

**CORPORATE GOVERNANCE
REPORT 2018**

CORPORATE GOVERNANCE REPORT 2018

Reference to the application of the "Corporate Governance" System, in accordance with the provisions of Article (186) of Chapter Nine (Public Shareholding Companies) of the Companies Law No. (01/2016), which states that "The concerned Supervisory Authorities shall set the principles of corporate governance of the companies that are subject to their respective supervision, in a manner that ensures the best protection and balance between the interests of the management of the company and its shareholders, as well as, other interested parties in relation to it. In addition, the principles shall set out the requirements to be satisfied by the independent members of the board of directors" and in line with the Capital Markets Authority (CMA)'s commitment to issue corporate governance rules, under its supervision, as described in Chapter (15) of the Executive Regulation of Law No. (07/2010) on the establishment of the Capital Markets Authority and the instructions issued in this respect.

Sokouk Holding issues, on a yearly basis, a Corporate Governance Report that reflects its commitment to applying the best practice in the field of corporate governance, stemming from a belief that the fundamentals of sound management and the efficiency of institutions depend on the continued application of these standards. For this purpose, Sokouk Holding is committed to implementing the principles of CMA for the governance listed companies listed in Kuwait Stock Exchange, in order to consolidate and develop a culture of governance in all its activities and among its employees to achieve the best protection and balance between the interests of the Company's management, its shareholders and other related stakeholders. The Company, represented by its board of directors and its Executive Management, has established a corporate governance system in the Company through the policies, rules and regulations that regulate the Company's business and defines the responsibilities and duties of each management member, as developed and amended when necessary to ensure the objectives thereof.

Board & committees Structure, and main functions of the Board

The Board of Directors of Sokouk Holding Company consists of five non-executive members, one of whom is an independent member, are elected at an ordinary general assembly meeting of the Company for a period of three years. The structure of the Company's Board of Directors is generally characterized by a suitable number of members and diverse professional experience, academic qualifications and knowledge in the fields of accounting, finance, strategic planning, governance, internal control and risk management, as well as excellence in the vast experiences in local and regional business environment. The Board bears the overall responsibility for the Company, responsibility for developing its strategic objectives and all responsibilities related to the financial safety of the company. The Board of Directors has always sought to safeguard the interests of shareholders and all other concerned parties. The Board has also formed its own specialized committees; Audit Committee, Risk Committee and Nominations and Remuneration Committee. The responsibilities of the Board of Directors and its committees include ensuring that regulatory standards are followed, along with the compliance with ethical standards in all transactions of the Company.

Composition of the Board of Directors:

Board Member Name	Member classification (executive/non-executive /independent) secretary	Composition date
Mr. Nawaf Musaed Al Osaimi Chairman	Non-Executive	27 June 2018
Mr. Ahmad Abdulaziz Al Nafisi Vice Chairman	Non-Executive	27 June 2018
Mr. Mohammad Mubarak Rashed Al-Hajri Board Member	Non-Executive	06 May 2018
Mr. Abdulmohsen Yaseen Al Oumi Board Member	Non-Executive	27 June 2018
Mr. Eissa Bader Abdulkareem Al Mutawaa Board Member- Independent	Independent	06 May 2018

A new Board Member was elected for a three-year term at the Annual Ordinary General Assembly of Shareholders held on the 6th of May 2018. In accordance with formal and transparent procedures, the Board of Directors was formed under the provisions of the Companies Law and its Executive Regulations and according to Article (2.2) of Chapter Two of the "Corporate Governance" book, on the 6th of May 2018. During the period, there were some changes, where the Board of Directors was reconstituted on 27/06/2018, to complete its current session. These changes were immediately disclosed through the Company's page on Kuwait Stock Exchange website and through the Company's website, according to the requirements of disclosure of key information given in Article (1.1.4) of Chapter Ten "Disclosure and Transparency" of the Executive Regulations of the Capital Markets Authority.

Induction Program:

New members of the Board are subject to an induction program, during which their rights, obligations and duties, as Board members, are declared. New members are assigned to this program with a view to obtain all comprehensive information regarding the Company, its activity and the latest developments, so as to be able to fulfill their responsibilities to the fullest.

Qualifications and experience of the Company's Board Members

<p>Mr. Nawaf Musaed Al Osaimi Chairman</p>	<p>Mr. Ahmad Abdulaziz Al Nafisi Vice Chairman</p>
<p>Academic qualification and practical experience Bachelor of Business Administration, Finance specialization, University of Portland, USA, in 1999. Term of work experience in the field of investment: More than 19 years.</p>	<p>Academic qualification and practical experience Bachelor of Administrative Sciences, 2008</p>
<p>Mr. Nawaf Musaed Al Osaimi is the Chairman of the Board of Directors of Sokouk Holding Company. He is also the Vice Chairman of Munshaat Real Estate Projects Company and is currently the Acting CEO of Aref Investment Group</p>	<p>Mr. Ahmad Abdulaziz Al Nafisi is the Vice Chairman of Sokouk Holding Company. He is also a member of the Board of Directors of Munshaat Real Estate Projects Company. He is currently the Senior Manager of Private Equity and Direct Investment in KFH.</p>
<p>Mr. Mohammad Mubarak Rashed Al Hajri Board Member</p>	<p>Mr. Abdulmohsen Yaseen Al Oumi Board Member</p>
<p>Academic qualification and practical experience Bachelor of Finance and Financial Facilities, 2004</p>	<p>Academic qualification and practical experience Bachelor of Finance and Financial Facilities, 2010</p>
<p>Mr. Mohammad Mubarak Rashed Al Hajri is a member of the Board of Directors of Sokouk Holding Company. He is also a Board Member of Munshaat Real Estate Projects Company. He is currently the Executive Director Operations & Monitoring at Aref Investment Group.</p>	<p>Mr. Abdulmohsen Yaseen Al Oumi is a member of the Board of Directors of Sokouk Holding Company. He is currently the Assistant Director of Private Equity and Direct Investment in KFH.</p>
<p>Mr. Eissa Bader Abdulkareem Al Mutawaa Board Member– Independent</p>	
<p>Academic qualification and practical experience Bachelor of Administrative Sciences, 2002</p>	
<p>Mr. Eissa Bader Abdulkareem Al Mutawaa is an independent Board Member. He joined the Board of Directors of Sokouk Holding Company in August 2016 and was re-elected in his current position in the recent Board elections. He is currently the Assistant General Manager of Bakka United General Trading and Contracting Company.</p>	

Members' Attendance of the Board Meetings

The Board of Directors held (16) meetings during the year 2018. The following table illustrates the details of such meetings and the number of meetings attended by each member.

