

**Kuwait Remal Real Estate Company
K.S.C.P.
State of Kuwait**

Interim condensed financial information
For the nine months ended 30 September 2020
(Unaudited)

**With
Report on review of interim condensed financial information**

**Kuwait Remal Real Estate Company
K.S.C.P.
State of Kuwait**

**Interim condensed financial information for the nine months ended 30 September 2020
(Unaudited)
With
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Report on review of interim condensed financial information
Members of the Board of Directors
Kuwait Remal Real Estate Company
K.S.C.P.
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Kuwait Remal Real Estate Company K.S.C.P. ("the Company") as on 30 September 2020 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine months period then ended. The preparation and presentation of this interim condensed financial information in accordance with the International Accounting Standard 34 - "Interim Financial Reporting" - is the responsibility of the Company's management. Our responsibility is to express the conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagement, 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed 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.

Basis for qualified conclusion

- 1- The accompanying interim condensed financial information includes financial assets at fair value through other comprehensive income carried at a book value of KD 3,277,500 (31 December 2019: KD 3,277,500 - 30 September 2019: KD 3,862,130) (note 4), which the Company has not assessed to be included with its fair value as on that date. If the Company had evaluated these assets to determine its fair value, the book value of these investments could have been adversely or positively affected either as a result of decrease or an increase in its value. Accordingly, we have not been able to identify any adjustments that may be necessary in this regard to the accompanying interim condensed financial information.
- 2- The legal proceedings filed against the Company include a lawsuit filed by a local bank due to the non-payment of a loan amounting to KD 34,500,000 which was due on 1 June 2016, as well as financing charges of KD 10,803,101 included under "other credit balances". Till date of this interim condensed financial information, the case remains pending and the outcome of this case cannot yet be determined on the accompanying interim condensed financial information (notes 8,10,15). We have not been able to verify the existence and completeness of these balances due to the lack of bank confirmation.
- 3- As set out in note (15-B) to the accompanying interim condensed financial information, during 2012, the Company entered into a commercial leasing contract under which it leased a property in the United Arab Emirates for a period of 15 years the Company signed a lease payment of AED 18,500,000 (equivalent to KD 1,420,000). The Company has not calculated the rental value of this property for the period from 25 March 2016 to 31 December 2017, amounting to AED 32,742,466 (equivalent to KD 2,694,705). There are ongoing legal issues between the Company and the lessor in this regard. In addition, the Company is a party to legal proceeding and other outstanding legal issues. The end result of those things cannot be determined at present. Accordingly, we have not been able to identify any adjustments that may be necessary in relation to this matter to the accompanying interim condensed financial information. The company stopped calculating the rental value until 30 September 2020 until finalize their legal claim.

Report on review of interim condensed financial information
Members of the Board of Directors
Kuwait Remal Real Estate Company
K.S.C.P. (Continued)

Basis for qualified conclusion (continued)

4- As set out in note (15-C) to the accompanying interim condensed financial information, the Company has filed a lawsuit against a commercial client (Soleds General Trading and Contracting Co.) for payment of the outstanding balance of KD 9,778,746 up to the date of the interim condensed financial information. The case is still pending before the judiciary. We have not been able to obtain sufficient and appropriate evidence on this balance, and therefore have not been able to determine whether any adjustments are necessary.

Qualified conclusion

Based on our review, and with the exception of the matters stated in Basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.


Emphasis of matters:

- We would like to refer to note (13) regarding the interim condensed financial information showing that the Company's losses during the nine months ended 30 September 2020 amounted to KD 321,568 (31 December 2019: KD 2,228,791 - 30 September 2019: KD 617,052) and accumulated losses of KD 16,606,405 (31 December 2019: KD 16,284,837 - 30 September 2019: KD 14,673,098). In addition, the Company's current liabilities exceeded its current assets by KD 19,573,515 (31 December 2019: KD 19,255,877 - 30 September 2019: KD 19,023,134). In addition, as stated in notes (8,10,13), term loans and financing charges of KD 35,220,782 were not paid at maturity. The creditor has taken legal action against the company and the company has filed a corresponding lawsuit, and the legal proceedings are still ongoing between the parties. These conditions indicate that there are material uncertainties that lead to doubt about the company's ability to continue.
- We would like to refer to note (15), as the company is a party to legal proceedings and lawsuits regarding real estate transactions and such legal proceedings are still ongoing. The end result of these matters cannot be determined at present.

Our conclusion is unqualified about the matters.

