-use assets	9,209,165	9,405,089
Investment properties	15,924,662	18,750,074
Balance at the end of the year	25,133,827	28,155,163

Investment properties represent land, industrial, and commercial properties acquired or constructed through the Group's subsidiaries in the Kingdom of Bahrain.

### Land

The Group began the year holding two land plots (2024: two) with a combined area of approximately 4,725 square meters (2024: 4,725 square meters) owned by First Kuwait Al Seef Real Estate Development Company W.L.L. (a fully owned subsidiary held via First Bahrain Holding Company W.L.L.), located at Seef Area in the Kingdom of Bahrain. On 13 July 2025, both lands were sold and below is the summary of the transaction:

## Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

As at 31 December	2025	2024
Proceeds from sale of lands	1,695,142	-
Brokerage fees	(41,345)	-
Net proceeds from sale of investment properties	1,653,797	-
Cost of sale of lands	(2,894,139)	-
Loss on sale of investment properties	(1,240,342)	-

### Industrial properties

The properties consist of seven industrial buildings owned by Majaal Warehouse Company W.L.L. (a subsidiary held via First Bahrain Holding Company W.L.L.) with a carrying value of KD 9,209,165 as at 31 December 2025 (2024: KD 9,405,089), built across three industrial-zoned plots located at Bahrain Investment Wharf in the Kingdom of Bahrain and held on a leasehold basis through 21 May 2056 with an option to renew for an additional 25 years.

### Commercial properties

The properties consist of buildings held for rental income and capital appreciation along with buildings being constructed for this same purpose which are held by two subsidiaries.

The first property is the El Mercado Mall built on an 8,052 square meter plot owned by FB Janabiya Residential Development Company W.L.L. ("FBJ") (a subsidiary held via First Bahrain Holding Company W.L.L.) with a carrying value at 31 December 2025 of KD 4,377,842 (2024: KD 4,370,431).

The second and third properties are held by First Kuwait Al Seef Real Estate Development Company W.L.L. (a subsidiary held via First Bahrain Holding Company W.L.L.) and include the El Balcón Mall, a plot of 7,235 square meters adjacent to a 3,352 square meter plot on which the Group developed a built-to-suit project for Jarir Bookstore. The combined value at 31 December 2025 was KD 11,546,820 (2024: KD 11,493,168). The Parent Company occupies an office situated on the roof of the building. Management considers the occupied portion to be insignificant as the office is used to manage the Group's operations.

Investment properties amounting to KD 25,133,827 (2024: KD 25,268,688) are pledged as securities against Islamic finance payable (note 14).

#### (i) Amounts recognised in the consolidated statement of comprehensive income for investment properties

For the year ended 31 December	2025	2024
Change in fair value of Investment properties	(289,908)	(83,307)
Net rental income	1,569,412	1,598,622

#### (ii) Measuring investment properties at fair value

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment properties are carried at fair value. Changes in fair values are presented in the consolidated statement of comprehensive income.

#### (iii) Fair value hierarchy

The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment properties annually.

The fair value of the land in the prior period, as measured by the independent valuers, was recognised as a separate asset held-for-capital appreciation or for development to earn rental income in the future.

The fair value of industrial and commercial properties, as measured by the independent valuers, is recognised as a separate asset to account for deferred rental income which is recognised due to the straight-line treatment of operating lease income less the costs of any free periods or incentives offered to secure new tenants, spread across the entire lease term.

## Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

Accordingly, the total fair value of the properties as measured by the independent valuers equals the investment property asset and deferred rental income.

The fair values of the Group's investment properties are categorised into level 3 of the fair value hierarchy. During the year, there were no transfers between the investment categories (2024: Nil).

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer.

#### (iv) Valuation techniques used to determine level 3 fair values

The Group obtains independent valuations for its investment properties at least annually. At the end of each reporting period, the Group updates its assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates. Management applies judgments in deriving investment properties' fair value. The fair value was determined based on the income and market comparable approach that reflects recent transaction prices for similar properties.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

A reasonably possible change of 1% in the market price of investment properties will have an effect on change in the net profit for the year amounting to KD 251,338 (2024: KD 281,552).