Member's Name	Meeting (1) held on 12/02/2018	Meeting (2) held on 27/03/2018	Meeting (3) held on 27/03/2018	Meeting (4) held on 29/03/2018	Meeting (5) held on 11/04/2018	Meeting (6) held on 06/05/2018	Meeting (7) held on 10/05/2018	Meeting (8) held on 31/05/2018	Meeting (9) held on 27/06/2018	Meeting (10) held on 16/07/2018	Meeting (11) held on 13/08/2018	Meeting (12) held on 26/09/2018	Meeting (13) held on 18/10/2018	Meeting (14) held on 29/10/2018	Meeting (15) held on 07/11/2018	Meeting (16) held on 31/12/2018	No. of Meetings
Mr. Nawaf MUSAED Al Osaimi Chairman	Restructuring to complement the current session of the Council								√	√	√	√	√	√	√	√	8
Mr. Ahmad Abdulaziz Al Nafisi Vice Chairman	Restructuring to complement the current session of the Council								√	√	√	√	√	√	√	√	8
Mr. Mohammad Mubarak Rashed Al Hajri Board Member	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	16
Mr. Abdulmohsen Yaseen Al Oumi Board Member	Restructuring to complement the current session of the Council								√	√	√	√	√	√	√	√	8
Mr. Eissa Bader Abdulkareem Al Mutawaa Board Member-Independent	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	16

Brief on how to apply the requirements for recording, coordinating and keeping minutes of Board Meetings

The Board of Directors secretary prepared a special register for the minutes of the Board of Directors of Sokouk Holding Company and records for minutes of the meetings of the Risk Management and Auditing, Nominations and Remunerations Committees and the Board Executive Committee. Each register contains information on the agenda of each meeting, its date, venue, starting and ending timing of the meeting. Each meeting has a serial number according to the year. Further, special files are prepared in which the minutes of the meetings are kept and the deliberations and discussions held in the meetings. Members of the board and committees are furnished with the agenda, supported with the relevant documents, by a sufficient time in advance in order to permit the members to study the agenda items. The minutes of the meeting are signed by all those present. Minutes of the meetings held by passing are signed by all members. The secretary acts for the proper coordination and distribution of information among the members and other stakeholders.

Company Board of Directors Working Policy

The Company Board of Directors Working Manual, stipulates that the company's board assumes the comprehensive responsibility for Sokouk Holding Company, including the laying down of the company strategic objectives, risk strategy, governance criteria, supervision responsibility over the executive management, safeguarding the interests of shareholders, creditors, personnel and all stakeholders, ensure that the company's management is carried out

wisely and under the framework of the applicable laws and effective instructions of the regulatory bodies, articles of association, internal rules and policies of the company. The following is a brief on the general duties of the board of directors:

- The Board of Directors of Sokouk Holding Company assumes all the required powers and authorities for management of the company without exceeding the general assembly's terms of reference. The board's responsibility remains standing for all the committees emanating from the board, which implies the board's responsibility for preparing the annual report read to the annual general assembly of the company, comprising all the information and data concerned with the company's business, financial position, results of its works and extent of compliance with the governance rules.
- The Board of Directors performs its duties with responsibility, good faith, seriousness and diligence. Its decisions are based on adequate information from the executive management or any other reliable source. The board is entitled to issue delegations for a number of its terms of reference without such authorizations being general or of unspecified period. The board's responsibility shall remain existing towards any authorization issued by it.
- Ensuring that the Executive Management provides current and potential shareholders and the investment community with all information about the Company's business, activities and key developments, verifying that the annual report and financial reports published and sent to the shareholders reflect the true conditions of the Company. The member of the board of directors represents all shareholders and shall work to achieve the general interest of the Company and its shareholders.

Policies and procedures governing the work of the Executive Management

- The Board of Directors has adopted the working manual and the policies and procedures governing the work of all executive departments within the Company. Each manual contains all the tasks performed by each executive department in detail, accordance with the strategic objectives set by the Board of Directors and the internal regulations of the Company. These policies also clarify all the obligations of the Executive Management and chief executive in light of the responsibilities assigned to them by the Board of Directors.
- The Board of Directors has clearly separated the functions of the Chairman and the Chief Executive Officer (CEO) and authorized the Executive Board, headed by the Chief Executive Officer, to manage the day-to-day operations under the approved financial and operating powers, as approved in writing. Below is a summary of the CEO's most important achievements:
 - Working on the implementation of the Company's strategic plans and the associated internal policies and regulations and ensuring their adequacy and effectiveness.
 - Establishing a management structure that promotes accountability and transparency.
 - Implementing all internal policies, regulations and rules of the Company, as approved by the Board of Directors.
 - Working on the implementation of the strategic plan and the annual plan approved by the Board of Directors.
 - Preparing periodic (financial and non-financial) reports on the progress of the Company's activity in light of the strategic plans and objectives of the Company, submitting them to the Board of Directors.
 - Establishing an integrated accounting system that keeps books, records and accounts that accurately reflect detailed financial statements and income accounts, allowing the preservation of the Company's assets and preparing the financial statements in accordance with the international accounting standards adopted by the Authority.
 - Participating actively in building and developing a culture of ethical values within the Company.
 - Ensuring the effectiveness and adequacy of these systems, with keenness to adhere to the risk tendency adopted by the Board of Directors.

