

MANAZEL PJSC

BOARD OF DIRECTORS' REPORT,
INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

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MANAZEL PJSC

BOARD OF DIRECTORS' REPORT

Year ended 31 December 2025

On behalf of the Board of Directors, I am pleased to present the audited consolidated financial statements of Manazel PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2025.

Principal activities

The Group is principally engaged in the Shari'a-compliant real estate business, including development, sales, investment, construction, management, and associated services related to real estate assets.

Results and appropriations

The Group has earned revenues of AED 98 million (2024: AED 135 million) and recorded a gain of AED 14.4 million (2024: Profit of AED 8.22 million) for the year ended 31 December 2025. Earnings per share for the year ended 31 December 2025 amount to AED 0.0055 compared to earnings per share of AED 0.0032 for the year ended 31 December 2024. The Group's total assets have increased from AED 5.242 billion as of 31 December 2024 to AED 5.246 billion as of 31 December 2025.

Events After the Reporting Period

The Directors note that subsequent to the reporting date, global geopolitical developments have led to increased volatility in international trade routes and economic conditions.

The Group's operations are primarily based in the United Arab Emirates, and based on the information available as at the date of this report, the Directors are of the opinion that these developments have not had a material adverse impact on the Group's operations or financial position. Further details are provided in Note 32 to the consolidated financial statements.

The situation remains dynamic, and the Directors continue to monitor developments closely to assess any potential future impact on the Group.

Directors

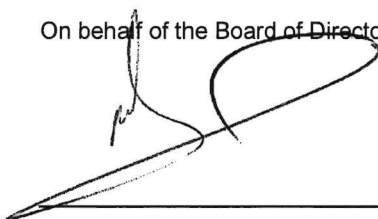
As at the end of the reporting period, the Board of Directors comprises of;

Mr. Mohamed Mehanna Betti Al Qubaisi	- Chairman
Mr. Mohamed Thaaloob Salem Hamad Al Derei	- Vice Chairman
Mr. Adel Mohamed Al Marzouqi	- Member
Mr. Khaled Abdulla Al Khoori	- Member
Mr. Ali Mohamed Musleh Al Ahbabi	- Member

Auditors

The Annual General Meeting will discuss a resolution to appoint external auditors for the ensuing year.

On behalf of the Board of Directors



Mr. Mohamed Mehanna Betti Al Qubaisi
Chairman

April 08, 2026

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MANAZEL PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Manazel PJSC** (the "Company") **and its subsidiaries** (collectively referred as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including summary of significant accounting policies.

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

Basis for Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit as a whole and in forming our audit opinion. We do not provide a separate opinion on these individual matters.

Our audit procedures included evaluating the risk of material misstatement in the consolidated financial statements. The matters outlined below represent the most significant areas of focus during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF MANAZEL PJSC (continued)**
Key Audit Matters (continued)

Key Audit Matters identified in our audit are summarised as follows:

Key Audit Matters

Valuation of investment properties and property, plant and equipment

As at December 31, 2025, the Group's investment properties and land classified under property, plant, and equipment were carried at AED 2,975 million and AED 770 million, respectively. A fair value gain of AED 282.16 million was recognized during the year on investment properties. The valuation of these assets requires significant management judgment and the involvement of external valuation experts. Given the magnitude and subjectivity involved, particularly concerning assumptions such as market rents, capitalization rates, and occupancy forecasts, we identified this as a key audit matter. Notably, all properties were valued by independent external valuers, except for Capital Mall. Refer to notes 15 & 16 for disclosures relating to this matter.

How our audit addressed the Key Audit Matters

- We evaluated the competence, independence, and objectivity of the external valuers and reviewed the terms of their engagement. We assessed the valuation methodologies used, ensuring consistency with industry standards and regulatory guidance. Key assumptions, including market rental rates and capitalization rates, were challenged through comparisons with independent market data and historical trends. For Capital Mall, which was valued using internal estimates, we examined the reasonableness of management's assumptions, including cash flow projections, tenant agreements, and expected occupancy levels. Booking confirmations from prospective tenants were sampled to validate rental income projections.

