

**Tijara & Real Estate Investment  
Company K.S.C.P. and its subsidiaries**

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

**31 MARCH 2021**



## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF TIJARA & REAL ESTATE INVESTMENT COMPANY K.S.C.P.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Tijara & Real Estate Investment Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 31 March 2021 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review.

### *Scope of Review*

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


### *Conclusion*

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

### **Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, have occurred during the three months period ended 31 March 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2021 that might have had a material effect on the business of the Parent Company or on its financial position.



ABDULKARIM ALSAMDAN

LICENSE NO. 208 A

EY

AL AIBAN, AL OSAIMI & PARTNERS

2 May 2021

Kuwait

Tijara & Real Estate Investment Company K.S.C.P. and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
(UNAUDITED)

For the period ended 31 March 2021

|  | Notes | Three months ended<br>31 March |                  |
|--|-------|--------------------------------|------------------|
|  |       | 2021<br>KD                     | 2020<br>KD       |
| Rental income  |       | 964,019                        | 1,034,529        |
| Other services and operating income  |       | 7,427                          | 7,902            |
| Property operating expenses  |       | (59,644)                       | (51,884)         |
| <b>Net profit on investment properties</b>   |       | <b>911,802</b>                 | <b>990,547</b>   |
| Share of results of an associate   | 4     | 40,467                         | 26,355           |
| <b>Net investment profit</b>   |       | <b>40,467</b>                  | <b>26,355</b>    |
| Administrative expenses  |       | (235,705)                      | (220,345)        |
| Foreign exchange (loss) gain   |       | (20,519)                       | 129,488          |
| Other income   |       | 100                            | 14               |
| <b>Operating profit</b>  |       | <b>696,145</b>                 | <b>926,059</b>   |
| Finance costs  |       | (251,294)                      | (379,305)        |
| (Provision for ) reversal of expected credit losses on accounts receivable   |       | (106,924)                      | 3,524            |
| <b>PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT<br/>FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS),<br/>NATIONAL LABOUR SUPPORT TAX (NLST), ZAKAT AND BOARD OF<br/>DIRECTORS' REMUNERATION</b> |       | <b>337,927</b>                 | <b>550,278</b>   |
| KFAS   |       | (3,041)                        | (4,953)          |
| NLST   |       | (11,649)                       | (14,269)         |
| Zakat  |       | (4,660)                        | (5,707)          |
| Board of directors' remuneration   |       | -                              | (30,000)         |
| <b>PROFIT FOR THE PERIOD</b>   |       | <b>318,577</b>                 | <b>495,349</b>   |
| <b>BASIC AND DILUTED EARNINGS PER SHARE</b>  | 3     | <b>0.86 fils</b>               | <b>1.34 fils</b> |

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

Tijara & Real Estate Investment Company K.S.C.P. and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)

For the period ended 31 March 2021

|  | <i>Three months ended</i> |             |
|--|---------------------------|-------------|
|  | <i>31 March</i>           |             |
|  | <b>2021</b>               | <b>2020</b> |
| <i>Note</i>  | <b>KD</b>                 | <b>KD</b>   |
| <b>PROFIT FOR THE PERIOD</b>   | <b>318,577</b>            | 495,349     |
| <b>Other comprehensive (loss) income:</b>  |                           |             |
| <i>Items that are (or) may be subsequently reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:</i> |                           |             |
| Exchange differences arising on translation of foreign operations  | <b>(19,845)</b>           | 128,745     |
| Exchange differences arising on translation of foreign associate   | 4 <b>(22,783)</b>         | 149,557     |
| <b>Other comprehensive (loss) income for the period</b>  | <b>(42,628)</b>           | 278,302     |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>   | <b>275,949</b>            | 773,651     |