Achievements of the Board of Directors During the Year 2018

The Board of Directors of Sokouk Holding Company has been keen to follow up the implementation of the strategic plans and objectives it has developed, in addition to maintaining constant communication with the Executive Management in order to achieve these strategies. The Board of Directors has also exerted great significance to the corporate governance standards, not only to carry out the tasks required, but also to set such standards a modus operandi and strategy within the Company. During the year, several achievements were made by the Board in these areas, which can be summarized as follows:

- Periodic review of the Company's financial results and comparison with the financial statements issued for the various periods.
- Approving the interim and annual financial statements of Sokouk Holding Company.
- Adopting the policies and procedures complementing the corporate governance and regulatory compliance rules and approving the amendments made to certain policies and procedures as previously approved by the Board of Directors.
- Ensuring the accuracy and integrity of data and information to be disclosed in accordance with applicable disclosure and transparency policies, procedures and regulations.
- Overseeing the Company's major capital expenditures, owning and managing the assets.
- Discussing and adopting the strategy of the Company and discussing the risk trend and its impact on the Company's strategy.
- Reviewing the structure of the Board of Directors and ensuring to build a structure that complies with the regulatory and policy requirements of the Governance Manual, as well as ensuring that the functions of the Chairman and Chief Executive Officer are separated.
- Approval of the amendments to the (Job descriptions, salary scale) of Sokouk Holding Company.
- Following up all legal issues of the Company and holding meeting with the legal counsels of the Company to spot the status of all cases.
- Approving the completion of a real estate sale (land under development in the region of Dasman, owned by several parties, where Sokouk Holding owns a share of 12.07% of the total value of the property).
- Forming a new Board of Directors, electing a Chairman and Vice Chairman of the Board, reconstituting the committees emanating from the Board and appointing the Secretary of the Board.
- Forming specialized committees emanating from the Board of Directors in accordance with a code that clarifies the duration of the committee, its powers and responsibilities, how the Board monitors them, the formation and appointment of the members, their duties and rights. This is in addition to evaluating the performance and work of these committees and the key members therein.
- Adopting the policy of delegating and implementing the work of the Executive Management.
- Discussing the time plan/schedule for the Company's internal audit.
- Discussion of the Authority Matrix.
- Supervising and overseeing the performance of Executive Management members and ensuring that the Executive Management operates according to the policies and regulations approved by the Board of Directors.
- Following up the progress of the work of the Company through periodic meetings with the Executive Management and discussing the results of the Company and its subsidiaries through a series of periodic reports.
- Activating the governance system at the level of its subsidiary entities and ensuring that they are implemented in accordance with the Corporate Governance Manual.
- Continuing emphasis on identifying good governance practices by reviewing the means of ensuring professional and institutional values through the Code of Professional and Ethical Conducts.
- Reviewing the remuneration structure, reviewing the mechanism for linking bonuses to performance and risk exposure levels and updating bonus policy.
- Reviewing the reports and recommendations of the Audit Committee and the reports of the internal auditor and the summary of the Committee's work outcomes.
- Reviewing the reports and recommendations of the Nomination and Remuneration Committee and supervising the work of the Committee on the annual evaluation process of the Board of Directors and the Executive Board.
- Approval of contracting with an independent audit office to review and evaluate the internal audit performance of the Company over the past three years, submitting a report thereon to the Audit Committee and the Board of Directors.
- Adoption of the integrated report on the activities of Sokouk Holding.

- Nomination of the representatives of Sokouk Holding Company in the Board of Directors in subsidiaries and associate companies.
- Commitment of the Board of Directors and Executive Management to the integrity and correctness of the prepared financial reports and such pledges shall be made.
- Approving the annual reports of the Company relating to (Corporate Governance, Remuneration, Audit Committee, Social Responsibility) of Sokouk Holding Company.
- Preparing an annual report to be read at the Annual General Assembly of the Company, to include the requirements and procedures for updating the rules of corporate governance and the extent of compliance thereto.

Committees emanating from the Board of Directors

The Board of Directors of Sokouk Holding Company has formed the necessary number of specialized committees in accordance with the Corporate Governance Rules issued by the Capital Market Authority. The Board undertakes its work, supported by three specialized committees. The following three committees were reinstated during the year at the meeting number 10/2018. These committees are as follows:

First: Auditing Committee

The Board of Directors has formed an independent committee emanated therefrom, under the name Audit Committee, with a view to enable the Board to carry out its relevant functions effectively, in particular to review and supervise the Company's financial accounts and data, to ensure their integrity and correctness, in addition to ensuring the adequacy and effectiveness of the internal control systems applied in the Company. This Committee works according to a code approved by the Board of Directors, indicating its term, powers, functions and responsibilities, as well as the manner of the Board's control thereon, according to the following:

The Audit Committee consists of three members, including an independent member, and it is fully independent. There is no conflict between the recommendations of the Audit Committee and the Board of Directors.

Members of the Current Audit Committee			Composition date
Committee Chairman	Mr. Abdulmohsen Yaseen Al Oumi	Board Member - Non-Executive	16/07/2018
Committee Member	Mr. Mohammad Mubarak Rashed Al Hajri	Board Member - Non-Executive	16/07/2018
Committee Member	Mr. Eissa Bader Abdulkareem Al Mutawaa	Board Member - Independent	10/05/2018

Tasks and achievements of the Audit Committee

The Committee held a number of (9) periodic meetings during the period of 2018 and below are its key achievements:

- Approving the annual internal audit plan of the Company's departments for the year. 2018.
- Reviewing the written commitments of the Executive Management to the integrity of the prepared financial statements.
- Reviewing the reports of the internal auditor and the Company's departments, responding to the observations and comments included in those reports.
- Recommending the reappointment of the Company's external auditor and the nomination of Al-Aiban and Al-Osaimi Ernst & Young.
- Preparing the annual report on the activity of the Committee and approving that report in the Annual General Assembly of the Company.
- Reviewing and discussing the Company's internal policies and regulations, approving them and submitting them to the Board for approval.
- Coordinating with the external auditor, reviewing the interim and annual financial statements and submitting recommendations to the Board of Directors thereon.
- Discussing the results of the Internal Control Report (ICR).
- Discussing aspects of internal control related to IT systems and information security.
- Reviewing and discussing the contractual terms with the external auditor, approving the professional fees of the external auditors in respect of the audit services provided and ensuring the independence and neutrality of the external auditor.

- Discussing the findings of the External Auditor's report on the Internal Audit Unit.
- Evaluating the performance of the Head of the Internal Audit Department.
- Preparing the Policy and Procedures Manual for dealing with related parties and recommending it to the Board for approval.

Second: Risk Committee

The Board of Directors shall constitute a Risk Management Committee of at least three members and the Chairman of the Committee, from non-executive Board members. The Chairman of the Board of Directors or any Executive Board member shall not be a member of this Committee. Committee member shall have adequate scientific qualification and proper familiarity with the financial and administrative aspects, as well as the Company's nature of work. Once committee member shall be adequately qualified. The main role of the committee is to oversee all matters related to risk management and to contribute to the development of risk management policies and regulations in a manner consistent with the company's risk tolerance.