### 6. RESTRICTED CASH

Restricted cash primarily pertain to bank accounts pledged as guarantees against the Islamic finance payable granted by the financial institution. The dividend payable account in Kuwait is also included in restricted cash. The restricted cash is subject to regulatory and/or other restrictions and are therefore not available for general use by the Group.

As at 31 December	2025	2024
Non-current	239,674	238,203
Current	116,778	414,598
	356,452	652,801

### 7. PROPERTIES UNDER DEVELOPMENT

Properties under development represent residential properties owned by FB Janabiya Residential Development Company W.L.L. (FBJ) (a subsidiary held via First Bahrain Holding Company W.L.L.). The properties originated on a 14,240 square meter master plot, which the subsidiary subdivided into 42 plots on which it built 42 villas, branded as the El Mercado Village. As of 31 December 2025, one villa remained in inventory (2024: 3).

On 15 October 2025, having won a public tender to provide affordable homes to citizens under the Government Land Development Programme (GLDP), FBJ signed an agreement to develop 44 homes at Madinat Salman for the Ministry of Housing and Urban Development (MOHUP) of the Kingdom of Bahrain. Under the programme, the selling price of the villas is fixed. The land price was set in the tender but will only be payable to the Government on completion of the project and after sale of the villas. The plots shall remain under title to the Government until handover when they will be transferred directly to the buyers. The Company is obligated to complete the project within 20 months, with expected handover of homes to the buyers beginning in June 2027.

## Notes to the consolidated financial statements

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For the year ended 31 December	2025	2024
Balance at the beginning of the year	451,412	708,037
Cost of units sold	(317,206)	(258,803)
Additions to GLDP 44 villa project under development	52,838	-
Foreign currency translation differences	(3,682)	2,178
Balance at the end of the year	183,362	451,412

### 8. TRADE AND OTHER RECEIVABLES

As at 31 December	2025	2024
Rental income receivables	256,436	310,728
Receivables from development property sales *	106,175	-
Contract assets	275,270	257,829
Less: loss allowance (note 3.1b)	(212,276)	(230,043)
	425,605	338,514
Prepaid expenses	39,139	39,605
	464,744	378,119

During the year, KD 16,561 was charged to the loss allowance of accrued rental income (2024: KD 51,456).

\* The purchase price for the property at Villa 3961, Janabiya, Bahrain, is BD 235,000, payable according to a defined instalment schedule. The Buyer is required to pay 42% on signing, followed by four instalments of 11%, 11%, 11%, and 25% due between March and December 2026. Payments must be made by direct credit to the Seller's designated accounts without deductions.

Handover of the property was completed before 31 December 2025 after receiving the payment of 42% as per the agreement. The transfer of title is expected by 31 December 2026 upon full payment by the buyer. The Agreement allows for payment deferrals in case of handover delays or force majeure events.

### 9. WAKALA DEPOSITS

As at 31 December	2025	2024
Long term wakala deposits	163,154	-
Short term wakala deposits	1,815,462	81,788

Wakala deposits are placed with Islamic banks in the Kingdom of Bahrain. Wakala deposits carry effective average annual profit rate of 5.19% (2024: 5.25%). Wakala deposits with original maturity greater than three months but less than or equal to twelve months are presented separately under current assets. Wakala deposits with original maturity exceeding twelve months are classified as non-current financial assets and disclosed separately in the consolidated statement of financial position.

### 10. CASH AND CASH EQUIVALENTS

As at 31 December	2025	2024
Cash on hand	874	831
Bank balances	141,164	134,355
	142,038	135,186

## Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

### 11. SHARE CAPITAL

The authorised, issued and paid share capital as at 31 December 2025 is KD 19,263,173 (2024: KD 19,263,173) consisting of 192,631,730 (2024: 192,631,730) shares of 100 fils each. All shares are issued in cash.

The shareholders in the Annual General Assembly meeting held on 25 June 2025, approved that no distributions should be made for the year ended 31 December 2025.