Emphasis of Matters

- a) We also draw attention to Note 14 to the consolidated financial statements, which discloses that the Group has receivables amounting to AED 378 million from government-related entities. These receivables pertain to infrastructure costs totaling AED 585 million, incurred by the Group between 2007 and 2021 in connection with various development projects. Management has engaged in ongoing discussions with the relevant authorities and submitted the necessary documentation to substantiate the claim. However, the timing and certainty of reimbursement remain unclear at this stage.
- b) We draw attention to Note 3.5 to the consolidated financial statements, which describes management's assessment of the Group's ability to continue as a going concern. As disclosed, the Group has bank financing of AED 1,212.9 million as at 31 December 2025, including facilities that are subject to ongoing restructuring discussions and a facility of AED 69.9 million that is subject to litigation and court-ordered repayment arrangements.

We also draw attention to Note 32 to the consolidated financial statements, which describes geopolitical developments that arose subsequent to the reporting date and have resulted in increased uncertainty in global economic conditions. These events are considered non-adjusting events after the reporting period.

Management has prepared cash flow forecasts covering at least twelve months from the date of approval of these consolidated financial statements and has assessed the impact of the above matters. Based on this assessment, as explained in Note 3.5, management concluded that the going concern basis of accounting remains appropriate and that no material uncertainty exists that would cast significant doubt on the Group's ability to continue as a going concern.

Our opinion remains unmodified in respect of the above matters.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF MANAZEL PJSC (continued)**

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and in compliance with the applicable provisions of Group's Memorandum and Articles of Association and UAE Federal Decree Law No. (32) of 2021 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF MANAZEL PJSC (continued)**

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
- Are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information

The Board of Directors are responsible for the other information. The other information comprises the Board of Directors' Report, which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we will read the Group's Annual Report, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

Report on Other Legal and Regulatory Requirements

Further, as required by the provisions of UAE Federal Decree Law No. (32) of 2021, we report that:

- i) We have obtained all the information we considered necessary for the purpose our audit.
- ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 and the Memorandum and Articles of Association of the Group.
- iii) The Group has maintained proper books of accounts.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF MANAZEL PJSC (continued)**

Report on Other Legal and Regulatory Requirements (continued)

- iv) Based on the information that has been made available to us, the Group has not purchased or invested in any shares or stocks during the financial year ended 31 December 2025.
- v) Note 24 reflects the disclosures relating to related party transactions and the terms under which they were conducted; and
- vi) No social contributions were made by the Group during the year.
- vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened, during the financial year ended 31 December 2025, any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, and the Memorandum and Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2025.



Dubai
April 08, 2026

Ref: WO/HCA/25/01628-VSN

For HLB HAMT Chartered Accountants
Hisham Ali Mohamed Taher
Partner
[Reg. No. 5397]
[Firm Reg. No. LC0075-01]

MANAZEL PJSC**CONSOLIDATED INCOME STATEMENT****For the year ended 31 December 2025**

	Notes	2025 AED '000	2024 AED '000
Revenue	5.1	98,030	135,217
Cost of revenue	5.2	(63,796)	(82,372)
Gross Profit		34,234	52,845
Other income	6	47,127	6,793
Changes in fair value of investment properties	15	282,160	25,795
Loss on disposal of investment properties		(73,074)	(16,410)
Loss on disposal of subsidiary	1.1	(13,000)	-
Impairment on development work-in-progress	13	(1,098)	(2,073)
Loss allowances under IFRS 9	10.2	(149,052)	(17,802)
Finance cost (net)	7	(61,395)	9,245
General and administrative expenses	8.1	(63,331)	(51,512)
Selling and marketing expenses	8.2	(1,146)	(681)
Net Profit/(loss) before Tax for the year		1,425	6,200
Tax benefit	17	12,972	2,021
Net Profit/(loss) after Tax for the year		14,397	8,221
Attributable to:			
Owners of the Parent		14,397	8,221
Non-controlling interest		-	-
		14,397	8,221
(Loss)/earnings per share			
Basic and diluted earnings per share (In AED per share)	23	0.0055	0.0032

The attached notes 1 to 33 form part of these consolidated financial statements.