Members of the Current Risk Committee			Composition date
Committee Chairman	Mr. Ahmad Abdulaziz Al Nafisi	Board Member - Non-Executive	16/07/2018
Committee Member	Mr. Mohammad Mubarak Rashed Al Hajri	Board Member - Non-Executive	16/07/2018
Committee Member	Mr. Eissa Bader Abdulkareem Al Mutawaa	Board Member - Independent	10/05/2018

The Committee held (4) meetings during the year 2018 and below are its key achievements:

Functions and Achievements of the Risk Management Committee

- Reviewing and discussing the package of periodic risk management reports, including risk measurement indicators.
- Coordinating with the Nomination and Remuneration Committee to evaluate the proposed bonus package and its relevance to the risk limits.
- Discussing the control compliance observations at the Company and subsidiaries.
- Informing the members of the most important disclosure-related developments issued by the Capital Market Authority.
- Written undertakings by the Board of Directors and the Executive Management, as well as the integrity of the prepared financial reports.
- Ensuring the independence of the Risk Unit staff members.
- Nomination of staff names for the Risk Unit.

Third: Nominations and Remunerations Committee

The Board of Directors shall constitute a Nomination and Remuneration Committee with at least three members, where at least one member shall be an independent member, and the Chairman of the Committee shall be a non-executive Board member.

The Nominations and Remunerations Committee shall assist the Board in performing its duties related to compliance with the policies, procedures of the Nominations and Remuneration of the Board of Directors and the Executive Management of the Company, reviewing the selection criteria and appointment procedures for the Board members and senior management and ensuring that the policy and methodology of the nominations and awards achieve the strategic objectives.

Members of the Current Nominations and Remunerations Committee			Composition date
Committee Chairman	Mr. Nawaf Musaed Al Osaimi	Board Member - Non-Executive	16/07/2018
Committee Member	Mr. Ahmad Abdulaziz Al Nafisi	Board Member - Non-Executive	16/07/2018
Committee Member	Mr. Eissa Bader Abdulkareem Al Mutawaa	Board Member - Independent	10/05/2018

The Committee held (3) meetings during the year 2018 and below are its key achievements:

Functions and Achievements of the Nomination and Remuneration Committee

- Supervising the process of evaluating the Board's performance and self-evaluation of the members.
- Reviewing the structure of the Board of Directors and recommending the nomination mechanism for the election of the Board of Directors' members.
- Reviewing the needs of Board members in terms of training courses and professional skills, so as to help the members perform their supervisory duties.
- Reviewing the performance evaluation of the CEO and submitting recommendations to the Board of Directors for approval.
- Reviewing and developing the Nomination and Remuneration Policy, submitting the recommendations to the Board of Directors for approval.
- Reviewing 2018 Remuneration and Benefits Package based on performance measurement criteria and key risk measurement criteria and submitting the recommendations to the Board for approval.
- Conducting an annual review of the required skills requirements for Board membership and preparing a description of the capabilities and qualifications required for such membership.
- Making adjustments to the organizational structure, job descriptions, salary scale and recommending the same to the Board of Directors.
- Preparation of the annual report of all bonuses and remunerations granted in the Company, approving the same within the terms of the Annual General Assembly of the Company.

Overall framework for assessing the performance of the Board of Directors and the Executive Management

The Company has prepared clear mechanisms for conducting the annual evaluation of the members of the Board of Directors and Executive Management, based on the concept of self and comprehensive evaluation by the members. The evaluation is conducted through the Nomination and Remuneration Committee and is supervised by the Board of Directors, based on several objective indicators that measure the overall performance in an impartial and objective manner, helping in avoiding the mistakes and fixing the imbalance that hinders the proper application of governance procedures.

Mechanism of Board of Directors' members obtaining information and data accurately and in a timely manner

Sokouk Holding Company has provided mechanisms and tools that enable the Board members to obtain the required information and data in a timely manner by developing the IT environment within the Company, creating channels of direct communication between the Secretariat of the Board of Directors and its members, in addition to submitting the reports and topics of discussion for the meetings, with sufficient time prior to meeting's date, for deliberation and decision-making.

Report of the remuneration granted to members of the Board of Directors and Executive Management

Summary of Remuneration and Incentives Policy in the Company

The Remuneration Policy adopted by the Board of Directors of Sokouk Holding Company reflects the desire to retain the competencies of the Company within the Board of Directors, the Executive Management and the various groups of the Company, where the remunerations and incentives categories enjoy a competitive advantage between the various existing expertise and skills. The Nomination and Remuneration Committee in the Company works in the framework of that Policy, recommending the bonuses and remunerations to Board members and Executive Management, based on the procedures set by the Remuneration Policy, the performance criteria, the Company's success in achieving its objectives and the volume of profits achieved.

Application of the Remuneration Policy in the Company

- The Nomination and Remuneration Committee emanating from the Board of Directors manages the process of granting the remunerations and bonuses within the Company; from performance evaluation to preparation of the final report with the total remunerations and bonuses granted. The board is fully responsible for making final decisions regarding the approval of all incentives, remunerations and bonuses.
- The Board of Directors, through the Nomination and Remuneration Committee, conducts a periodic review of this Policy and monitors its effectiveness or the need for any amendment.
- The performance of the Board of Directors is evaluated periodically through self-assessment methodology of the members, based on the evaluation of each member, as well as a set of performance indicators that reflect the achievement of the Company's strategic objectives, quality of risk management and adequacy of internal control systems. Performance indicators include qualitative and quantitative indicators, for example:

Qualitative Indicators

- Degree of deviation between the estimated budget of the Company and the actual figures achieved.
- Progress towards achieving the desired objectives.
- Extent of response to the correction of feedback from regulators.
- Extent of rapid response to problem recognition and the ability to solve it.
- Turnover rate of employees, measuring the degree of belonging to the Company.
- Training courses attended and their relevance to the nature of work.

Quantitative Indicators

- Return on average assets
- Return on average shareholders' equity
- Net profit margin

Report of the remunerations granted to members of the Board of Directors and Executive Management

A recommendation was made to the Ordinary General Assembly not to pay any remunerations to the Board members for the fiscal year ended 31 December 2018 and to pay the independent member a remuneration of KD 7,500 (seven thousand and five hundred Kuwaiti Dinars).