Report on other legal and regulatory requirements

Furthermore, based on our review, except for the effect of the matters described in "Basis for qualified conclusion" above, the interim condensed financial information is in agreement with the books of account of the Company. To the best of our knowledge and belief, we have not become aware of any violations of the companies law No. 1 of 2016, and its Executive Regulations, as amended, or of the Law No. 7 of year 2010 concerning the Capital Markets Authority, Executive Regulations and its related regulations, as amended, or of the Company's Memorandum of Incorporation and Articles of association during the nine months period ended 30 September 2020 that might have had a material effect on the Company's financial position or result of its operations.



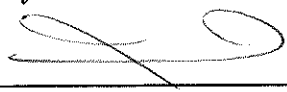
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28 October 2020
State of Kuwait

**Kuwait Remal Real Estate Company
K.S.C.P.
State of Kuwait**

**Interim condensed statement of financial position (Unaudited)
As at 30 September 2020**

		30 September 2020	31 December 2019 (Audited)	30 September 2019
	Note	K.D	K.D	K.D
Assets:				
Non-current assets				
Property and equipment		7,896	9,903	2,608
Investment properties	3	36,339,000	36,339,000	37,723,000
Financial assets at fair value through other comprehensive income	4	3,277,500	3,277,500	3,862,130
Total non-current assets		39,624,396	39,626,403	41,587,738
Current assets				
Trade receivables and other debit balances	5	18,483,464	17,211,041	16,939,316
Cash and cash equivalents	6	650	26,183	29,076
Total current assets		18,484,114	17,237,224	16,968,392
Total assets		58,108,510	56,863,627	58,556,130
Equity and liabilities:				
Equity				
Capital	7	30,613,000	30,613,000	30,613,000
Statutory reserve		3,049,347	3,049,347	3,049,347
Voluntary reserve		3,494,027	3,494,027	3,494,027
Cumulative changes in fair value		(584,630)	(584,630)	-
Accumulated losses		(16,606,405)	(16,284,837)	(14,673,098)
Total equity		19,965,339	20,286,907	22,483,276
Liabilities				
Non-current liabilities				
Provision for end of service indemnity		85,542	83,619	81,328
Total non-current liabilities		85,542	83,619	81,328
Current liabilities				
Term loans	8	24,417,681	24,417,681	24,417,681
Murabaha payable	9	1,478,190	1,478,947	1,528,947
Other credit balances	10	12,161,758	10,596,473	10,044,898
Total current liabilities		38,057,629	36,493,101	35,991,526
Total liabilities		38,143,171	36,576,720	36,072,854
Total equity and liabilities		58,108,510	56,863,627	58,556,130


Khalifa Abdullah Ali Al-Nassar
Chairman

The accompanying notes on pages 7 to 13 form an integral part of these interim condensed financial information.

**Kuwait Remal Real Estate Company
K.S.C.P.
State of Kuwait**

Interim condensed statement of profit or loss and other comprehensive income (Unaudited)
For the nine months ended 30 September 2020

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2020	2019	2020	2019
		K.D	K.D	K.D	K.D
Rent revenue		465,000	465,000	1,395,000	1,395,000
Revenue costs		(25,292)	(27,819)	(53,750)	(82,195)
Gross profit		439,708	437,181	1,341,250	1,312,805
Expenses and other charges					
Staff cost		(18,162)	(37,551)	(77,824)	(114,362)
Other expenses	11	(6,264)	(14,934)	(29,183)	(69,799)
Depreciation		(671)	(271)	(2,007)	(812)
Finance costs		(498,206)	(597,590)	(1,553,804)	(1,744,884)
Total of expenses and other charges		(523,303)	(650,346)	(1,662,818)	(1,929,857)
Net loss for the period		(83,595)	(213,165)	(321,568)	(617,052)
Other comprehensive income:					
Other comprehensive income for the period		-	-	-	-
Total comprehensive loss for the period		(83,595)	(213,165)	(321,568)	(617,052)
Loss per share (fils)	12	(0.27)	(0.70)	(1.05)	(2.02)

The accompanying notes on pages 7 to 13 form an integral part of these interim condensed financial information.