MANAZEL PJSC**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2025

	Note	2025 AED '000	2024 AED '000
Profit for the year		14,397	8,221
Other comprehensive income:			
<i>Items not to be reclassified subsequently to profit or loss:</i>			
Gain/(loss) on revaluation of property, plant and equipment	16	—	—
Other comprehensive income/(loss) for the year		—	—
Total comprehensive income/(loss) for the year		<u>14,397</u>	<u>8,221</u>
Attributable to:			
Owners of the Parent		14,397	8,221
Non-controlling interest		—	—
		<u>14,397</u>	<u>8,221</u>

The attached notes 1 to 33 form part of these consolidated financial statements.

MANAZEL PJSC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2025

	Notes	2025 AED '000	2024 AED '000
ASSETS			
Bank balances and cash	9	22,611	11,372
Trade and other receivables	10	375,286	583,260
Net investment in finance lease	26	-	-
Investments carried at FVTPL	11	-	-
Right of use assets	12	921	1,474
Development work-in-progress	13	538,486	793,802
Recoverable infrastructure costs, net	14	378,350	378,350
Investment properties	15	2,975,287	2,482,872
Property, plant and equipment	16	922,198	984,892
Deferred tax assets	17	32,873	6,543
TOTAL ASSETS		<u>5,246,012</u>	<u>5,242,565</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent Company			
Share capital	18	2,600,000	2,600,000
Retained earnings/(accumulated deficit)		6,173	(19,081)
Reserves	19	343,852	354,709
		<u>2,950,025</u>	<u>2,935,628</u>
Non - controlling interest		-	-
TOTAL EQUITY		<u>2,950,025</u>	<u>2,935,628</u>
LIABILITIES			
Trade and other payables	20	1,042,810	881,789
Tax provision	17	3,222	4,522
Deferred tax liabilities	17	13,175	-
Lease liabilities	12&26	944	1,499
Bank financing	21	1,212,894	1,396,503
Advance from customers		14,081	14,164
Employees' end of service benefits	22	8,861	8,460
TOTAL LIABILITIES		<u>2,295,987</u>	<u>2,306,937</u>
TOTAL EQUITY AND LIABILITIES		<u>5,246,012</u>	<u>5,242,565</u>

CHAIRMAN

CHIEF EXECUTIVE OFFICER

The attached notes 1 to 33 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	-----Reserves-----									
	Share capital	(Accumulated deficit) / Retained earnings	Statutory reserve	Fair value reserve	Revaluation reserve for property, plant and equipment	Excess of cash consideration over net assets relating to acquisition of non-controlling interest	Total reserves	Total controlling interest	Non-controlling interest	Total equity
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance as at 31 December 2023	2,600,000	(27,302)	290,641	(75,958)	293,369	(153,343)	354,709	2,927,407	-	2,927,407
Profit for the year	-	8,221	-	-	-	-	-	8,221	-	8,221
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2024	2,600,000	(19,081)	290,641	(75,958)	293,369	(153,343)	354,709	2,935,628	-	2,935,628
Profit for the year	-	14,397	-	-	-	-	-	14,397	-	14,397
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Transfer on disposal during the year	-	10,857	-	-	(10,857)	-	(10,857)	-	-	-
Balance as at 31 December 2025	<u>2,600,000</u>	<u>6,173</u>	<u>290,641</u>	<u>(75,958)</u>	<u>282,512</u>	<u>(153,343)</u>	<u>343,852</u>	<u>2,950,025</u>	<u>-</u>	<u>2,950,025</u>

The attached notes 1 to 33 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	<i>Notes</i>	2025	2024
		AED '000	AED '000
OPERATING ACTIVITIES			
Profit/(loss) before tax for the year		1,425	6,200
Adjustments for:			
Depreciation of PPE and right of use assets	12&16	5,354	6,456
(Gain)/loss on disposal of property, plant and equipment	6	635	(37)
Changes in fair value of investment properties, net	15	(282,160)	(25,795)
Loss allowances	10	148,969	17,802
Impairment on development work-in-progress	13	-	2,073
(Gain)/loss on disposal of investment properties		73,074	16,410
Finance cost (net)	7	61,395	(9,245)
Employees' end-of-service benefits	22	2,058	1,701
Net cash flows generated from operations		10,750	15,565
Working capital changes:			
Development work-in-progress	13	255,316	(617,668)
Trade and other receivables	10	59,005	584,632
Trade and other payables	20	161,021	14,865
Advance from customers		(83)	(562)
Cash generated from/(used in) operating activities		486,009	(3,168)
Tax payment	17	(1,483)	-
Employees' end-of-service benefits paid	22	(1,657)	(1,415)
Net cash generated from/(used in) operating activities		482,869	(4,583)
INVESTING ACTIVITIES			
Additions/(disposal) to property, plant and equipment	16	57,258	(337)
Additions/(disposal) of investment properties	15	(283,329)	47,415
Net cash generated from/(used in) investing activities		(226,071)	47,078
FINANCING ACTIVITIES			
Finance cost paid (Net)	7	(61,395)	9,245
Payment of lease liabilities	12&26	(555)	(1,340)
Repayment of bank financing	21	(183,609)	(47,619)
Net cash generated from/(used in) financing activities		(245,559)	(39,714)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		11,239	2,781
Cash and cash equivalents at the beginning of the year		10,347	7,566
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	21,586	10,347