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

Tijara & Real Estate Investment Company K.S.C.P. and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2021

|                                      |                   | <i>(Audited)</i>   |                   |
|--------------------------------------|-------------------|--------------------|-------------------|
|                                      | <i>31 March</i>   | <i>31 December</i> | <i>31 March</i>   |
|                                      | <i>2021</i>       | <i>2020</i>        | <i>2020</i>       |
|                                      | <i>KD</i>         | <i>KD</i>          | <i>KD</i>         |
| <i>Notes</i>                         |                   |                    |                   |
| <b>ASSETS</b>                        |                   |                    |                   |
| Bank balances and cash               | 4,124,354         | 3,882,346          | 3,306,352         |
| Accounts receivable and prepayments  | 610,717           | 656,460            | 1,679,003         |
| Inventory properties                 | 608,732           | 608,732            | 608,732           |
| Investment in an associate           | 4 8,131,135       | 8,171,714          | 8,364,559         |
| Investment properties                | 5 60,302,455      | 60,347,404         | 60,690,142        |
| Property and equipment               | 19,929            | 12,822             | 21,088            |
| <b>TOTAL ASSETS</b>                  | <b>73,797,322</b> | <b>73,679,478</b>  | <b>74,669,876</b> |
| <b>LIABILITIES AND EQUITY</b>        |                   |                    |                   |
| <b>Liabilities</b>                   |                   |                    |                   |
| Accounts payable and accruals        | 789,076           | 796,981            | 794,492           |
| Islamic financing payables           | 6 33,025,221      | 33,196,542         | 32,802,673        |
| Employees' end of service benefits   | 979,361           | 958,240            | 896,442           |
| <b>Total liabilities</b>             | <b>34,793,658</b> | <b>34,951,763</b>  | <b>34,493,607</b> |
| <b>Equity</b>                        |                   |                    |                   |
| Share capital                        | 37,000,000        | 37,000,000         | 37,000,000        |
| Statutory reserve                    | 426,876           | 426,876            | 413,180           |
| General reserve                      | 426,876           | 426,876            | 413,180           |
| Share options reserve                | 142,253           | 142,253            | 142,253           |
| Foreign currency translation reserve | 201,537           | 244,165            | 512,110           |
| Treasury shares reserve              | 18,132            | 18,132             | 18,132            |
| Retained earnings                    | 787,990           | 469,413            | 1,677,414         |
| <b>Total equity</b>                  | <b>39,003,664</b> | <b>38,727,715</b>  | <b>40,176,269</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <b>73,797,322</b> | <b>73,679,478</b>  | <b>74,669,876</b> |

  
Tareq Fareed Al Othman

Vice Chairman and Executive President

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

Tijara & Real Estate Investment Company K.S.C.P. and its subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2021

|   | <i>Share<br/>capital<br/>KD</i> | <i>Statutory<br/>reserve<br/>KD</i> | <i>General<br/>reserve<br/>KD</i> | <i>Share<br/>options<br/>reserve<br/>KD</i> | <i>Foreign<br/>currency<br/>translation<br/>reserve<br/>KD</i> | <i>Treasury<br/>shares reserve<br/>KD</i> | <i>Retained<br/>earnings<br/>KD</i> | <i>Total<br/>KD</i> |
|---|---------------------------------|-------------------------------------|-----------------------------------|---|--|---|-------------------------------------|---------------------|
| As at 1 January 2021                      | 37,000,000                      | 426,876                             | 426,876                           | 142,253                                     | 244,165  | 18,132                                    | 469,413                             | 38,727,715          |
| Profit for the period                     | -                               | -                                   | -                                 | -   | -  | -   | 318,577                             | 318,577             |
| Other comprehensive loss for the period   | -                               | -                                   | -                                 | -   | (42,628)   | -   | -                                   | (42,628)            |
| Total comprehensive income for the period | -                               | -                                   | -                                 | -   | (42,628)   | -   | 318,577                             | 275,949             |
| <b>As at 31 March 2021</b>                | <b>37,000,000</b>               | <b>426,876</b>                      | <b>426,876</b>                    | <b>142,253</b>                              | <b>201,537</b>   | <b>18,132</b>                             | <b>787,990</b>                      | <b>39,003,664</b>   |
| As at 1 January 2020                      | 37,000,000                      | 413,180                             | 413,180                           | 142,253                                     | 233,808  | 18,132                                    | 1,182,065                           | 39,402,618          |
| Profit for the period                     | -                               | -                                   | -                                 | -   | -  | -   | 495,349                             | 495,349             |
| Other comprehensive income for the period | -                               | -                                   | -                                 | -   | 278,302  | -   | -                                   | 278,302             |
| Total comprehensive income for the period | -                               | -                                   | -                                 | -   | 278,302  | -   | 495,349                             | 773,651             |
| As at 31 March 2020                       | 37,000,000                      | 413,180                             | 413,180                           | 142,253                                     | 512,110  | 18,132                                    | 1,677,414                           | 40,176,269          |

