

**Injazzat Real Estate Development Company  
K.S.C.P. and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION**

**30 SEPTEMBER 2021 (UNAUDITED)**





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

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Injazzat Real Estate Development Company K.S.C.P. (the “Parent Company”) and its Subsidiaries (collectively, the “Group”) as at 30 September 2021 and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three and nine months periods then ended, and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-months period then ended. 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 this interim condensed consolidated financial information based on our review.

### *Scope of Review*

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

### *Conclusion*

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

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

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts 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 nine-months period ended 30 September 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 nine-months period ended 30 September 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

ABDULKARIM AL SAMDAN

LICENCE NO. 208-A

EY

AL AIBAN, AL OSAIMI & PARTNERS

2 November 2021  
Kuwait

# Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(UNAUDITED)

For the nine months ended 30 September 2021

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>INCOME</b>				
Rental income	<b>683,106</b>	697,265	<b>2,079,898</b>	2,177,811
Valuation loss from investment properties	-	-	-	(60,000)
Gain on disposal of investment properties	<b>388,814</b>	-	<b>388,814</b>	-
Gain on sale of financial assets at fair value through profit or loss	-	67,188	-	156,497
Distribution income from financial assets at fair value through profit or loss	<b>159,209</b>	199,907	<b>663,398</b>	374,010
Management fees	<b>27,127</b>	93,110	<b>85,865</b>	296,911
Other income	<b>46,060</b>	127,731	<b>140,130</b>	170,246
Share of results of associates	<b>115,046</b>	(44,818)	<b>332,696</b>	243,562
Net foreign exchange (loss)/gain	<b>(3,612)</b>	(89,033)	<b>(45,057)</b>	250,401
<b>Total income</b>	<b>1,415,750</b>	1,051,350	<b>3,645,744</b>	3,609,438
<b>EXPENSES</b>				
Real estate operating costs	<b>(435,343)</b>	(266,798)	<b>(932,373)</b>	(654,724)
Staff costs	<b>(168,333)</b>	(150,289)	<b>(523,239)</b>	(487,266)
Depreciation	<b>(43,156)</b>	(43,144)	<b>(132,014)</b>	(126,117)
Administrative expenses	<b>(51,609)</b>	(49,240)	<b>(124,533)</b>	(123,273)
Consultancy and professional fees	<b>(26,203)</b>	(18,459)	<b>(94,324)</b>	(79,980)
Provision for legal expenses	<b>(57,056)</b>	-	<b>(292,939)</b>	-
Finance costs	<b>(388,968)</b>	(338,536)	<b>(1,145,264)</b>	(1,265,219)
<b>Total expenses</b>	<b>(1,170,668)</b>	(866,466)	<b>(3,244,686)</b>	(2,736,579)
<b>Profit before tax</b>	<b>245,082</b>	184,884	<b>401,058</b>	872,859
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	<b>(2,607)</b>	(1,664)	<b>(4,011)</b>	(7,856)
National Labour Support Tax (NLST)	<b>(14,383)</b>	(5,123)	<b>(19,282)</b>	(23,322)
Zakat	<b>(5,753)</b>	(2,049)	<b>(7,714)</b>	(9,329)
<b>PROFIT FOR THE PERIOD</b>	<b>222,339</b>	176,048	<b>370,051</b>	832,352
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>0.68 Fils</b>	0.54 Fils	<b>1.12 Fils</b>	2.48 Fils

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT COMPREHENSIVE INCOME  
(UNAUDITED)

For the nine months ended 30 September 2021

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>PROFIT FOR THE PERIOD</b>	<b>222,339</b>	176,048	<b>370,051</b>	832,352
<b>Other comprehensive (loss) income</b>				
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>				
Share of other comprehensive (loss) income of associates	(99,226)	(71,321)	(495,536)	206,754
Net exchange differences on translation of foreign operations	43,478	383,754	63,095	87,088
<b>Other comprehensive (loss) income for the period</b>	<b>(55,748)</b>	312,433	<b>(432,441)</b>	293,842
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>166,591</b>	488,481	<b>(62,390)</b>	1,126,194