Ensuring the correctness and integrity of the prepared financial reports

The Executive Management submits a written undertaking to the Board of Directors of Sokouk Holding Company to ensure the correctness and integrity of the financial statements of the Company, covering all financial aspects of operating data and results. Such reports shall be prepared in accordance with the International Financial Reporting Standards. The Board of Directors shall also submit to the shareholders of the Company an undertaking to ensure the integrity and correctness of the financial statements and the reports related to the activity of the Company. The Audit Committee, based on the powers granted to it by the Board of Directors, shall have the right to access and review all information, data, reports, records and correspondence relating to the Company's activities, risk management and other matters which the Committee deems necessary to access and review. The Board of Directors shall ensure the Committee and its members complete independence.

Independence and impartiality of the external auditor

The Board of Directors of Sokouk Holding Company has adopted the policy of the selection and independence of the External Auditor, prepared by the Audit Committee in accordance with the laws and regulations within the State of Kuwait, where this policy establishes the framework through which the Company's external auditor exercises his duties in the Company, which clearly indicates the mechanism of selecting the auditor and verifying his independence, as well as the standards of competence the auditor enjoys and the services permitted to be provided. The General Assembly of Sokouk Holding Company, held on the 6th of May 2018, approved the reappointment of Mr. Bader Adel Al-Abduljader, Al-Aiban and Al-Osaimi Office "Ernst & Young" as an external auditor for the Company's financial statements. Mr. Bader Al-Abduljader enjoys a good reputation and the integrity and independence required to perform his role, in addition to the fact that his is a member of the CMA approved list of auditors.

Internal Control Systems

Sokouk Holding Company relies on a set of control systems and control rules that cover all activities and management of the Company. These regulations and rules maintain the integrity of the financial position of the Company, the accuracy of its data and the efficiency of its operations in various aspects. The Company's organizational structure reflects the Four-Eyes Control Principles, including proper specifications of the powers and responsibilities, complete separation of functions and non-conflict of interests, double examination and control and double signing. The Company has appointed an independent consultant office to prepare an internal control report for the fiscal year ended 31 December 2018, in accordance with the instructions of the Capital Market Authority in this regard. The report has been submitted to the report.

The Company has established an independent unit with complete technical independence, through its subordination to the Risk Committee, which works to achieve effective internal control in the Company.

Code of Conduct and Ethical Values

Establishing the Code of Professional Conduct and Ethical Values in the Company enhances its integrity and sound financial states and it is deemed one of the most important components of the Company's governance system, where the Board of Directors and the Executive Management are keen on the quality of adherence to this code in the daily course of business, so as to achieve the interests of all related parties, stakeholders and shareholders, without a conflict of interest and with a high degree of transparency. The code is subject to periodic review to ensure that it complies with all updates and developments in the aspects of governance and the regulation of professional conduct. The Code of Professional Conduct and Work Ethic has been circulated to all employees of the Company and the Board members. Acceptance of this Code is a confirmation of commitment to the decisions contained therein.

Company policies and procedures to reduce conflicts of interest

The Board has established formal written policies covering all matters relating to conflicts of interest and their consequences, including, but not limited to, the following:

- Board members shall avoid any activities that are likely to lead to conflict of interest.
- Approval of the Board is required for any activity undertaken by a Board member that may result in a conflict of interest.
- Board members shall disclose any matters that may lead or have lead to a conflict of interest.
- Members shall abstain from voting on any matter that involve conflicts with the interests of the member, may have an impact on the voting objectivity or may adversely affect the member's ability to perform his duties in the Company properly.
- Appropriate measures shall be implemented to ensure that all transactions with related parties are on an equal footing, indicating how the Board shall deal with non-compliance with this Policy.

Disclosure and Transparency

The Board of Directors recognizes that disclosure is an effective tool to influence the Company's behavior, protect investors and enhance their trust in the Company. Stemming from the Board of Directors' commitment to establish a transparent work environment in accordance with the best governance rules in this regard. The Board of Directors has adopted a detailed Disclosure and Transparency Policy that specifies the material information to be disclosed and the manner and quality of that disclosure.

Sokouk is committed to provide the current and prospective shareholders and investors with accurate, comprehensive and detailed information that enables them to assess the Company's performance and make appropriate decisions in a timely manner by publishing information on the Kuwait Stock Exchange website and the Sokouk Holding website. Sokouk is committed to ensure that stakeholders have the opportunity to access the Company's available information about the Company's activities, by publishing information and data included in annual or quarterly reports on Sokouk Holding website. It is also committed to timely and accurate disclosure in accordance with the instructions of the Capital Markets Authority in terms of all issued materials and according to the approved policies, including, for example:

- Disclosure of shareholders who own 5% or more of the Company's capital and any change in that percentage.
- Disclosure of the names of the Board members and the names of the Executive Management members.
- Disclosure of material information.

Information Technology Infrastructure in the Company

During the year 2018, the Company continued to pay attention to the development and upgrade of its IT systems, the operation of the accompanying applications and programs, the update of the security and protection programs, in addition to the development and modernization of the backup systems, where some of the operating systems and networks were upgraded. The Company has also updated its website and created a special section thereon for corporate governance. Sokouk provides, through the website, all the information about the Company, its subsidiaries and associates, its local and abroad projects, as well as the various data, financial reports and other information, which is continuously updated.

Shareholders General Rights

The Board of Directors has established written policies and procedures covering all matters relating to the protection of shareholders' rights, including, for example:

- Receipt of dividends.
- Timely receipt of information and data related to the Company's activities and operational and investment strategies.
- Right to participate in meetings of the General Assembly and to give observations and recommendations (if any) regarding any improvements required.
- Participation in the meetings of the Shareholders General Assembly and voting on its decisions.
- Election of Board members.
- Accountability of the Board of Directors and Executive Management, raising cases of accountability in case of failure to perform the functions assigned to them.
- Kuwait Clearing Company keeps a record of the Company's shareholders, which shall be monitored on a weekly basis by the Company.
- The Company encourages its shareholders to attend the Annual General Assembly and other Assemblies or delegate their representatives to attend and vote. In case of inability to attend such meetings, the Company shall notify its shareholders or shall post on its website all the General Assembly's notices and explanatory materials. The shareholders may make statements at the meetings, ask questions and exercise their influence by voting on the topics included on the agenda.