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

Tijara & Real Estate Investment Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)

For the period ended 31 March 2021

|   | Notes | Three months ended<br>31 March |            |
|---|-------|--------------------------------|------------|
|   |       | 2021<br>KD                     | 2020<br>KD |
| <b>OPERATING ACTIVITIES</b>   |       |                                |            |
| Profit for the period before KFAS, NLST, Zakat and board of directors' remuneration   |       | <b>337,927</b>                 | 550,278    |
| Adjustments to reconcile profit for the period before KFAS, NLST, Zakat and board of directors' remuneration to net cash flows: |       |                                |            |
| Depreciation  |       | <b>2,542</b>                   | 2,926      |
| Provision for (reversal of) expected credit losses on accounts receivables  |       | <b>106,924</b>                 | (3,524)    |
| Share of results of an associate  | 4     | <b>(40,467)</b>                | (26,355)   |
| Provision for employees' end of service benefits  |       | <b>23,527</b>                  | 23,991     |
| Finance costs   |       | <b>251,294</b>                 | 379,305    |
| Foreign exchange Loss (gain)  |       | <b>20,519</b>                  | (129,488)  |
|   |       | <b>702,266</b>                 | 797,133    |
| Changes in operating assets and liabilities:  |       |                                |            |
| Accounts receivable and prepayments   |       | <b>(62,295)</b>                | (309,767)  |
| Accounts payable and accruals   |       | <b>(17,212)</b>                | (43,493)   |
| Cash flows from operations  |       | <b>622,759</b>                 | 443,873    |
| Employees' end of service benefits paid   |       | <b>(2,406)</b>                 | -          |
| Board of directors' remuneration paid   |       | <b>-</b>                       | (30,000)   |
| Net cash flows from operating activities  |       | <b>620,353</b>                 | 413,873    |
| <b>INVESTMENT ACTIVITIES</b>  |       |                                |            |
| Additions to property and equipment   |       | <b>(9,649)</b>                 | (540)      |
| Proceeds from capital redemption of investment in an associate  | 4     | <b>58,263</b>                  | 122,278    |
| Net cash flows from investing activities  |       | <b>48,614</b>                  | 121,738    |
| <b>FINANCING ACTIVITIES</b>   |       |                                |            |
| Repayment of Islamic financing payables   |       | <b>(225,000)</b>               | (50,000)   |
| Finance costs paid  |       | <b>(188,777)</b>               | (323,853)  |
| Dividends paid  |       | <b>(9,616)</b>                 | (9,107)    |
| Net cash flows used in financing activities   |       | <b>(423,393)</b>               | (382,960)  |
| <b>NET INCREASE IN BANK BALANCES AND CASH</b>   |       | <b>245,574</b>                 | 152,651    |
| Net foreign exchange differences  |       | <b>(3,566)</b>                 | 11,344     |
| Bank balances and cash at 1 January   |       | <b>3,882,346</b>               | 3,142,357  |
| <b>BANK BALANCES AND CASH AT THE END OF THE PERIOD</b>  |       | <b>4,124,354</b>               | 3,306,352  |

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

# Tijara & Real Estate Investment Company K.S.C.P. and its Subsidiaries

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

### 1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Tijara & Real Estate Investment Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively the “Group”) for the three months period ended 31 March 2021 were authorised for issue in accordance with a resolution of the Parent Company’s Board of Directors on 2 May 2021.

The Parent Company is a Kuwaiti public shareholding company registered and incorporated in Kuwait on 18 April 1983. The Group operates in accordance with the Islamic Sharia. The registered office of the Parent Company is P.O. Box 5655, Safat, 13057 Kuwait. The Parent Company was listed on the Kuwait Stock Exchange on 26 September 2005.