**Kuwait Remal Real Estate Company
K.S.C.P.
State of Kuwait**

**Interim condensed statement of changes in equity (Unaudited)
For the nine months ended 30 September 2020**

	Capital K.D	Statutory reserve K.D	Voluntary reserve K.D	Cumulative changes in fair value K.D	Accumulated losses K.D	Total equity K.D
As at 1 January 2019	30,613,000	3,049,347	3,494,027	-	(14,056,046)	23,100,328
Total comprehensive loss for the period	-	-	-	-	(617,052)	(617,052)
Balance at 30 September 2019	<u>30,613,000</u>	<u>3,049,347</u>	<u>3,494,027</u>	<u>-</u>	<u>(14,673,098)</u>	<u>22,483,276</u>
As at 1 January 2020	30,613,000	3,049,347	3,494,027	(584,630)	(16,284,837)	20,286,907
Total comprehensive loss for the period	-	-	-	-	(321,568)	(321,568)
Balance at 30 September 2020	<u>30,613,000</u>	<u>3,049,347</u>	<u>3,494,027</u>	<u>(584,630)</u>	<u>(16,606,405)</u>	<u>19,965,339</u>

The accompanying notes on pages 7 to 13 form an integral part of these interim condensed financial information.

**Kuwait Remal Real Estate Company
K.S.C.P.
State of Kuwait**

**Interim condensed statement of cash flows (Unaudited)
For the nine months ended 30 September 2020**

		For the nine months ended 30 September	
	Note	2020 K.D	2019 K.D
Operating activities			
Net loss for the period		(321,568)	(617,052)
<i>Adjustments for:</i>			
Depreciation		2,007	812
Provision for end of service indemnity		6,423	6,405
Finance charges		1,553,804	1,744,884
		<u>1,240,666</u>	<u>1,135,049</u>
<i>Changes in operating assets and liabilities:</i>			
Trade receivables and other debit balances	5	(1,272,423)	(1,058,894)
Other credit balances	10	36,123	9,501
Cash generated from operations		<u>4,366</u>	<u>85,656</u>
Payment for end of service indemnity		(4,500)	-
Net cash (used in) generated from operating activities		<u>(134)</u>	<u>85,656</u>
Investing activities			
Paid for purchase of property and equipment		-	(66)
Net cash used in investing activities		<u>-</u>	<u>(66)</u>
Financing activities			
Murabaha payable	9	(757)	(1,973)
Finance charges paid		(24,642)	(57,443)
Net cash used in financing activities		<u>(25,399)</u>	<u>(59,416)</u>
Net (decrease) increase in cash and cash equivalents		<u>(25,533)</u>	<u>26,174</u>
Cash and cash equivalents at the beginning of the period		26,183	2,902
Cash and cash equivalents at the end of the period	6	<u>650</u>	<u>29,076</u>

The accompanying notes on pages 7 to 13 form an integral part of these interim condensed financial information.

**Kuwait Remal Real Estate Company
K.S.C.P.
State of Kuwait**

**Notes to the interim condensed financial information (Unaudited)
For the nine months ended 30 September 2020**

1- General Information

- Kuwait Remal Real Estate Company - K.S.C.P. ("The Company") was incorporated and the transfer of legal entity documented at Ministry of Justice - real estate registration department - under No. 1349 Vol. 1 dated 3 March 2007. and its subsequent amendments of which the last was subject to mark in the commercial register No. 480 dated 9 July 2014.
- The main purposes of the incorporation of the company are as follows:
 - Owning, selling, Buying and developing real-estates to the company account inside and outside the State of Kuwait.
 - Managing others properties in Kuwait and outside and owning, selling and buying shares and bonds of real-estate companies to the company account only.
 - Preparing studies and presenting consultancies in the field of real-estate.
 - Performing maintenance works related to buildings and real-estates owned by the company and by others.
 - Organizing real-estate exhibitions related to the company real-estate projects and setting real-estate auctions.
 - Possessing commercial facilities and residential compounds and managing them.
 - Exploiting the available financial surplus of the company by investing it in financial portfolios managed by specialized companies and parties
 - Direct contribution to lay the basic infrastructure to areas and residential, commercial and Industrial projects with "Build Operate and Transfer" system (BOT) and managing real-estate facilities with (BOT) System.
- The company's registered postal address is P.O. Box 28682, Al-Safat 13147, State of Kuwait.
- Issuance of the interim condensed financial information was approved by the Company's board of directors on 28 October 2020.

2- Basis of the presentations

This interim condensed financial information has been prepared in accordance with IAS 34. The accounting policies used in the preparation of this interim financial information for the period are consistent with those applied in the preparation of the annual financial statements for the year ended 31 December 2019.

The interim condensed financial information does not include all the information and disclosures required for full financial statements in accordance with International Financial Reporting Standards. In the opinion of the management, all the amendments that are necessary for fair presentation have been included.