On 16 February 2026, the board of directors recommended to the shareholders at the coming Annual General Meeting to approve a reduction in share capital to extinguish the accumulated losses and allow for a capital redemption amounting to KD 546,496 and reserves amounting KD 1,046,640 for the year ended 31 December 2025, which will result in a reduction of share capital to KD 17,670,037.

The shareholders in the Extraordinary General Assembly meeting held on 25 June 2024, approved to offset accumulated losses amounting to KD 142,284 as of 31 December 2023 against share capital. The Extraordinary General Assembly also approved a capital redemption amounting to KD 600,169 resulting in a further reduction in share capital to KD 19,263,173. The above changes were registered with Ministry of Commerce and Industry on 30 July 2024.

### 12. STATUTORY RESERVE

As required by the Companies Law No.1 of 2016 and, its executive regulations and the Parent Company's Memorandum of Incorporation and Articles of Association, as amended 10% of the profit for the year before provisions for contribution to KFAS, Zakat and board of directors' remuneration is to be transferred to statutory reserve after recovering accumulated losses. The Parent Company may resolve to discontinue such annual transfers when the reserve exceeds 50% of paid-up share capital.

Distribution of the balance of the reserve is limited to the amount required to enable the distribution to shareholders of 5% of paid-up share capital to be made in years when accumulated profits are not sufficient for the distributions to shareholders of that amount.

During the year, the Group has incurred net loss, accordingly, no amounts have been transferred to the statutory reserve (2024: KD 22,316).

### 13. FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation differences are recognised in other comprehensive income when the results and financial position of all foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each financial position presented are translated at the closing rate at the date of that financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

### 14. ISLAMIC FINANCE PAYABLES

Islamic finance payables represent various structures arranged through Islamic banks in the Kingdom of Bahrain. The combined average cost of the financing is 7.1% (2024: 7.1%) per annum.

Islamic finance payables are secured over investment properties with a carrying amount of KD 25,133,827 (2024: KD 25,268,688) (note 5).

## Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

For the year ended	2025	2024
<b>Loan balance</b>		
Opening balance	8,279,735	8,498,594
Repayments	(357,102)	(249,508)
Foreign currency translation differences	40,889	30,649
	7,963,522	8,279,735
<b>Un-amortized loan arrangement fee</b>		
Opening balance	(89,387)	(97,968)
Amortization during the year	8,962	8,925
Foreign exchange translation differences	(520)	(344)
<b>Closing balance</b>	<b>(80,945)</b>	(89,387)
<b>Net loan balance</b>	<b>7,882,577</b>	8,190,348
Islamic finance payables classified as follows:		
Long-term Islamic finance payables	7,470,170	7,831,347
Short-term Islamic finance payables	412,407	359,001
	7,882,577	8,190,348

The carrying value of Islamic finance payables (current and non-current) approximates their fair value.

### 15. TRADE AND OTHER PAYABLES

As at 31 December	2025	2024
Trade payables	43,590	40,559
Contract liabilities	95,516	94,930
Tenant security deposits	35,861	23,612
Accrued expenses	25,050	1,783
Staff payables	21,875	26,003
Due to KFAS and Zakat	-	4,785
	221,892	191,672

Due to KFAS and Zakat includes outstanding KFAS payable of nil (2024: KD 2,008) for the year ended 31 December 2025.

The carrying value of trade and other payables approximates their fair value.

### 16. NET RENTAL INCOME

Rental income is generated from properties developed by wholly owned subsidiaries Majaal Warehouse Company W.L.L. (MW) and FB Janabiya Residential Development Company W.L.L. (FBJ) and First Kuwait Al Seef Real Estate Development Company W.L.L. (FK). MW operates seven industrial buildings occupied by a diverse mix of small to medium sized enterprises. FBJ is operates a neighbourhood retail centre, branded as El Mercado Mall. FK operates a commercial property branded as El Balcón Mall. All rental properties are located within the Kingdom of Bahrain.

## Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

For the year ended 31 December	2025	2024
<b>A. Industrial Properties</b>		
Average occupancy rate	72.0%	78.6%
Total leasable area (square meters)	37,701	37,701
Gross rental income	829,639	858,759
Cost of revenue	(187,858)	(213,197)
<b>Net industrial rental income (MW) (A)</b>	<b>641,781</b>	645,562
<b>B. Commercial Properties (FBJ)</b>		
Average occupancy rate	100.0%	96.0%
Total leasable area (square meters)	4,569	4,569
Gross rental income	327,181	325,510
Cost of revenue	(66,146)	(85,067)
<b>Net commercial rental income (FBJ) (B)</b>	<b>261,035</b>	240,443
<b>C. Commercial Properties (FK)</b>		
Average occupancy rate	89.7%	88.1%
Total leasable area (square meters)	9,081	9,459
Gross rental income	768,689	808,167
Cost of revenue	(102,093)	(95,550)
<b>Net commercial rental income (FK) (C)</b>	<b>666,596</b>	712,617
<b>Net commercial rental income from commercial properties (B+C)</b>	<b>927,631</b>	953,061
<b>Total gross rental income</b>	<b>1,925,509</b>	1,992,436
<b>Total net rental income (A+B+C)</b>	<b>1,569,412</b>	1,598,622

### 17. REVENUE FROM CONTRACTS WITH CUSTOMERS

The breakdown of revenue is as follows:

For the year ended 31 December	2025	2024
<b>Analysis of revenue by category</b>		
<b>Residential Property Sales:</b>		
Revenue from sales	270,201	267,131
Cost of revenue from sales	(317,206)	(258,803)
Net (loss) / gain from sale of properties under development	(47,005)	8,328

## Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

### 18. GENERAL AND ADMINISTRATIVE EXPENSES

For the year ended 31 December	2025	2024
Staff cost	446,450	446,067
Professional fees	60,567	79,245
Depreciation	38,182	37,922
Occupancy expenses	7,582	6,771
Other expenses	63,361	60,000
	<b>616,142</b>	<b>630,005</b>

### 19. RELATED PARTY TRANSACTIONS

Related parties represent shareholders that have representation in the Parent Company's Board of Directors and their close relatives, directors and key management personnel of the Parent Company, and entities controlled, jointly controlled or significantly influenced by such parties. All related party transactions are carried out on terms approved by Parent Company's management.

One home at El Mercado Village (2024: 2 homes) was rented to members of the executive management. During the year, one member of the executive management exercised a rent-to-own option granted in 2019 and acquired a villa through a combination of cash and the assignment of end of service benefits.

The related parties' transactions included in the consolidated statement of comprehensive income are as follows:

For the year ended 31 December	2025	2024
<b>Significant transactions included in the consolidated statement of comprehensive income</b>		
<b>Key management compensation</b>		
Salaries and other short-term benefits	205,384	238,676
End of service benefits	21,751	24,934
	<b>227,135</b>	<b>263,610</b>
Rental income received	12,356	17,512
<b>Residential villa sale:</b>		
Net sales proceeds*	84,381	-
Cost of sales	(119,424)	-
Current year net loss	(35,043)	-
Assignment of end of service benefits	74,798	-
Cash paid	9,583	-
Total consideration received	<b>84,381</b>	<b>-</b>

## Notes to the consolidated financial statements

All amounts are in Kuwaiti Dinars unless otherwise stated

\* The board of directors has approved the sale of the villa at a gross selling price of KD 126,002. From this amount, prior year rental payments made by the Chief Financial Officer, totalling KD 41,621, have been deducted. Consequently, the net selling price recognised in the financial statements amounts to KD 84,381.

### 20. CONTINGENT LIABILITIES AND COMMITMENTS

#### (a) Guarantees, letters of credit and capital commitments:

For the year ended 31 December	2025	2024
Letter of Guarantee	163,154	-
Letter of credit	999,319	-
Capital commitments	<b>1,939,911</b>	<b>-</b>

### 21. SUBSEQUENT EVENTS

In the light of the current escalating conflict in the Middle East and the potential consequential impact on economic activities and inflation, management acknowledges that this matter may require revisions of certain assumptions and estimates related to impairment of financial assets if the conflict proves prolonged. However, at this stage Management is unable to reliably estimate any potential impact, as events are unfolding day-by-day.