The Parent Company is engaged in the following activities:

- ▶ Purchase and sale of land and real estate and exchange thereof; constructing buildings, commercial and residential complexes, and lease and rental thereof.
- ▶ Management of own properties and of third parties both inside and outside Kuwait.
- ▶ Sale and purchase of securities of companies carrying on similar activities.
- ▶ Development and building of real estate properties for the Group and for third parties.
- ▶ Maintenance works of buildings and real estate properties owned by the Group, including civil, mechanical, air-conditioning works to preserve all buildings and properties.
- ▶ Investing in equities and other investments.

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the shareholders of the Parent Company in the annual general assembly meeting held on 31 March 2021.

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

#### 2.1 Basis of preparation

The interim condensed consolidated financial information for the three months ended 31 March 2021 has been prepared in accordance with International Accounting Standard 34 “*Interim Financial Reporting*”.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (“KD”), which is the functional currency of the Parent Company.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

#### 2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these standards did not have any effect on the financial performance or financial position of the Group.



# Tijara & Real Estate Investment Company K.S.C.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

### 3 BASIC AND DILUTED EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares). Diluted EPS is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

|   | <i>Three months ended</i> |             |
|---|---------------------------|-------------|
|   | <i>31 March</i>           |             |
|   | <b>2021</b>               | 2020        |
| profit for the period (KD)                              | <b>318,577</b>            | 495,349     |
| Weighted average number of shares outstanding (Shares)* | <b>370,000,000</b>        | 370,000,000 |
| Basic and diluted EPS (fils)                            | <b>0.86</b>               | 1.34        |

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

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the authorisation of this interim condensed consolidated financial information.

### 4 INVESTMENT IN AN ASSOCIATE

The Group has the following investment in an associate:

| <i>Name of company</i>                           | <i>Country of incorporation</i> | <i>Equity interest as at</i> |                         |                      | <i>Principal activities</i>  |
|--|---------------------------------|------------------------------|-------------------------|----------------------|--|
|  |                                 | <i>(Audited)</i>             |                         |                      |  |
|  |                                 | <i>31 March 2021</i>         | <i>31 December 2020</i> | <i>31 March 2020</i> |  |
|  |                                 | %                            | %                       | %                    |  |
| Al Madar Al Thahabia Company W.L.L. ("Al Madar") | Kingdom of Saudi Arabia         | <b>24%</b>                   | 24%                     | 24%                  | Sale, purchase, rent and lease of real estate properties and lands |

Movement in the carrying value of investment in an associate is as follows:

|  | <i>(Audited)</i>     |                         |                      |
|--|----------------------|-------------------------|----------------------|
|  | <i>31 March 2021</i> | <i>31 December 2020</i> | <i>31 March 2020</i> |
|  | <i>KD</i>            | <i>KD</i>               | <i>KD</i>            |
| At the beginning of the period / year                          | <b>8,171,714</b>     | 8,310,925               | 8,310,925            |
| Share of results   | <b>40,467</b>        | 84,418                  | 26,355               |
| Proceeds from capital redemption of investment in an associate | <b>(58,263)</b>      | (230,500)               | (122,278)            |
| Foreign currency translation adjustment                        | <b>(22,783)</b>      | 6,871                   | 149,557              |
| At the end of the period / year                                | <b>8,131,135</b>     | 8,171,714               | 8,364,559            |

The share of results from an associate for the period ended 31 March 2021 have been recorded based on the management accounts as at 31 March 2021.

Tijara & Real Estate Investment Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

**5 INVESTMENT PROPERTIES**

|   | <b>31 March<br/>2021<br/>KD</b> | <i>(Audited)</i><br>31 December<br>2020<br>KD | 31 March<br>2020<br>KD |
|---|---------------------------------|---|------------------------|
| At the beginning of the period / year         | <b>60,347,404</b>               | 60,396,066                                    | 60,396,066             |
| Change in fair value of investment properties | -                               | (59,472)                                      | -                      |
| Net foreign exchange (loss) gain              | <b>(44,949)</b>                 | 10,810  | 294,076                |
| At the end of the period / year               | <b>60,302,455</b>               | 60,347,404                                    | 60,690,142             |

As at 31 March 2021, certain investment properties amounting to KD 4,250,000 (31 December 2020: KD 4,250,000 and 31 March2020: KD 4,160,000) are held in the name of a third party under Ijara agreement (Note 6).