The results for the financial period ended 30 September 2020 are not necessarily indicative of the results of operations that can be expected for the financial year ended 31 December 2020. For Further information, refer to the financial statements and their related notes for the year ended 31 December 2019.

Notes to the interim condensed financial information (Unaudited)
For the nine months ended 30 September 2020

3- Investment properties

	30 September 2020	31 December 2019 (Audited)	30 September 2019
	K.D	K.D	K.D
Balance at the beginning of the period / year	36,339,000	37,723,000	37,723,000
Changes in Fair Value	-	(1,384,000)	-
Balance at the end of the period / year	36,339,000	36,339,000	37,723,000

- Investment properties amounting to KD 36,339,000 (31 December 2019: KD 36,339,000 - 30 September 2019: KD 37,723,000) are pledged against loans obtained from a local bank (note 8).

4- Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income consist of unquoted local shares.

It was not possible to measure the fair value for unquoted financial assets of an amount KD 3,277,500 (31 December 2019: KD 3,277,500 - 30 September 2019: KD 3,862,130) due to non-availability of reliable method to estimate the fair value of these financial assets and thus it was recorded at cost.

5- Trade receivables and other debit balances

	30 September 2020	31 December 2019 (Audited)	30 September 2019
	K.D	K.D	K.D
Trade receivables	9,778,746	8,503,103	8,219,545
<u>Less: Allowance for expected credit losses</u>	<u>(1,700,000)</u>	<u>(1,700,000)</u>	<u>(1,700,000)</u>
	8,078,746	6,803,103	6,519,545
Due from related party*	10,399,700	10,399,700	10,399,700
Prepaid expenses	2,500	5,738	17,571
Other debit balances	2,518	2,500	2,500
	18,483,464	17,211,041	16,939,316

* Balance due from a related party is in the amount of KD 6,399,700 (31 December 2019: KD 6,399,700 - 30 September 2019: KD 6,399,700) paid to related party for the purpose of investing in joint ventures projects. The company's management expects these projects to be completed during the year, and KD 4,000,000 (31 December 2019: KD 4,000,000 - 30 September 2019: KD 4,000,000) arising from the sale of the property. In the opinion of the Company's management, the balance of due from a related party described above are fully recoverable.

6- Cash and cash equivalents

	30 September 2020	31 December 2019 (Audited)	30 September 2019
	K.D	K.D	K.D
Cash on hand	3	637	637
Cash at banks	647	25,546	28,439
	650	26,183	29,076

Kuwait Remal Real Estate Company
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Notes to the interim condensed financial information (Unaudited)
For the nine months ended 30 September 2020

7- Capital

The Company's authorized, issued, and fully paid capital is consist of 306,130,000 shares as at 30 September 2020 (31 December 2019: 306,130,000 shares - 30 September 2019: 306,130,000 shares) with a par value of 100 Kuwaiti fils per share and all shares are cash.

8- Term loans

Loans amounting to KD 24,417,681 (31 December 2019: KD 24,417,681 - 30 September 2019: KD 24,417,681) are loans granted to the Company by local banks in the State of Kuwait.

The effective interest rate on loans was 2.75% to 4% per annum (31 December 2019: from 2.75% to 4% per annum - 30 September 2019: from 2.75% to 4% per annum) above the discount rate declared by the Central Bank of Kuwait and are secured by a mortgage on investment properties and a personal guarantee (note 3).

A term loan of KD 34,500,000 was due on 1 June 2016 and there are legal claims in respect there of (notes 13,15). The financing charges and bank charges payable on this loan amounted to KD 10,803,101 (notes 10,15) as at 30 September 2020.

A term loan balance that there are legal claims against it at 30 September 2020 was KD 24,417,681.

9- Murabaha payable

It represents in murabaha payable granted from one of the local banks.

10- Other credit balances

	30 September 2020	31 December 2019 (Audited)	30 September 2019
	K.D	K.D	K.D
Due finance charges* (note 8)	10,849,017	9,319,855	8,759,846
Due to national labor support tax	317,022	317,022	317,022
Due to related party	546,462	546,462	546,462
Zakat payable	215,804	215,804	215,804
Contribution to KFAS	134,186	134,186	134,186
Staff leave payable	59,761	53,780	59,605
Accrued expenses	39,506	9,364	11,973
	<u>12,161,758</u>	<u>10,596,473</u>	<u>10,044,898</u>

* As at 30 September 2020, a financing charge of KD 10,803,101 was due on a loan due on 1 June 2016 (note 8).