The significant non-cash transactions during 2025 relating to investing and financing activities in the consolidated statement of cash flow was the disposal of investment property for AED 113.80 million against settlement of bank borrowings.

The attached notes 1 to 33 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE INFORMATION

Manazel PJSC (the "Company" or the "Parent") was established on 12 April 2006 as a private joint-stock company and was registered on 13 May 2006 under license number CN- 1005008 with the Department of Economic Development, Abu Dhabi, United Arab Emirates.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the Shari'a-compliant real estate business, including development, sales, investment, construction, management and associated services. The Company is domiciled in the United Arab Emirates, and its registered office address is P.O. Box 33322, Abu Dhabi.

The consolidated financial statements of the Group for the year ended 31 December 2025 were authorized for issue in accordance with a resolution of the Board of Directors on 8 April 2025.

These consolidated financial statements comprise the following:

- Consolidated Statement of Financial Position as at 31 December 2025 of the Parent and subsidiaries mentioned in Note 1.1; and
- Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Financial Statements for the year ended 31 December 2025 of the Parent and subsidiaries mentioned in Note 1.1.

The comparative financial information comprises the following:

- Consolidated Statement of Financial Position of the Parent and subsidiaries mentioned in Note 1.1 as at 31 December 2024;
- Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Financial Statements of the Parent and subsidiaries mentioned in Note 1.1 for the year ended 31 December 2024.

1.1. Details of the Group's Operational subsidiaries are as follows;

Sl. No.	Name of Subsidiaries	Proportion of ownership interest and voting power		Place of incorporation and operation	Principal activities
		2025	2024		
1.	Manazel International Capital Co. L.L.C	100%	100%	U.A.E	Investments in real estate and commercial projects
2.	Manazel International Capital - Jordan L.L.C	100%	100%	Jordan	Investments in real estate and commercial projects
3.	Tatweer Capital Co-LLC*	100%	100%	U.A.E	Properties Management and Brokerage

MANAZEL PJSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

1. CORPORATE INFORMATION (continued)**1.1 Details of Group's Operational subsidiaries are as follows; (continued)**

Sl. No.	Name of Subsidiaries	Proportion of ownership interest and voting power		Place of incorporation and operation	Principal activities
		2025	2024		
4.	Dunes Village Real Estate	100%	100%	U.A.E	Development, sale and management of properties
5.	Manazel Specialist Real Estate L L C	100%	100%	U.A.E	Real estate Management and leasing
6.	Census International Company L.L.C.	100%	100%	U.A.E	Facility management services
7.	Al Reef Cooling L.L.C.**	-	100%	U.A.E	District cooling
8.	Capital Cooling L.L.C	100%	100%	U.A.E	District cooling
9.	The Outlet Capital Mall L.L.C	100%	100%	U.A.E	Management services
10.	Al Reef Capital Real Estate L.L.C.	100%	100%	U.A.E	Investments in real estate and commercial projects
11.	Merzab Community Development Real Estate Sole Proprietorship L.L.C	100%	100%	U.A.E	Investments in real estate and commercial projects
12.	The Guard Public Security Guarding Services L.L.C.	100%	100%	U.A.E	Public security guarding services
13.	Tools Man General Maintenance L.L.C	100%	100%	U.A.E	Buildings maintenance

*Tatweer Capital Co-L.L.C. is a wholly owned subsidiary of Tatweer Holding Limited, an ADGM entity, which in turn is 100% owned by Manazel P.J.S.C. Tatweer Holding Limited is represented by two key managerial persons in their capacity as nominees.