As at 31 March 2021, certain investment properties of KD 31,953,000 (31 December 2020: KD 31,953,000 and 31 March2020: KD 31,850,000) are pledged as a security against Murabaha agreement of KD 25,325,000 (31 December 2020: KD 25,400,000 and 31 March2020: KD 24,950,000) (Note 6).

The valuations of the local investment properties were performed at 31 December 2020 by two accredited independent valuers with recognised and relevant professional qualification and experience in the locations and categories of the investment properties being valued. The fair value was determined to be the lower of the two values using the income capitalisation approach. For the foreign properties, the valuation has been performed by a reputable accredited valuer who has valued these properties using income capitalization approach.

For the reasons described in Note 11, Management believes that there is no significant change in the fair value of investment properties since the latest valuation performed as at 31 December 2020.

Fair value hierarchy disclosures for investment properties are provided in Note 10.

**6 ISLAMIC FINANCING PAYABLES**

| <b>31 March 2021</b>                | <i>Ijara</i><br>KD | <i>Tawarruq</i><br>KD | <i>Murabaha</i><br>KD | <i>Total</i><br>KD |
|-------------------------------------|--------------------|-----------------------|-----------------------|--------------------|
| Gross amount                        | <b>3,686,297</b>   | <b>4,952,411</b>      | <b>30,271,241</b>     | <b>38,909,949</b>  |
| Less: deferred profit               | <b>(558,531)</b>   | <b>(379,956)</b>      | <b>(4,946,241)</b>    | <b>(5,884,728)</b> |
|                                     | <b>3,127,766</b>   | <b>4,572,455</b>      | <b>25,325,000</b>     | <b>33,025,221</b>  |
|                                     | <i>Ijara</i><br>KD | <i>Tawarruq</i><br>KD | <i>Murabaha</i><br>KD | <i>Total</i><br>KD |
| 31 December 2020 ( <i>Audited</i> ) |                    |                       |                       |                    |
| Gross amount                        | 3,686,297          | 5,113,741             | 30,532,480            | 39,332,518         |
| Less: deferred profit               | (587,155)          | (418,388)             | (5,130,433)           | (6,135,976)        |
|                                     | 3,099,142          | 4,695,353             | 25,402,047            | 33,196,542         |
|                                     | <i>Ijara</i><br>KD | <i>Tawarruq</i><br>KD | <i>Murabaha</i><br>KD | <i>Total</i><br>KD |
| 31 March2020                        |                    |                       |                       |                    |
| Gross amount                        | 3,769,228          | 4,943,734             | 30,633,575            | 39,346,537         |
| Less: deferred profit               | (671,357)          | (178,514)             | (5,693,993)           | (6,543,864)        |
|                                     | 3,097,871          | 4,765,220             | 24,939,582            | 32,802,673         |

# Tijara & Real Estate Investment Company K.S.C.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

### 6 ISLAMIC FINANCING PAYABLES (continued)

Islamic financing payables represent facilities obtained from Islamic financial institutions and carry an average profit rate of 1.5% to 3.25% (31 December 2020: 1.5% to 3.25% and 31 March 2020: 1.5% to 3.25%) per annum over Central Bank of Kuwait discount rate. Islamic financing payables are mainly due within range of 1 to 9 years from the reporting date.

As at 31 March 2021, Ijara payable amounting to KD 3,095,644 (31 December 2020: KD 3,095,644 and 31 March 2020: KD 3,095,644) are secured by the investment properties amounting to KD 4,250,000 (31 December 2020: KD 4,250,000 and 31 March 2020: KD 4,160,000) (Note 5).

As at 31 March 2021, Murabaha payable amounting to KD 25,325,000 (31 December 2020: KD 25,400,000 and 31 March 2020: KD 24,950,000) are secured by the investment properties amounting to KD 31,953,000 (31 December 2020: KD 31,953,000 and 31 March 2020: KD 31,850,000) (Note 5).