Company general assembly meeting

Sokouk Holding Company is keen to organize the General Assembly Meetings of shareholders according to the rules of corporate governance and its governing laws and regulations, where the agenda items include the minimum items required according to the rules. The schedule data and information shall be provided to the shareholders well in advance of the Assembly meeting. The shareholders shall be able to participate effectively in the meetings of the General Assembly, discuss the issues listed therein and ask questions. The Company is keen to allow all shareholders to exercise their right to vote without any hindrances.

Rights of Stakeholders

The Company's corporate governance framework includes policies on the rules of procedures for dealing with stakeholders, in recognition of and keenness for the protection of their rights. These policies include the need to deal with stakeholders under the same conditions applied by the Company in dealing with the members of the Board of Directors, without any discrimination or preference for any of them. It also includes mechanisms to deal with stakeholders and meet their requirements properly, along with maintaining a good relationship, respecting their rights and maintaining the confidentiality of information. The Company seeks to encourage stakeholders to participate in the follow-up of its various activities, by providing timely and complete information and data, with full transparency, by adopting a policy that enables the stakeholders to report inappropriate practices by the Company and provide appropriate protection in its policy for the parties who report.

Investors Affairs Unit

The Company continued to provide an open and transparent dialogue with each of its shareholders through the Investor Relations Unit, which acts as a main contact with shareholders, investors and stakeholders. The Company has placed the name of the Unit's employee and his telephone number as the contact person on the Company's homepage on the website of the Kuwait Stock Exchange website. It also publishes information to investors and stakeholders periodically through the Company's website, which includes the latest data and figures, in addition to the other media channels.

Training Programs and Courses

- Sokouk Holding Company provides all members of the Board of Directors and Executive Management with the necessary training needed to increase their skills and knowledge, with a view to achieve better management and efficiency at work.
- Preparation of integrated internal reporting systems that will help the Board of Directors and the Executive Management to make decisions in a systematic and proper manner, thereby achieving the interests of shareholders.

Employees Corporate Values

In the Code of Professional and Ethical Conducts Manual, the Company identifies the fundamental principles underlying the Company's policy of creating corporate values on the basis that the Company's reputation depends on the conduct of the members of the Board and the Executive Management and the employees, where everyone must play a role in maintaining the Company's reputation by adhering to the highest ethical standards. The Board of Directors is responsible for setting the standards and criteria for the ethical values of the Company, where each member of the senior management and staff shall assist in the implementation of that Code, as part of his/her function and ethical responsibility, and shall inform the Board of Directors of any violation thereto.

The management of the Company has prepared the Employee Guide, guided by the Private Sector Labor Law in the State of Kuwait, in order to give a clear picture of the rights and duties of each employee, which enhances the employee's vital role in providing the highest quality services.

Community (Social Responsibility)

Sokouk Holding Company has paid attention to the importance of the Company's awareness of social responsibility which is linked to a number of high values and humanitarian standards, in addition to supporting and encouraging national manpower, raising its efficiency and providing training programs to develop the capabilities of university students, giving priority to Kuwaiti nationals. The Company also develops appropriate awareness and education programs that ensure the employees' awareness of the Company's social responsibility objectives on an ongoing basis, thus contributing to the improvement of the Company's performance. During 2018, the Company continued to focus on developing and training its employees.

Nawaf Musa'ed Al Osaimi
Chairman

Business report regarding the achievements of the Audit Committee for the year 2018

Proceeding with our keen obligation to provide you with all the developments and our commitment to applying the rules of corporate governance in regards to the Audit Committee Report, we are pleased to offer you this annual report on the achievements of the "Audit Committee" for the financial year that ended 31 December 2018, which sheds a light on the most vital economic developments and achievements within internal control systems, according to the following breakdown:

Review and approval of the financial statements:

The "audit committee" has reviewed the financial statements for quarterly and annually auditor's reports prior to submission to the Board of Directors to negotiate their opinions and recommendations in order to ensure a fair and transparent financial reporting. The financial statements were approved and there was no objection to this regarding the financial reporting.

External auditors

The "audit committee" have recommended to the Board of Directors to reappoint the company's external auditors, Mr. bader Al Abdul jader a representative of Al- Aiban, Al Osaimi and partners, for the fiscal year that ended on 31 December 2018, as the Committee has to follow up the work of the external audit and review their recommendations, the audit committee has met with the external audit (4) times during 2018 taking upon their recommendations by the committee and presenting them to the Board of Directors. The financial statements were approved quarterly and annually according to those recommendations, the Committee has also recommend to the Board of Directors to re-appoint the external auditors for the fiscal year, which ends on 31 December 2019, with the review of taking into account reviewing letters of appointment and ensuring their independence.

As the committee is keen on re-appointing the company's external auditors only for doing the auditing and no other services to the company.

Accounting Policy

The "Audit Committee" was specific and keen on studying and reviewing the accounting policies and criteria used in the company as well to expressing an opinion and recommendation to the Board of Directors before the approval of the quarter and annual financial statements.

Internal control systems

The "Audit Committee" was keen regarding applying the most ideal way for the internal control systems through the recommendation in hiring BDO office of Qais Mohammed Nisf Al-Nisf for the year ended 2018, where their office has examined the company departments and evaluated the control systems in those departments, and preparing an assessment report and a review of the internal control systems, the committee's recommendations forwarded to the Board of Directors regarding the report, it states the following:

- A. The internal control systems of the company are generated and maintained in accordance with the requirements of the CMA and the rules of corporate governance for companies.
- B. Recommendations that have been recognized and noted in the evaluation of internal controls do not affect an essential matter to a fair presentation of the financial statements of the Company for the year ended on 31 December 2018.
- C. The measures that have been taken by the company to address the observations that have been mentioned in the report are considered satisfied measures.

Internal Auditors Report:

The "audit committee" oversees on the work assigned to the internal audit office and verifies its effectiveness in implementing the audit work as specifies by the Board of Directors through the following:

1. The recommendation to renew with (KPMG) office to carry out with internal auditing, the secretary of the "Audit Committee" was chosen to be coordinated with the internal auditor.
2. The Committee has reviewed the internal auditors detailed reports within the department of Sokouk Holding Company for the financial year ended December 31, 2018, and have been working on the follow-up to end all recommendations in the reports and inform the board with procedures and solutions that will be taken, and then are reported and submitted to the Board of Directors.
3. The audit committee has met with internal audit (4) times during the year ended December 31, 2018.
4. A plan has been approved for internal audits for the Office of KPMG for the financial year ended December 31, 2018 to check on all departments of the company.