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

# Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

As at 30 September 2021

		<i>(Audited)</i>	
	<i>30 September</i>	<i>31 December</i>	<i>30 September</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>			
Cash and bank balances	1,404,202	2,367,007	2,593,867
Term deposits	426,816	429,710	-
Accounts receivable and other assets	6,131,432	5,817,370	5,705,662
Financial assets at fair value through profit or loss	8,162,444	8,162,790	8,842,616
Investment properties	5 62,278,613	61,413,721	61,654,106
Investment in associates	6 21,795,220	21,981,955	21,727,343
Property and equipment	326,481	456,806	498,095
<b>Total assets</b>	<b>100,525,208</b>	<b>100,629,359</b>	<b>101,021,689</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	7.1 34,564,860	34,564,860	34,564,860
Share premium	2,869,130	2,869,130	2,869,130
Statutory reserve	8,929,655	8,929,655	8,842,498
Voluntary reserve	43,579	43,579	-
Treasury shares	7.2 (2,067,324)	(1,104,916)	(1,104,916)
Treasury shares reserve	4,396,905	4,396,905	4,396,905
Foreign currency translation reserve	1,267,119	1,699,560	1,772,789
Fair value reserve	(712,709)	(712,709)	(712,709)
Retained earnings	2,912,632	2,542,581	2,674,217
<b>Total equity</b>	<b>52,203,847</b>	<b>53,228,645</b>	<b>53,302,774</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	7,321,361	7,383,555	7,701,756
Loans and borrowings	9 41,000,000	40,017,159	40,017,159
<b>Total liabilities</b>	<b>48,321,361</b>	<b>47,400,714</b>	<b>47,718,915</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>100,525,208</b>	<b>100,629,359</b>	<b>101,021,689</b>

Dr. Abdulmohsen Medeij AlMedeij  
Chairman

Mohammad Ibrahim Al-Farhan  
Chief Executive Officer

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

## Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2021

	<i>Share capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Treasury shares KD</i>	<i>Treasury shares reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Fair value reserve KD</i>	<i>Retained earnings KD</i>	<i>Total KD</i>
As at 1 January 2021 (Audited)	34,564,860	2,869,130	8,929,655	43,579	(1,104,916)	4,396,905	1,699,560	(712,709)	2,542,581	53,228,645
Profit for the period	-	-	-	-	-	-	-	-	370,051	370,051
Other comprehensive loss for the period	-	-	-	-	-	-	(432,441)	-	-	(432,441)
Total comprehensive loss for the period	-	-	-	-	-	-	(432,441)	-	370,051	(62,390)
Purchase of treasury shares	-	-	-	-	(962,408)	-	-	-	-	(962,408)
<b>At 30 September 2021</b>	<b>34,564,860</b>	<b>2,869,130</b>	<b>8,929,655</b>	<b>43,579</b>	<b>(2,067,324)</b>	<b>4,396,905</b>	<b>1,267,119</b>	<b>(712,709)</b>	<b>2,912,632</b>	<b>52,203,847</b>
	<i>Share capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Treasury shares KD</i>	<i>Treasury shares reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Fair value reserve KD</i>	<i>(Accumulated losses)/ Retained earnings KD</i>	<i>Total KD</i>
As at 1 January 2020 (Audited)	34,564,860	2,869,130	8,842,498	4,421,250	(1,017,932)	4,396,905	1,478,947	(712,709)	(2,579,385)	52,263,564
Profit for the period	-	-	-	-	-	-	-	-	832,352	832,352
Other comprehensive loss for the period	-	-	-	-	-	-	293,842	-	-	293,842
Total comprehensive (loss) income for the period	-	-	-	-	-	-	293,842	-	832,352	1,126,194
Extinguishment of accumulated losses (Note 8)	-	-	-	(4,421,250)	-	-	-	-	4,421,250	-
Purchase of treasury shares	-	-	-	-	(86,984)	-	-	-	-	(86,984)
At 30 September 2020	34,564,860	2,869,130	8,842,498	-	(1,104,916)	4,396,905	1,772,789	(712,709)	2,674,217	53,302,774