### 7 RELATED PARTY TRANSACTIONS

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

Transactions with related parties included in the interim condensed consolidated statement of profit or loss are as follows:

|                                       | <i>Three months ended</i> |             |
|---------------------------------------|---------------------------|-------------|
|                                       | <i>31 March</i>           |             |
|                                       | <i>2021</i>               | <i>2020</i> |
|                                       | <i>KD</i>                 | <i>KD</i>   |
| Foreign currency exchange differences | <b>(26,266)</b>           | 177,052     |

The Group has recognized a loss of KD 26,266 (31 March 2020: gain of KD 177,052) in the interim condensed consolidated statement of profit or loss on foreign exchange rate fluctuation in SAR relating to the amounts due from one of the Group's subsidiary of SAR 115,576,641 (31 March 2020: SAR 121,149,685).

No balance with related parties included in the interim condensed consolidated statement of financial position as at the reporting date.

#### **Key management personnel:**

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

|  | <i>Three months ended</i> |             |
|--|---------------------------|-------------|
|  | <i>31 March</i>           |             |
|  | <i>2021</i>               | <i>2020</i> |
|  | <i>KD</i>                 | <i>KD</i>   |
| Salaries and other short-term benefits | <b>76,050</b>             | 76,050      |
| Employees' end of service benefits     | <b>14,822</b>             | 14,986      |
|  | <b>90,872</b>             | 91,036      |

### 8 ANNUAL GENERAL MEETING

The Annual General Assembly "AGM" of the shareholders of the Parent Company held on 31 Mar 2021 approved the consolidated financial statements for the year ended 31 December 2020. The AGM approved non distribution of cash dividends for the year ended 31 December 2020 (2019: 2 fils per share of KD 740,000) for shareholders registered on that date.

# Tijara & Real Estate Investment Company K.S.C.P. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

### 9 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services, and has two reportable operating segments as follows:

- Real Estate management comprises investment and trading in real estate and construction or development of real estate for the sale in the ordinary course of business and the provision of other related real estate services.
- Investment management comprises participation in financial and real estate funds and managing the Group's liquidity requirements.
- Other comprises other activities rather than real estate and investment activities.

|  | <i>Three months ended<br/>31 March 2021</i> |   |                      |                     | <i>Three months ended<br/>31 March 2020</i> |   |                      |                     |
|--|---|---|----------------------|---------------------|---|---|----------------------|---------------------|
|  | <i>Real estate<br/>activities<br/>KD</i>    | <i>Investment<br/>activities<br/>KD</i> | <i>Others<br/>KD</i> | <i>Total<br/>KD</i> | <i>Real estate<br/>activities<br/>KD</i>    | <i>Investment<br/>activities<br/>KD</i> | <i>Others<br/>KD</i> | <i>Total<br/>KD</i> |
| Net profit on investment property  | 911,802                                     | -                                       | -                    | 911,802             | 990,547                                     | -                                       | -                    | 990,547             |
| Share of result from an associate  | -   | 40,467                                  | -                    | 40,467              | -   | 26,355                                  | -                    | 26,355              |
| Administrative expenses  | (235,705)                                   | -                                       | -                    | (235,705)           | (220,345)                                   | -                                       | -                    | (220,345)           |
| Other income   | -   | -                                       | 100                  | 100                 | -   | -                                       | 14                   | 14                  |
| Foreign exchange (loss) gain   | -   | -                                       | (20,519)             | (20,519)            | -   | -                                       | 129,488              | 129,488             |
| Finance costs  | (251,294)                                   | -                                       | -                    | (251,294)           | (379,305)                                   | -                                       | -                    | (379,305)           |
| (Provision for) reversal of expected credit losses<br>on accounts receivable | (106,924)                                   | -                                       | -                    | (106,924)           | 3,524                                       | -                                       | -                    | 3,524               |
| Unallocated expenses   | -   | -                                       | (19,350)             | (19,350)            | -   | -                                       | (54,929)             | (54,929)            |
| <b>Profit for the period</b>   | <b>317,879</b>                              | <b>40,467</b>                           | <b>(39,769)</b>      | <b>318,577</b>      | <b>394,421</b>                              | <b>26,355</b>                           | <b>74,573</b>        | <b>495,349</b>      |