**During the year ended 31 December 2025, the Group disposed of its entire equity interest in Al Reef Cooling L.L.C., a wholly-owned subsidiary principally engaged in district cooling operations. As a result of the disposal, the Group lost control over Al Reef Cooling L.L.C. and accordingly derecognized its assets and liabilities in accordance with IFRS 10 – Consolidated Financial Statements.

The loss on disposal of the subsidiary AED 13 million has been recognized in the consolidated income statement.

1. CORPORATE INFORMATION (continued)

1.2 Non operational subsidiaries

Details of Group's Non Operational subsidiaries are as follows; (continued)

The list of subsidiaries are given below:

Sl. No.	Name of Subsidiaries	Proportion of ownership interest and voting power		Place of incorporation and operation	Principal activities
1.	Edara Company L.L.C.	100%	100%	U.A.E	Entertainment enterprises investment, institution and management, buildings cleaning services, central air-conditioners maintenance, buildings maintenance, electrical fittings and fixtures services, commercial enterprises investment, institution and management, cleaning the outside (interface) buildings, landscape and gardening services
2.	Manazel Capital Real Estate Owned by Manazel Real Estate – PJSC-Sole Proprietorship L.L.C.	100%	100%	U.A.E	Land and real estate purchase and sale, real estate lease and management services
3.	Manazel Malls L.L.C.	100%	100%	U.A.E	Commercial complex
4.	Manazel International General Contracting L.L.C.	100%	100%	U.A.E	All kind building projects contracting
5.	Manazel Health Care L.L.C.	100%	100%	U.A.E	Management of medical facilities
6.	Bayti Engineering Consultancy L.L.C.	100%	100%	U.A.E	Architectural engineering consultancy
7.	Manazel Cinema L.L.C.	100%	100%	U.A.E	Cinema
8.	Karak Drive Cafe L.L.C.	100%	100%	U.A.E	Cold and hot beverages and snack selling (cafeteria)
9.	City Loop L.L.C.	100%	100%	U.A.E	Sports academy
10.	Al Manazel Real Estate Owned by Manazel Real Estate PJSC – Sole Proprietorship L L C	100%	100%	U.A.E	Real estate enterprises investment, development, institution and management
11.	Manazel Hospitality L.L.C.	100%	100%	U.A.E	Recreational services and hospitality services
12.	Manazel Square LLC	98%	98%	U.A.E	Real Estate Enterprises Investment, Development, Institution and Management

MANAZEL PJSC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

1. CORPORATE INFORMATION (continued)

1.2 Non operational subsidiaries

Details of Group's Non Operational subsidiaries are as follows; (continued)

Sl. No.	Name of Subsidiaries	Proportion of ownership interest and voting power		Place of incorporation and operation	Principal activities
13.	Tatweer Holding Ltd ADGM	100%	100%	U.A.E	Special Purpose Vehicle - holding ownership of equity and non-equity assets.
14.	Manazel Global Holding Ltd ADGM	100%	100%	U.A.E	Special Purpose Vehicle - holding ownership of equity and non-equity assets.
15.	South Square Real Estate LLC	98%	98%	U.A.E	Investments in real estate and commercial projects.
16.	Portal Parcel Services L.L.C.	100%	100%	U.A.E	Express delivery services and parcels, documents and instruments delivery and letter-post dispatches delivery

These companies remained dormant during the year.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL REPORTING STANDARDS AND INTERPRETATIONS

2.1. Standards and Interpretations effective in the current year and early adopted

The Group adopted the following new and amended IFRS for the first time for the financial year ended 31 December 2025:

	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	January 01, 2025

The amendments clarify how an entity assesses whether a currency is exchangeable and how to determine the exchange rate when exchangeability is temporarily lacking. The application of these amendments did not have a material impact on the financial statements of the Group.