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

# Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the nine months ended 30 September 2021

	Notes	Nine months ended 30 September	
		2021 KD	2020 KD
<b>OPERATING ACTIVITIES</b>			
Profit before tax		401,058	872,859
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Valuation loss from investment properties		-	60,000
Gain on disposal of investment properties		(388,814)	-
Distribution income from financial assets at fair value through profit or loss		(663,398)	(156,497)
Valuation loss from investment properties		-	(374,010)
Share of results of associates	6	(332,696)	(243,562)
Depreciation of property and equipment		34,057	33,575
Gain on disposal of property plan and equipment		-	(181)
Depreciation of right-of-use assets		97,957	92,542
Interest income		(103,240)	(126,033)
Provision for legal expenses	3	292,939	-
Interest on lease liabilities		11,341	17,744
Finance costs		1,133,923	1,238,475
		<b>483,127</b>	<b>1,414,912</b>
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		662,586	(10,203)
Accounts payable and other liabilities		(393,998)	(1,365,749)
		<b>751,715</b>	<b>38,960</b>
<b>Cash flows from from operations</b>		<b>751,715</b>	<b>38,960</b>
Taxes paid		(32,274)	-
Receipt of government grants		-	22,950
		<b>719,441</b>	<b>61,910</b>
<b>Net cash flows from operating activities</b>			
<b>INVESTING ACTIVITIES</b>			
Additions to property and equipment		-	(7,042)
Sales proceeds from disposal of property and equipment		-	1,200
Proceeds from redemption of financial assets at fair value through profit or loss		-	157,138
Proceeds from sale of financial assets at fair value through profit or loss		-	517,761
Purchase of financial assets at fair value through profit or loss		-	(931,814)
Capital expenditure incurred on investment properties	5	(1,681,126)	(1,215,095)
Proceeds from disposal of investment properties		676,906	-
Additions to interest in associates	6	(21,702)	(183,226)
Proceeds from capital redemption of investment in associates	6	45,597	1,268,670
Distribution income received from financial assets at fair value through profit or loss		490,984	374,010
Interest income received		(103,240)	126,033
		<b>(592,581)</b>	<b>107,635</b>
<b>Net cash flows (used in) from investing activities</b>			
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings		982,841	250,000
Finance costs paid		(1,001,216)	-
Purchase of treasury shares		(962,408)	(86,984)
Payment of lease liabilities		(108,882)	(108,104)
		<b>(1,089,665)</b>	<b>54,912</b>
<b>Net cash flows (used in) from financing activities</b>			
<b>NET (DECREASE) INCREASE IN CASH AND BANK BALANCES</b>		<b>(962,805)</b>	<b>224,457</b>
Cash and bank balances at 1 January		<b>2,367,007</b>	<b>2,369,410</b>
<b>CASH AND BANK BALANCES AT 30 SEPTEMBER</b>		<b>1,404,202</b>	<b>2,593,867</b>
<b>NON-CASH ITEMS</b>			
Extinguishment of accumulated losses (adjusted with retained earnings)		-	(4,421,250)
Extinguishment of accumulated losses (adjusted with voluntary reserve)		-	4,421,250

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

# Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

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

As at and for the period ended 30 September 2021

### 1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Injazaat Real Estate Development Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the nine months ended 30 September 2021 was authorised for issue in accordance with a resolution of the board of directors of the Parent Company on 2 November 2021.

The Parent Company is a Kuwaiti shareholding company incorporated and domiciled in Kuwait and whose shares are publicly traded in Kuwait Stock Exchange (“Boursa Kuwait”). The Parent Company’s registered postal address is P.O. Box 970, Safat 13010, State of Kuwait.