Compliance:

The Committee has approved a set of policies and procedures to ensure that the company's complied to the laws, policies and regulations and instructions related to, and has review the compliance plan for the year 2018 and follow up with the fully implementation of governance and send annually report for CMA to avoid any possible violation in this regard.

In conclusion, we would like to emphasize that the developments and achievements that have been made but it is the grace of Almighty Allah and then your full support.

Yours sincerely accept with our respect and appreciation

Mr. Abdulmohsen Yaseen Al Oumi
Committee Chairman

Chairman's Speech

Board of Directors Report to Shareholders
on the Company's Performance during the
Financial Year Ended 31 December 2018



Mr. Nawaf Musaed Al Osaimi
Chairman

Our Valued Shareholders,

It is my pleasure, personally and on behalf of the directors of the Board and the executive management, to extend to you my sincere appreciation for your continuous support during the past year. I am also pleased to present you the annual report through which we exhibit the prominent achievements that the Company has managed during the year, as well as the Governance report, Sharia supervisory board report, auditors' report and the consolidated financial statements for the financial year ended on December 31, 2018.

Our Valued Shareholders,

The Company has faced some challenges during 2018 as a result of the decline in the pace of economic growth and the changes in the region resulting, direct and indirect, repercussions and unfavorable impacts on the investment environment in the Arab region, especially in the sector of real estate investment, based on Sokouk's concern to absorb the negative reflections of these incidents and changes, the Company has gone to extremes to mitigate these direct and indirect negative effects on its investment activity, however Sokouk and its subsidiaries and associates were not immune to this decline under the obscurity of those changes and the developments will be mentioned further more in this report.

Local and Regional Real Estate Projects

- **Gulf Development House Real Estate Company (Subsidiary):** Its most important project is "Millennium Hotel & Convention Center Kuwait" which is the first hotel to bear the trademark of the five-star hotel chain of Millennium & Copthorne in Kuwait.
- **Sokouk Real Estate Company (Subsidiary):** operating in the field of direct real estate investment by developing investment opportunities. Its current activity is concentrated in investment in local real estate investment sector through a set of selected real estate opportunities.
- **Munshaat Real Estate Projects Company (Associate):** Its most important projects are " Zamzam Pullman Mecca Hotel" which is considered as a five -star hotel, "Zamzam Pullman Medina" which is a five-star hotel, " Bakka Tower" which is one of the towers of Al Safwah residential complex " Al-Mehrab Tower " .

Our Valued Shareholders,

Sokouk Holding Company has been able to achieve the objectives set out in the Company's strategy during the past year, settle and repay its full indebtedness and financing costs with one of the local banks, in addition to achieving profits from the sale of a property, a piece of land, under development in the Dasman area in Kuwait. The Company has also worked on reducing the costs and monthly financials to the maximum extent possible, falling by about 17.52%, compared to the previous year. According to the financial statements for the past year, the Company faced some challenges in the last quarter through its ownership in its subsidiaries and associates, which had the financial impact of lowering the profits and shareholders' equity, as a result of settling the tax claim with the Zakat and Income Tax Authority in Saudi Arabia with an associate company, in addition to the decline in the value of real estate investments in subsidiaries, due to the general stagnation in the real estate market.

As part of the strategic plan, which included a set of quantitative and qualitative objectives, Sokouk Holding Company

has completed several requirements for this period. The objectives achieved during the year are: completing the updating the regulations and procedures governing the Company's operations, as shall be later presented in the governance report. With regard to the Company's compliance with corporate governance rules relating to the integrity of financial reporting, the Board of Directors assures you of the accuracy and integrity of the financial statements for 2018 and the reports related to the Company's activity.

Financial Performance

Total assets of the Company for the year 2018 decreased by 23% to KD 76,608,215 (Seventy Six Million Six Hundred and Eight Thousand Two Hundred and Fifteen Kuwaiti Dinars) compared to last year, with a value of KD 99,673,156 (Ninety Nine Million Six Hundred and Seventy Three Thousand One Hundred and Fifty Six Kuwaiti Dinars).

Shareholders' equity decreased by 26% to reach KD 49,038,980 (Forty Nine Million Thirty Eight Thousand and Nine Hundred and Eighty Kuwaiti Dinars) for the current year, compared to KD 65,883,474 (Sixty Five Million Eight Hundred and Eighty Three Thousand Four Hundred and Seventy Four Kuwaiti Dinars) in 2017.

The Company's losses increased during the year 2018, as it recorded a net loss of KD 14,523,334 (Fourteen Million, Five Hundred and Twenty Three Thousand Three Hundred and Thirty Four Kuwaiti Dinars) compared to an estimated loss of KD 5,113,936 (Five Million One Hundred and Thirteen Thousand Nine Hundred and Thirty Six Kuwaiti Dinars) in the previous year 2017, and the loss per share amounted to 25.41 fils for the current year, compared to 8.95 fils per share in 2017.

In conclusion,

I would like to seize this opportunity on behalf of the Board of Directors to extend my sincere appreciation to our valuable shareholders for their continuous support and their trust in the Board of Directors and the executive management. We pray to Allah the Almighty to grant us success in promoting the Company's performance and achieving best results. We are confident that the company will be able to maximize the financial performance during the upcoming years. We hope that the year 2019 will witness real growth of the Company and the development and completion of projects in progress, which will lead to stability in cash flows and diversification of income sources.



Mr. Nawaf Musaed Al Osaimi
Chairman



السيد/ نواف مساعد العيصمي
رئيس مجلس الإدارة

كلمة رئيس مجلس الإدارة

تقرير مجلس الإدارة إلى السادة المساهمين عن أداء الشركة خلال السنة المالية المنتهية في 31 ديسمبر 2018

السادة المساهمون

يطيب لي وبالأصالة عن نفسي وبالنسبة عن إخواني أعضاء مجلس الإدارة، والإدارة التنفيذية أن أتقدم لكم بخالص الشكر والتقدير لدعمكم المتواصل خلال الفترة الماضية، وأن أضع بين أيديكم التقرير السنوي لشركة صكوك القابضة، والذي يتضمن أداء وإنجازات الشركة خلال العام المنصرم، بالإضافة إلى تقرير الحوكمة وتقرير هيئة الفتوى والرقابة الشرعية وتقرير مراقبي الحسابات وكذلك البيانات المالية المجمعة للسنة المالية المنتهية في 31 ديسمبر 2018.