2.2. New and revised IFRS in issue but not effective and not early adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year ended 31 December 2025 and have not been early adopted by the Group:

	<u>Effective for annual periods beginning</u>
Amendments to IFRS 9 and IFRS 7 -Classification and Measurement of Financial Instruments	January 01, 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	January 01, 2026
IFRS 18 - Presentation and Disclosures in Financial Statements	January 01, 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	January 01, 2027
Amendments to IAS 21-Translation to a Hyperinflationary Presentation Currency	January 01, 2027

2. ADOPTION OF NEW AND REVISED INTERNATIONAL REPORTING STANDARDS AND INTERPRETATIONS (continued)**2.2 New and revised IFRS in issue but not effective and not early adopted** (continued)

Management is in the process of assessing the impact of these new standards and amendments on the financial statements of the Group. Based on the assessment performed to date, the adoption of these standards and amendments is not expected to have a material impact on the standalone or consolidated financial statements of the Group, except for IFRS 18, which is expected to impact the presentation and disclosure of information in the financial statements (in particular, presentation in the statement of profit or loss and related notes).

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**3.1 Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"), general principles of the Shari'a as determined by Group's Fatwa and Sharia's Supervisory Board and also the UAE Federal Decree Law No. (32) of 2021, concerning Commercial Companies. The accounting policies have been consistently applied other than changes as a result of the application of new and revised standards mentioned in Note 2.1 to the consolidated financial statements.

3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except for investment properties and land included in property, plant and equipment, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Group considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

3.3 Functional and presentation currency

These consolidated financial statements are prepared, and the items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). These consolidated financial statements are presented in the Arab Emirates Dirhams (AED), which is the Group's functional and presentation currency. All values are rounded to the nearest thousand except when otherwise indicated.

3.4 Basis of consolidation

These consolidated financial statements incorporate the financial statements of Manazel PJSC (the Parent) and the entities controlled by the Parent. Control is achieved when the Parent:

- Has power over the investee;
- Is exposed, or has the rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Parent obtains control, and continue to be consolidated until the date when such control ceases.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.4 Basis of consolidation (continued)**

The Parent reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Parent has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Parent considers all relevant facts and circumstances in assessing whether or not the Parent's voting rights in an investee are sufficient to give it power, including:

- The size of the Parent's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Parent, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Parent has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at the previous Shareholders' meeting.

When the Parent loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the consolidated statement of comprehensive income;
- Reclassifies the Parent's share of components previously recognized in other comprehensive income to profit and loss or retained earnings, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those adopted at the Group level.

3.4.1 Eliminations on consolidation

Inter-entity transactions, balances, income and expenses from transactions between entities are eliminated. Profits and losses resulting from inter-entity transactions that are recognized in the assets are also eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.4.2 Non-controlling interests

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. After the acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.4 Basis of consolidation (continued)****3.4.2 Non-controlling interests (continued)**

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Group and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

3.4.3 Loss of control

When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest and
- the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income concerning that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable or the cost on initial recognition of an investment in an associate or a joint venture.

3.5 Going concern

The consolidated financial statements have been prepared on a going concern basis. In assessing the appropriateness of this basis, management prepared cash flow forecasts covering at least 12 months from the date of approval of these consolidated financial statements and considered the Group's liquidity position, expected operating cash flows and the status of key assets and liabilities.

Key considerations in management's assessment

Management's going concern assessment required significant judgement due to the following matters:

The Group has bank financing of AED 1,212.9 million (Note 21) at 31 December 2025, and management continues discussions with lenders regarding the restructuring of certain facilities; the restructuring terms were not finalised as at the reporting date.

A facility of AED 69.9 million is subject to litigation and court-ordered instalment arrangements; the timing of future payments remains uncertain.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.5 Going concern (continued)****Mitigating factors**

Management's forecasts incorporate

- (i) expected cash generation from the Group's operating activities,
- (ii) continued cost control,
- (iii) expected collection patterns for trade and other receivables, and
- (iv) management's plans to conclude financing discussions with lenders.

The Group had cash and bank balances of AED 22.6 million (Note 9) at 31 December 2025 (including restricted deposits of AED 1 million).

Management performed sensitivity analyses on key assumptions, including potential delays in receivable collections and changes in the timing of financing repayments. Based on these analyses and management's planned actions, management concluded that no material uncertainty exists that would cast significant doubt on the Group's ability to continue as a going concern.