The Group is principally engaged in real estate activities. The primary objectives of the Parent Company is as follows:

- ▶ Ownership, purchasing, sale and development of all kinds of investment properties with exception to residential properties inside and outside the state of Kuwait for the benefit of the Parent Company and on the behalf of others.
- ▶ Ownership and sale of financial assets, bonds relating to real estate companies for the benefit of the Parent Company alone inside and outside the State of Kuwait.
- ▶ Preparation and delivery of studies relating to real estate activities.
- ▶ Maintenance activities relating to the properties owned by the Parent Company including civil, mechanical, electrical works and all required works to sustain the state of the properties.
- ▶ Organisation of real estate conventions relating to the Parent Company’s projects in accordance with the regulations set out by the Ministry of Commerce.
- ▶ Hosting auctions.
- ▶ Ownership of malls and residential complexes and managing them.
- ▶ Ownership of hotels, health clubs, tourism related facilities and leasing and releasing them.
- ▶ Management, operating and leasing all types of investment properties.
- ▶ Establishment and management of real estate investment funds.
- ▶ It is permitted for the Parent Company to invest in managed funds managed by specialised managers.

The Parent Company is authorised to have interest in or participate with any party or institution carrying out similar activities or those parties who will assist the Parent Company in achieving its objectives whether in Kuwait or abroad. The Parent Company has the right to establish, participate in or acquire such institutions.

The annual consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the shareholders of the Parent Company at the annual general assembly meeting (“AGM”) held on 20 April 2021. No dividends have been declared.

### 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 nine months ended 30 September 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020.

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

The accounting policies and methods of computation 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 amendments effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.



# Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

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

As at and for the period ended 30 September 2021

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

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

##### *Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- ▶ A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- ▶ Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- ▶ Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

### 3 PROVISION FOR LEGAL EXPENSES

During the period, the Group recognised provision for legal expenses amounted to KD 292,939 for the ongoing dispute between the Parent Company and Saif Belhasa Real Estate Est. (“Saif Belhasa Est.” or “Defendant”), a real estate company operating in UAE, for a Preliminary Sale & Purchase Agreement entered in 16 August 2018 (the “Agreement”) relating to a property in Dubai (the “Property”), being owned and developed by the Parent Company. The advance amount of AED 30 million along with the interest are disclosed under accounts payable and other liabilities on the interim condensed consolidated financial statements as of 30 September 2021.

On 15 December 2020, the Dubai Court of first instance issued its judgment in the favour of the Parent Company and ruled with the validity and effectiveness of the Agreement and ordered the Defendant to pay AED 90 million plus legal costs and interest. The Defendant appealed this judgement to the Dubai Court of Appeal on 13 January 2021.

On 31 May 2021, the Dubai Court of Appeal accepted the appeal in form and ruled with annulment of the appealed judgment based on the land law no. 13/2008 and rejected the Parent Company's claim. The Court ruled revocation of the Agreement and ordered the Parent Company to repay to Saif Belhasa Est. the advance amount of AED 30 million (equivalent to KD 2.50 million) and legal costs in addition to the related interest at 9% from 7 September 2020 up to the settlement date. The Group has already recorded advance amount of AED 30 million during prior years and has further recorded additional provision for the related interest during the period are included under accounts payable and other liabilities as at 30 September 2021.

On 10 June 2021, the Parent Company appealed the judgment to the Dubai Court of Cassation and requested the Court to temporarily hold execution of the appealed judgment until disposition of the appeal in application to Article 175 of the Civil Procedural Law based on the certificate issued by the Dubai Land department, certifying that law no. 13/2008 is not applicable to this land.

The Dubai Court of Cassation ruled with suspension of the appealed judgment till the disposition of the appeal. Hearings before the Court of Cassation are ongoing as of the reporting date.