السادة المساهمون

لقد واجهت الشركة بعض التحديات خلال عام 2018 نتيجة التراجع في وتيرة النمو الاقتصادي والمتغيرات التي تشهدها المنطقة وما نجم عنها من تداعيات وآثار سلبية مباشرة وغير مباشرة على البيئة الاستثمارية في المنطقة العربية وخاصة قطاع الاستثمار العقاري، وانطلاقاً من حرص شركة صكوك القابضة على امتصاص الانعكاسات السلبية لتلك الأحداث والمتغيرات، عملت الشركة جاهدة على تخفيف آثارها السلبية المباشرة وغير المباشرة على نشاطها الاستثماري، حيث لم تكن شركة صكوك القابضة وشركاتها التابعة والزميلة بمنأى عن هذا التراجع في ظل ضبابية تلك المتغيرات والمستجدات على النحو الذي يرد في هذا التقرير.

المشاريع العقارية المحلية والإقليمية

- شركة بيت الإعمار الخليجي العقارية شركة تابعة: أهم مشاريعها « فندق ومركز مؤتمرات ميلينيوم الكويت » وهو أول فندق يحمل العلامة التجارية لسلسلة فنادق ميلينيوم وكويتورن في دولة الكويت من فئة الخمس نجوم.
- شركة صكوك العقارية شركة تابعة: تعمل في مجال الاستثمار العقاري المباشر من خلال تطوير الفرص الاستثمارية، ويتركز نشاطها حالياً بالاستثمار في قطاع العقار الاستثماري المحلي من خلال مجموعة من الفرص العقارية المختارة.
- شركة منشآت للمشاريع العقارية شركة زميلة: أهم مشاريعها فندق زمزم بولمان بمكة المكرمة من فئة فنادق الخمس نجوم، وفندق زمزم بولمان المدينة من فئة فنادق الخمس نجوم، ويرج بكة أحد أبراج مجمع الصفاة السكني ويرج المحراب.

السادة المساهمون

تمكنت شركة صكوك القابضة من تحقيق الأهداف المدرجة في استراتيجية الشركة خلال العام المنصرم وتسوية و سداد كامل مديونيتها وتكاليف التمويل مع أحد البنوك المحلية، هذا بالإضافة إلى تحقيق أرباح من بيع عقار -أرض تحت التطوير في منطقة دسمان بدولة الكويت، كما تم العمل على تخفيض النفقات والالتزامات المالية الشهرية إلى أقصى حد ممكن حيث انخفضت في حدود نسبة 17.52% مقارنة مع العام السابق. ووفقاً لما أظهرته البيانات المالية للعام المنصرم نجد بان الشركة قد واجهت بعض التحديات في الربع الأخير من خلال ملكيتها في شركاتها التابعة والزميلة والتي كان لها الأثر المالي المترتب على انخفاض الأرباح وحقوق المساهمين وذلك نتيجة تسوية المطالبة الضريبية مع هيئة الزكاة والدخل بالمملكة العربية السعودية مع شركة زميلة بالإضافة إلى انخفاض قيمة الاستثمارات العقارية في شركات تابعة نظراً للركود العام في سوق العقار.

وفي إطار الخطة الاستراتيجية والتي تضمنت مجموعة من الأهداف الكمية والنوعية، أنجزت شركة صكوك القابضة الكثير من المتطلبات لهذه الفترة، وتمثل الأهداف التي تم إنجازها خلال العام في استكمال تحديث اللوائح والإجراءات التي تنظم عمل الشركة على النحو الذي سوف يرد فيما بعد في تقرير الحوكمة. وفيما يتعلق بالتزام الشركة بقواعد حوكمة الشركات والمتعلقة بضمان نزاهة التقارير المالية، يؤكد لكم مجلس الإدارة سلامة ودقة البيانات المالية لعام 2018 والتقارير ذات الصلة بنشاط الشركة.

الأداء المالي

انخفض إجمالي أصول الشركة لعام 2018 بنسبة 23% حيث بلغت 76,608,215 د.ك (ستة وسبعون مليوناً وستمائة وثمانية ألفاً ومئتان وخمسة عشر ديناراً كويتي) مقارنة مع العام الماضي بقيمة 99,673,156 د.ك (تسعة وتسعون مليوناً وستمائة وثلاثة وسبعون ألفاً ومائة وستة وخمسون ديناراً كويتي).

كما انخفضت حقوق المساهمين بنسبة 26% لتبلغ قيمتها 49,038,980 د.ك (تسعة وأربعون مليوناً وثمانية وثلاثون ألفاً وتسعمائة وثمانون ديناراً كويتي) للعام الحالي، مقارنة بـ 65,883,474 د.ك (خمسة وستون مليوناً وثمانمائة وثلاثة وثمانون ألفاً وأربعمائة وأربعة وسبعون ديناراً كويتي) في عام 2017.

زادت خسائر الشركة خلال عام 2018 حيث سجلت خسائر صافية بلغت قيمتها 14,523,334 د.ك (أربعة عشر مليوناً وخمسمائة وثلاثة وعشرون ألفاً وثلاثمائة وأربعة وثلاثون ديناراً كويتي) مقارنة بخسائر قدرت بقيمة 5,113,936 د.ك (خمس ملايين ومائة وثلاثة عشر ألفاً وتسعمائة وستة وثلاثون ديناراً كويتي) في العام السابق 2017، كما بلغت خسارة السهم الواحد 25.41 فلس للعام الحالي مقارنة بحوالي 8.95 فلس خسارة لكل سهم في عام 2017.

وختاماً

أود أن أعتزم هذه الفرصة باسم مجلس الإدارة وأتوجه بخالص الشكر لمساهميننا الأفاضل على دعمهم المستمر وثقتهم بمجلس الإدارة والإدارة التنفيذية، وندعو العلي القدير أن يوفقنا للنهوض بأداء الشركة وتحقيق أفضل النتائج، فنحن واثقون بإذنه تعالى من قدرة الشركة على تعظيم الأداء المالي خلال الأعوام المقبلة، ونطمح أن يكون عام 2019 عاماً للنمو الحقيقي للشركة وتطوير المشاريع القائمة مما يؤدي إلى استقرار التدفقات النقدية وتنوع مصادر الدخل.

والسلام عليكم ورحمة الله وبركاته



نواف مساعد العصيمي
رئيس مجلس الإدارة