**Kuwait Remal Real Estate Company
K.S.C.P.
State of Kuwait**

**Notes to the interim condensed financial information (Unaudited)
For the nine months ended 30 September 2020**

11- Other expenses

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
	K.D	K.D	K.D	K.D
Insurance	-	957	1,916	7,487
Fees and subscriptions	-	5	-	4,323
Bank charges	67	58	181	277
Valet parking expenses	-	-	-	1,325
Consultancy expenses	3,566	665	11,960	11,854
Stock exchange fees	2,500	12,500	7,500	41,000
Advertisement	-	-	800	800
Others	131	749	6,826	2,733
	<u>6,264</u>	<u>14,934</u>	<u>29,183</u>	<u>69,799</u>

12- Loss per share

There are no dilutive ordinary shares expected to be issued. The information necessary to calculate the basic loss per share based on the weighted average number of shares outstanding during the period is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2020	2019	2020	2019
	K.D	K.D	K.D	K.D
Net loss for the period	<u>(83,595)</u>	<u>(213,165)</u>	<u>(321,568)</u>	<u>(617,052)</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of shares outstanding	<u>306,130,000</u>	<u>306,130,000</u>	<u>306,130,000</u>	<u>306,130,000</u>
Loss per share (fils)	<u>(0.27)</u>	<u>(0.70)</u>	<u>(1.05)</u>	<u>(2.02)</u>

13- Accounting principle, company continuity and working capital

The interim condensed financial information have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The interim condensed financial information do not include any adjustments that might arise due to uncertainty of the Company's ability to continue as a going concern.

As of 30 September 2020, the Company's losses amounted to KD 321,568 (31 December 2019: KD 2,228,791 - 30 September 2019: KD 617,052) and accumulated losses amounted to KD 16,606,405 (31 December 2019: KD 16,284,837 - 30 September 2019: KD 14,673,098) and the Company's current liabilities exceeded its current assets by KD 19,573,515 (31 December 2019: KD 19,255,877 - 30 September 2019: KD 19,023,134) as a result of classification of loans in the statement of financial position as current loans because the Company's major financing arrangements were due at 1 June 2016 amounted to KD 34,500,000 (note 8) and the financing charges and bank fees payable in respect there of are KD 10,803,101 (note 10).

13- Accounting principle, company continuity and working capital (continued)

In view of the non-payment of the outstanding balance of the loans referred to above, the principal creditor bank "the Bank" has taken legal action against the company and the company has taken corresponding legal action (note 8,15). The company's management is currently studying the legal options available by holding consultation with the company's legal advisors. In addition, the company's management simultaneously negotiates with other banks for alternative financing facilities and considers opportunities to sell certain assets owned by the company to meet the loans obligations, taking into account that the value of the company's investment properties mortgaged to the bank exceeds the value of the loans payable by the company. The company's management believes that it will settle the loans due successfully during the coming period.

The company's continuity depends on its ability to generate profits, enhance its future cash flows, reschedule and renew its credit facilities, as well as getting the support and finance from major shareholders.

The management expects that any payments required will be settled from the cash flows generated by the operating activities, in addition to getting an alternative bank financing, sale of certain assets or obtaining support from shareholders. The management is confident that the company has sufficient resources to continue operating in the foreseeable future.

If, for any reason, the Company is unable to continue its business as a continued entity, it may have an impact on its ability to sell its assets and meet its obligations within the normal activity in accordance with the amounts included in the interim condensed financial information.

14- General Assembly

The Board of Directors of the company, held on 24 March 2020, has proposed no distribution of cash dividends, bonus shares or remuneration to directors for the financial year ended 31 December 2019.

The General Assembly of the shareholders of the Company held on 29 June 2020 agreed not to distribute cash dividends and not to pay remuneration for directors for the financial year ended 31 December 2019.

15- Legal claims

(A) Legal and judicial proceedings for settling an account with a local bank:

The company's principal financing arrangements for term loans amounting to KD 34,500,000 were due in 1 June 2016, and the financing charges and bank fees due thereon amounted to KD 10,803,101 as on 30 September 2020 (notes 8, 10, 13). In view of the non-payment of the outstanding balance of bank loans and facilities referred to above, the main creditor bank took legal action against the company and the company announced on 2 November 2016 the executor clause for the forfeiture of the encumbered properties in favor of the bank under the bank facility contract. The company has put in place forms to stop implementation procedures.