### 4 EARNINGS PER SHARE (EPS)

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

# Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

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

As at and for the period ended 30 September 2021

### 4 EARNINGS PER SHARE (EPS) (continued)

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Profit for the period attributable to equity holders of the Parent Company (KD)	<b>222,339</b>	176,048	<b>370,051</b>	832,352
Weighted average number of shares outstanding during the period (excluding treasury shares)	<b>327,280,494</b>	334,981,396	<b>331,821,531</b>	334,981,396
<b>Basic and diluted earnings per share (EPS)</b>	<b>0.68 fils</b>	0.54 fils	<b>1.12 fils</b>	2.48 fils

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

### 5 INVESTMENT PROPERTIES

The movement in carrying value of investment properties is as follows:

	<i>30 September</i>	<i>(Audited)</i> <i>31 December</i>	<i>30 September</i>
	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
At the beginning of the period/year	<b>61,413,721</b>	60,323,903	60,323,903
Capital expenditure on owned property	<b>1,681,126</b>	1,618,495	1,215,095
Disposal of investment properties	<b>(690,746)</b>	-	-
Change in fair value	-	(536,222)	(60,000)
Exchange differences	<b>(125,488)</b>	7,545	175,108
	<b>62,278,613</b>	61,413,721	61,654,106

- a) The fair value of investment properties was independently determined at 31 December 2020 by accredited independent valuers who are specialised in valuing such type of properties using a mix of income capitalisation method and the market comparison approach considering the nature usage of each property.

The highly uncertain economic outlook caused by the COVID-19 pandemic may have a material adverse effect on the tenants' operations, the viability of their business and their ability to meet their rental obligations. This uncertainty was factored into the valuation of investment property as at 31 December 2020, specifically in estimating rent payments from existing tenants, the void periods, occupancy rates, expected market rental growth rates and the discount rate, all of which are significant inputs into the fair value determination. As a result of this increased uncertainty, the assumptions may be revised in 2021.

Management believes that, the current period was not materially impacted by COVID-19 as rent collections for current and subsequent months are tracking near-normal and the credit quality of tenants indicate the current assumptions in the Group's cash flows are reasonable based on best available information. The Group will continue to assess further the impact on cash flows as well as valuation inputs in the upcoming quarters as there is new information to consider.

- b) Investment properties with a carrying value of KD 21,075,004 (31 December 2020: KD 20,244,696 and 30 September 2020: KD 17,042,831) are pledged as security in order to fulfil collateral requirements of certain bank loans (Note 9).
- c) During the period, the Group disposed certain units of an investment property with carrying value of KD 690,746 for total consideration of KD 1,079,560, resulting in gain of KD 388,814 recognised in the interim condensed consolidated statement of profit or loss.

# Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

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

As at and for the period ended 30 September 2021

### 6 INVESTMENT IN ASSOCIATES

The movement in investment in associates is as follows:

	<i>30 September 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>30 September 2020 KD</i>
At the beginning of the period / year	<b>21,981,955</b>	22,362,471	22,362,471
Additions	<b>21,702</b>	230,809	183,226
Return of capital	<b>(45,597)</b>	(1,346,608)	(1,268,670)
Share of results for the period / year	<b>332,696</b>	691,352	243,562
Exchange differences	<b>(495,536)</b>	43,931	206,754
At the end of the period / year	<b>21,795,220</b>	21,981,955	21,727,343

As at 30 September 2021, investment in associates with a carrying value of KD 19,060,423 (31 December 2020: KD 18,793,513 and 30 September 2020: KD 18,719,836) are pledged as security in order to fulfil collateral requirements of certain bank loans (Note 9).

### 7 SHARE CAPITAL AND TREASURY SHARES

#### 7.1 Share capital

At 30 September 2021, the authorised, issued and fully paid-up capital of the Parent Company comprised 345,648,600 (31 December 2020: 345,648,600 and 30 September 2020: 345,648,600) shares of 100 fils each. All shares are paid in cash.