3.6 REVENUE RECOGNITION

Revenue from contracts with customers for sale of properties and construction contracts

The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

- Step 1:* Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2:* Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3:* Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4:* Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5:* Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.
- b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.6 REVENUE RECOGNITION (continued)**

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group, and the revenue and costs, if applicable, can be measured reliably.

Revenues from the sale of inventory property/ land

The Group enters into contracts with customers to sell properties that are either completed or under development.

Completed inventory property

The sale of completed property constitutes a single performance obligation, and the Group has determined that it is satisfied at the point in time when control transfers. For unconditional exchange of contracts generally occurs when a sale and purchase agreement is signed with the customer and control to use the asset is transferred. For conditional exchanges, this typically happens when all significant conditions are satisfied.

Inventory property under development

The Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. For contracts relating to the sale of property under development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided, including design work, procurement of materials, site preparation and foundation pouring, framing and plastering, mechanical and electrical work, installation of fixtures (e.g., windows, doors, cabinetry, etc.) and finishing work.

The Group accounts for these items as a single performance obligation because it provides a significant service of integrating the goods and services (the inputs) into the completed property (the combined output) which the customer has contracted to buy.

The Group has determined that, for its typical contracts of sale and land and construction of a property, its performance does not create an asset with an alternative use to the Group and it has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Therefore, control transfers over time for these contracts.

For contracts that meet the over time revenue recognition criteria, the Group's performance is measured using an input method by reference to the costs incurred to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the completion of the property.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.6 REVENUE RECOGNITION** (continued)*Leasing income*

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease under IFRS 16 "Leases" (Note 3.15.5). The initial direct cost incurred in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Revenue from district cooling services

Revenue from district cooling services comprises of available capacity and variable output provided to customers and is recognised when services are provided.

Property management and facility management fees

Revenue from property management and facility management services are recognised when services are provided normally at a point of time when it satisfies the performance obligation based on the terms agreed in the contract with customers.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Service charges and expenses recoverable from tenants

Service charges and related income for services rendered to tenants are recognised when such services are rendered.

3.7 DIRECT EXPENSES

Direct expenses include direct operating expenses incurred in generating revenue. Direct expenses are recognized over the term that the associated revenue is recognized.

3.8 PROVISION FOR EMPLOYEES' BENEFITS

Estimated amounts required to cover employees' end-of-service indemnity at the date of the consolidated statement of financial position are computed pursuant to the UAE Federal Decree Law No. 33 of 2021 based on the employees' accumulated period of service and current remuneration at the date of the consolidated statement of financial position.

The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

The Group makes pension and national insurance contributions for UAE citizens in accordance with Federal Law No. 2 of 2000.

A provision is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by the employees up to the date of the consolidated statement of financial position. The annual leave provision and leave passage provision is classified and included in other payables.

3.9 INVESTMENT PROPERTIES

Investment property comprises completed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a lease arrangement is classified as investment property when the definition of an investment property is met.

Investment property is measured initially at cost including transaction costs.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.9 INVESTMENT PROPERTIES (continued)**

Transaction costs include transfer of taxes, professional fees for legal services, initial leasing commissions and other incidental costs to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment property is stated at fair value. Gains and losses arising from changes in the fair values are included in the consolidated income statement in the period in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use, and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the consolidated income statement in the year of retirement or disposal.

Gains and losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous consolidated financial statements.

Transfer to, or from investment property shall be made when there is a change in use, evidenced by:

- commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- commencement of development with a view to sale, for a transfer from investment property to inventories;
- end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- commencement of an operating lease to another party, for a transfer from inventories to investment property.

3.10 DEVELOPMENT WORK IN PROGRESS

Property being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Cost includes:

Freehold and leasehold rights of land;

Amounts paid to contractors for construction;

Financing costs, planning and design costs, costs of site preparation, professional fees and legal services, property transfer charges, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money, if material, less costs to completion and the estimated costs to sell.

The costs of inventory recognised in consolidated income statement on disposal is determined with reference to the specified costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost, less accumulated depreciation and any identified impairment loss other than land which is carried at revalued amount. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred if the recognition criteria are met. All other repair and maintenance costs are recognised in consolidated income statement as incurred.