|                   | <i>31 March 2021</i>                     |   |                      |                     | <i>31 December 2020 (Audited)</i>        |   |                      |                     | <i>31 March 2020</i>                     |   |                      |                     |
|-------------------|--|---|----------------------|---------------------|--|---|----------------------|---------------------|--|---|----------------------|---------------------|
|                   | <i>Real estate<br/>activities<br/>KD</i> | <i>Investment<br/>activities<br/>KD</i> | <i>Others<br/>KD</i> | <i>Total<br/>KD</i> | <i>Real estate<br/>activities<br/>KD</i> | <i>Investment<br/>activities<br/>KD</i> | <i>Others<br/>KD</i> | <i>Total<br/>KD</i> | <i>Real estate<br/>activities<br/>KD</i> | <i>Investment<br/>activities<br/>KD</i> | <i>Others<br/>KD</i> | <i>Total<br/>KD</i> |
| Total assets      | 65,646,258                               | 8,131,135                               | 19,929               | 73,797,322          | 65,494,942                               | 8,171,714                               | 12,822               | 73,679,478          | 66,284,229                               | 8,364,559                               | 21,088               | 74,669,876          |
| Total liabilities | 33,814,297                               | -                                       | 979,361              | 34,793,658          | 33,993,523                               | -                                       | 958,240              | 34,951,763          | 33,597,165                               | -                                       | 896,442              | 34,493,607          |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2021

**10 FAIR VALUE MEASUREMENT**

Investment properties have been stated at fair values. For other financial assets and financial liabilities carried at amortized cost, the carrying value is not significantly different from their fair values as most of these assets and liabilities are of short-term maturity or repriced immediately based on market movement in interest rates.

**Fair value hierarchy**

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

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

The Group's investment properties is valued using level 3 of the fair value measurements.

During the period ended 31 March 2021, there were no transfers into and out of level 3 fair value measurements. The reconciliation of the opening and closing amount of Level 3 are presented in Note 5.

**11 IMPACT OF COVID-19**

The COVID-19 outbreak has developed rapidly in 2021, with a significant number of infections. Measures taken by the State of Kuwait and the Kingdom of Saudi Arabia to contain the virus have affected economic activity and the Group's business in various significant ways. This note describes the impact of the outbreak on the Group's operations and the significant estimates and judgements applied by management in assessing the values of assets and liabilities as at 31 March 2021.

*Investment properties*

The economic impact of COVID-19 has impacted the rental income earned during the period. The relevant authorities ordered the closure of commercial, certain industrial and other properties, including the Group's properties for a certain period of time. As at the date of the issuance of this interim condensed consolidated financial information, restrictive measures to contain the spread of the COVID-19 have been progressively eased leading to the gradual reopening of the Group's properties. While the near term cash flows and rental income were immediately impacted by the pandemic due to the short term rent concessions granted on case by case basis, Management is of the believe based on an internal assessment that the fair values determined by the external independent valuers at 31 December 2020 still represents the most reliable valuations for the purpose of preparing the interim condensed consolidated financial information for 31 March 2021 in the context of uncertainties associated with the lack of market transactions since the outbreak of the COVID-19, the limitation of availability of reliable market data relating to conditions as at 31 March 2021, the difficulties to estimate future market prospects after the gradual reopening, and the current stability in the rent and occupancy rates. Due to limited available market data, a high degree of judgment has been applied in the internal assessment of the fair value of investment properties. Consequently, a higher level of uncertainty exists in the valuations than would normally be the case.

The Group's exposure to tenant credit risk is influenced mainly by the individual characteristics of each tenant. Tenant credit risk is managed by requiring tenants to pay rent advances leading to substantially minimizing the Group's credit risk in this respect.

Depending on the duration of the COVID-19 crisis and any further restrictive measures by the relevant authorities, the Group may conduct another internal assessment or obtain independent fair value assessment of its investment properties on regular basis.

*Investment in associate*

As at the reporting date, the Group is not aware of any impairment indicators to the carrying value of its investment in associate based on the current available observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

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