#### 7.2 Treasury shares

	<i>30 September 2021</i>	<i>(Audited) 31 December 2020</i>	<i>30 September 2020</i>
Number of treasury shares	<b>24,082,340</b>	11,497,569	11,497,569
Percentage of issued shares	<b>6.97%</b>	3.33%	3.33%
Cost of treasury shares (KD)	<b>2,067,324</b>	1,104,916	1,104,916
Market value of treasury shares (KD)	<b>1,926,587</b>	908,308	908,308

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares.

### 8 ANNUAL GENERAL ASSEMBLY RESOLUTIONS

The annual general meeting (AGM) of the shareholders of the Parent Company held on 20 April 2021 approved the consolidated financial statements for the year ended 31 December 2020 and resolved not to distribute cash dividends or pay directors' remuneration for the year then ended.

The AGM of the shareholders of the Parent Company held on 8 June 2020 approved the consolidated financial statements for the year ended 31 December 2019 and resolved not to distribute cash dividends or directors' remuneration for the year then ended. Further, the shareholders of the Parent Company in this AGM resolved to extinguish accumulated losses as at 31 December 2019 amounting to KD 4,421,250 against voluntary reserve balance as at 31 December 2019.

# Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

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

As at and for the period ended 30 September 2021

### 9 LOANS AND BORROWINGS

			<i>(Audited)</i>		
	<i>Currency</i>	<i>Effective interest rate (EIR)</i>	<i>30 September 2021</i>	<i>31 December 2020</i>	<i>30 September 2020</i>
			<i>KD</i>	<i>KD</i>	<i>KD</i>
Bank loans	KD	CBK discount rate plus 1.75% to 2.25%	<b>41,000,000</b>	40,017,159	40,017,159

Bank loans are secured by certain investment properties and investments in associates (Notes 5 and 6). Bank loans are payable on various instalments ending on 15 July 2026, with a bullet payment on 15 August 2026.

### 10 RELATED PARTY DISCLOSURES

Related parties represent the major shareholders, associates, entities under common control, directors and executive officers of the Group, close members of their families and entities of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

The following table provides the aggregate amount of transactions and outstanding balances with related parties:

	<i>(Audited)</i>		
	<i>30 September 2021</i>	<i>31 December 2020</i>	<i>30 September 2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Interim condensed consolidated statement of financial position:</b>			
Receivables from associates	<b>25,981</b>	4,282	30,321
Receivables from other related parties	<b>121,669</b>	121,716	121,716
Receivables from sale of investment property	<b>3,631,135</b>	3,737,901	3,787,302
Payables to an associate	<b>145,594</b>	80,469	251,179

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Interim condensed consolidated statement of profit or loss:</b>				
Management fees	<b>25,446</b>	46,934	<b>74,890</b>	52,755
Interest income on receivables from a related party	<b>28,224</b>	38,824	<b>103,240</b>	125,679
	<b>53,670</b>	85,758	<b>178,130</b>	178,434

### 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 related to key management personnel were as follows:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Compensation of key management personnel of the Group</i>				
Salaries and short-term benefits	<b>92,101</b>	88,620	<b>269,340</b>	265,859
Employees' end of service benefits	<b>11,791</b>	11,791	<b>35,373</b>	35,373
	<b>103,892</b>	100,411	<b>304,713</b>	301,232

# Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

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

As at and for the period ended 30 September 2021

### 10 RELATED PARTY DISCLOSURES (continued)

The annual general meeting (AGM) of the shareholders of the Parent Company held on 20 April 2021 resolved not to pay directors' remuneration for the year ended 31 December 2020 (2019: KD Nil) (Note 8).