On 16 March 2017, the complaint filed by the company was rejected. A hearing was scheduled on 10 October 2017, which was adjourned for several sessions, the last of which was set on 14 October 2018 in case No. 3704 for the year 2017 in order to consider the liquidation of the existing account with the bank. The company asked in its lawsuit to draw an arithmetic expert from the Ministry of Justice, and a hearing was set on 26 November 2019 for the report of the expert, the experience report was received, and on the 4 February 2020 session, in which he decided to end the lawsuit.

**Notes to the interim condensed financial information (Unaudited)
For the nine months ended 30 September 2020**

15- Legal claims (continued)

(A) Legal and judicial proceedings for settling an account with a local bank (continued):

On 24 July 2017, the company also filed a lawsuit No. 2063 of year 2017 before the Supreme Court to claim nullity of the execution procedures for the lack of executive bond. On 27 August 2017, the lawsuit was adjourned. On 24 September 2017, the Court of First Instance issued a decision dismissing the case and charging the company with expenses and legal fees. On 9 October 2017 the company appealed the first instance court ruling demanding the cancellation of the ruling and the elimination of nullification of the procedures of implementation. A hearing was set on 6 December 2017 to consider the case and on 20 December 2017 a ruling was issued dismissing the lawsuit and obligating the company to pay the expenses and legal fees.

The company filed a claim No. 356/2018 civil and is scheduled for consideration 16 September 2019, and that session was suspended for two months, and the case was accelerated from the suspension. At the session of 26 December 2019, the court ruled that the case was not, and a new case was filed with the same requests, and it was registered with the number 546/2020 civilian total / 7 and determined for hearing the first session is 17 February 2020, and in that session the session of 23 March 2020 was postponed, which was halted due to the Corona pandemic, and a hearing was set on 19 October 2020, and in that session the case was rejected and the judgment is being appealed.

(B) Legal proceedings on a real estate project in the United Arab Emirates:

On 24 September 2012, the company entered into a commercial lease agreement under which the company leased a property in the United Arab Emirates. The lease is valid for a period of fifteen years from the date of the leasing agreement with the lessor on 24 September 2012, including a grace period of two years from the date of concluding the contract. Upon the conclusion of the contract, the company paid an advance payment of AED 18,500,000 (equivalent to KD 1,420,000). The full lease payment was completed on 24 March 2016. Based on the legal advice of the company's legal advisors, the company deferred the calculation and payment of the rental value for the period from 25 March 2016 to 31 December 2017 amounting to AED 32,742,466 (equivalent to KD 2,694,705), because the Lessor didn't complete the infrastructure of the project and failing to transfer the right of possession and operation of the property from the Lessor to the company. On 19 April 2017, the lessor issued a legal warning to the company claiming that he had delivered the property to the company and notified it of the cancellation of the contract and demanded that the property be returned to the lessor and the rent paid by the company until the date the property is actually returned to the lessor.

In keeping with its legal position, the company has issued a corresponding warning to the lessor demanding that he fulfill its obligations. Based on the legal advice of the company's legal advisors, the company's management believes that there will be no adverse effect of these legal proceedings on the interim condensed financial information of the company. In addition, the company has also filed a lawsuit No. 13791 of year 2017 before the plenary court and the case has been reserved for the verdict for the hearing of 30 October 2019, at which time the court ruled that it has no jurisdiction over the case, and the ruling was appealed against the appeal No. 6424/2019 commercial, in which it decided to cancel the ruling and return the case back to the court of first instance to adjudicate its subject matter and no session was decided before the court of the first degree so far.

**Kuwait Remal Real Estate Company
K.S.C.P.
State of Kuwait**

**Notes to the interim condensed financial information (Unaudited)
For the nine months ended 30 September 2020**

15- Legal claims (continued)

(C) Legal proceedings on a claim by Soleds Company:

The Company has filed a lawsuit No. 8997 for the year 2019 against Soleds General Trading and Contracting Co. with requests for an expert to review the lawsuit papers and documents and to examine the leases concluded between the two parties starting from the first contract dated 1 January 2012 to show the amounts due from Soleds Co. and the amounts paid to the company. Estimating the modernization, development and renovations carried out by Soleds Co. in real estate, and calculating the amounts owed to the company in preparation for claiming these amounts and settling the account between the two parties, with the obligation of Soleds Co. expenses and attorneys fees, and the session of 1 September 2019 The court ruled that an expert from the Ministry of Justice was assigned to investigate the company's requests, and the case was in session before the experience, and a hearing was set on 19 March 2020 for the report of the expert, which was halted due to the Corona pandemic, and no session has yet been scheduled.