### 11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below, is an overview of financial assets, other than cash and bank balances and term deposits, and financial liabilities held by the Group as at 30 September 2021, 31 December 2020 and 30 September 2020:

	<i>30 September 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>30 September 2020 KD</i>
<b>Financial assets at amortised cost:</b>			
Accounts receivable and other assets	<b>6,131,432</b>	5,817,370	5,705,662
<b>Financial assets at fair value through profit or loss:</b>			
Unquoted equity securities	<b>8,162,444</b>	8,162,790	8,842,616
<b>Total</b>	<b>14,293,876</b>	13,980,160	14,548,278
<b>Financial liabilities at amortised cost:</b>			
Accounts payable and other liabilities	<b>7,321,361</b>	7,383,555	7,701,756
Loans and borrowings	<b>41,000,000</b>	40,017,159	40,017,159
<b>Total</b>	<b>48,321,361</b>	47,400,714	47,718,915

#### Fair values

The following table provides the fair value measurement hierarchy of the Group's financial instruments.

	<i>Fair value measurement using</i>			
	<i>Total KD</i>	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>
<i>As at 30 September 2021</i>				
Financial assets at fair value through profit or loss:				
Unquoted equity securities	<b>8,162,444</b>	-	-	<b>8,162,444</b>
<i>As at 31 December 2020 (Audited)</i>				
Financial assets at fair value through profit or loss:				
Unquoted equity securities	8,162,790	-	-	8,162,790
<i>As at 30 September 2020</i>				
Financial assets at fair value through profit or loss:				
Unquoted equity securities	8,842,616	-	-	8,842,616

There were no transfers between Level 1 and Level 2 fair value measurements during the period/ year, and no transfers into or out of Level 3 fair value measurements during the period / year.

The management assessed that the fair values of cash and bank balances, accounts receivable and other assets, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

# Injazzat Real Estate Development Company K.S.C.P. and its Subsidiaries

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

As at and for the period ended 30 September 2021

### 11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

#### Fair value hierarchy

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

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

#### Reconciliation of Level 3 fair values

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

#### Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

<i>Financial assets at FVTPL</i>	<i>Non-listed equity investments</i>
	<i>KD</i>
<i>30 September 2021</i>	
As at 1 January 2021	8,162,790
Sales and capital redemptions	(346)
	<hr/>
As at 30 September 2021	<u>8,162,444</u>
<i>31 December 2020 (Audited)</i>	
As at 1 January 2020	8,429,204
Remeasurement recognised in profit or loss	626,557
Sales and capital redemptions	(892,971)
	<hr/>
As at 31 December 2020	<u>8,162,790</u>
<i>30 September 2020</i>	
As at 1 January 2020	8,429,204
Remeasurement recognised in profit or loss	931,814
Sales and capital redemptions	(518,402)
	<hr/>
As at 30 September 2020	<u>8,842,616</u>

Management assessed that the carrying value of financial instruments at amortised cost is not significantly different from their fair values as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in interest rates. The fair value of financial assets and financial liabilities with a demand feature is not less than its face value.

For assets classified as level 3, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of similar assets; or other valuation techniques. The Group has also performed a sensitivity analysis by varying these input factors by 5%. Based on such analysis, there is no material impact on the interim condensed consolidated financial information.

## Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

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

As at and for the period ended 30 September 2021

#### 12 SEGMENT INFORMATION

For management purposes, the Group's activities are concentrated in real estate investments. The Group's activities are concentrated in two main segments: Domestic (Kuwait) and International (Kingdom of Bahrain, United Arab Emirates, Saudi Arabia, Qatar, Europe and USA). The Group's segmental information is as follows:

	<i>Nine months ended</i> <i>30 September 2021 (Unaudited)</i>			<i>Nine months ended</i> <i>30 September 2020 (Unaudited)</i>		
	<i>Domestic</i> <i>KD</i>	<i>International</i> <i>KD</i>	<i>Total</i> <i>KD</i>	<i>Domestic</i> <i>KD</i>	<i>International</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Rental income	318,960	1,760,938	2,079,898	322,935	1,854,876	2,177,811
Valuation loss from investment properties	-	-	-	66,278	(126,278)	(60,000)
Gain on disposal of investment properties	388,814	-	388,814	-	-	-
Gain on sale of financial assets at fair value through profit or loss	-	-	-	-	156,497	156,497
Distribution income from financial assets at fair value through profit or loss	-	663,398	663,398	-	374,010	374,010
Management fees	-	85,865	85,865	-	296,911	296,911
Other income	119,449	20,681	140,130	126,215	44,031	170,246
Share of results of associates	-	332,696	332,696	-	243,562	243,562
Net foreign exchange (loss) gain	(45,057)	-	(45,057)	250,401	-	250,401
<b>Total income</b>	<b>782,166</b>	<b>2,863,578</b>	<b>3,645,744</b>	<b>765,829</b>	<b>2,843,609</b>	<b>3,609,438</b>
Real estate operating costs	(115,674)	(816,699)	(932,373)	(58,456)	(596,268)	(654,724)
Staff costs	(523,239)	-	(523,239)	(487,266)	-	(487,266)
Depreciation	(107,690)	(24,324)	(132,014)	(106,884)	(19,233)	(126,117)
Administrative expenses	(124,533)	-	(124,533)	(123,273)	-	(123,273)
Consultancy and professional fees	(85,509)	(8,815)	(94,324)	(76,916)	(3,064)	(79,980)
Provision for legal expenses	-	(292,939)	(292,939)	-	-	-
Finance costs	(45,260)	(1,100,004)	(1,145,264)	(36,606)	(1,228,613)	(1,265,219)
KFAS, NLST and Zakat	(31,007)	-	(31,007)	(40,507)	-	(40,507)
<b>Total expenses and other charges</b>	<b>(1,032,912)</b>	<b>(2,242,781)</b>	<b>(3,275,693)</b>	<b>(929,908)</b>	<b>(1,847,178)</b>	<b>(2,777,086)</b>
<b>(LOSS) PROFIT FOR THE PERIOD</b>	<b>(250,746)</b>	<b>620,797</b>	<b>370,051</b>	<b>(164,079)</b>	<b>996,431</b>	<b>832,352</b>

Injazzat Real Estate Development Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

12 SEGMENT INFORMATION (continued)

	<i>30 September 2021 (Unaudited)</i>			<i>31 December 2020 (Audited)</i>			<i>30 September 2020 (Unaudited)</i>		
	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>
<b>Total assets</b>	<b>18,502,943</b>	<b>82,022,265</b>	<b>100,525,208</b>	18,801,736	81,827,623	100,629,359	17,709,525	83,312,164	101,021,689
<b>Total liabilities</b>	<b>3,685,816</b>	<b>44,635,545</b>	<b>48,321,361</b>	3,302,934	44,097,780	47,400,714	3,854,016	43,864,899	47,718,915
<b>Commitments</b>	<b>355,671</b>	<b>305,846</b>	<b>661,517</b>	1,237,095	444,095	1,681,190	1,409,576	615,052	2,024,628

**Disaggregated revenue information**

The following presents the disaggregation of the Group's revenue from contracts with customers:

<i>Timing of revenue recognition</i>	<i>Nine months ended 30 September 2021</i>			<i>Nine months ended 30 September 2020</i>		
	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>	<i>Domestic KD</i>	<i>International KD</i>	<i>Total KD</i>
At a point in time	<b>388,814</b>	<b>5,708</b>	<b>394,522</b>	-	227,723	227,723
Over time	-	<b>80,157</b>	<b>80,157</b>	-	69,188	69,188
<b>Total revenue from contracts with customers</b>	<b>388,814</b>	<b>85,865</b>	<b>474,679</b>	-	296,911	296,911



As at and for the period ended 30 September 2021

**13 IMPACT OF COVID-19 OUTBREAK**

The COVID-19 pandemic continues to spread across global geographies causing disruption to business and economic activities and bringing significant uncertainties to the global economic environment. Fiscal and monetary authorities worldwide launched extensive responses designed to mitigate the severe consequences of the pandemic.

The Group considered the potential impact of the current economic volatility on the reported amounts of the Group's financial and non-financial assets. The reported amounts best represent management's assessment based on observable information. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgmental and the Group will accordingly continue to reassess its position and the related impact on a regular basis.

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