The cost of property, plant and equipment is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated on the straight-line method, at rates calculated to allocate the cost of assets less their estimated residual value over their expected useful lives as follows:

Office building	- 25 years
Furniture and fixtures	- 4 years
District cooling plants*	- 2.7% to 2.8%
Leasehold building improvement	- 4-10 years
Computers and software	- 3 years
Office equipment	- 4 years
Motor vehicles	- 4 years
Land	- -

*District cooling plants are depreciated under written down value method after considering residual value.

The residual values, useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefit from these assets and adjusted prospectively, if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount. Maintenance and repairs are charged to expenses as incurred, and renewals and improvements, which extend the life of the asset, are capitalized and depreciated over the remaining life of the asset.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of comprehensive income.

3.11.1 Revaluation

Land held for use in the production or supply of goods or services for rental to others (excluding investment properties) or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land is credited to the property's revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed.

A decrease in carrying amount arising on the revaluation of such land is charged as an expense to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of that asset.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.12 IMPAIRMENT OF NON-FINANCIAL ASSETS**

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

If no such transactions can be identified, an appropriate valuation model is used. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for assets previously revalued with the revaluation taken to other comprehensive income. For such assets, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.13 FOREIGN CURRENCIES

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in UAE Dirhams (AED) which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.13 FOREIGN CURRENCIES** (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the consolidated income statement in the period in which they arise except for:

- Exchange differences on foreign currency funding relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to financing costs on those foreign currency funding;
- Exchange differences on transactions entered into in order to hedge in a Shari'a-compliant way certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in consolidated income statement and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

The assets and liabilities of foreign operations are translated into AED at the rate of exchange prevailing at the reporting date and their consolidated income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translations are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

3.14 BORROWING/FINANCING COSTS

Borrowing/ financing costs related to the acquisition, construction and production of the qualifying assets are treated as part of the cost of the relevant assets. Qualifying assets are those assets that take a substantial period to get ready for their intended use. The borrowing costs eligible for capitalization are the actual borrowing costs incurred on the borrowing during the year less any investment income on the temporary investment of those financing.

The borrowing costs eligible for capitalization are determined by applying capitalization rate to the expenditures on the qualifying assets.

The capitalization rate is the weighted average of the borrowing applicable to the financing of the Group that are outstanding during the year, other than financing made specifically for the purpose of obtaining the qualifying assets.

Capitalization of borrowing costs commence when:

- Expenditures for the qualifying assets being incurred.
- Borrowing costs are being incurred, and
- Activities that are necessary to prepare the qualifying assets for their intended use or sale are in progress.

Capitalization of borrowing costs ceases when substantially all activities necessary to prepare the qualifying assets for their intended use or sale are complete.

All other borrowing costs are expensed in the period in which they occur.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.15 LEASES**

At the inception of a contract, the Group assesses whether the contract is, or contains a lease. A contract is or contains a lease if the contracts convey the right to control the use of an identified asset for the Group for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

- The contract involves the use of an identified asset ; this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Group has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - The Group has the right to operate the asset; or
 - The Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on a reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

However, where the contract is not separable into a lease and non-lease component, then the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group determines the lease term as the non – cancellable period of a lease, together with both:

- a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

3.15.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.15 LEASES (continued)****3.15.1 Right-of-use assets (continued)**

The cost of right-to-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located and lease payments made at or before the commencement date less any lease incentives received unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term.

The recognised right-to-use assets are subsequently depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Also, the right-of-use assets are periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

3.15.2 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property, plant and equipment (those leases that have a lease term of 12 months or less and do not contain a purchase option). It also applies the lease of low-value assets exemption to leases that are considered of low value. Lease payments on short-term leases and low-value asset leases are recognised as straight-line expenses over the lease term.

3.15.3 Net investment in finance lease:

The Group subleases office units and classifies it as finance lease. The group recognizes finance leased assets in the consolidated statement of financial position and present them as receivable at an amount equal to the net investment in the lease which is Gross investment in the lease discounted at profit rate implicit in the lease.

3.15.4 Lease liability

The lease liability is initially recognised at the present value of the lease payments that are not paid in the commencement date. The lease payments are discounted using the profit rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group used its incremental borrowing rate.

After initial recognition, the lease liability is measured by:

- a) increasing the carrying amount to reflect profit rate on the lease liability;
- b) reducing the carrying amount to reflect the lease payments made; and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Where,

- a) There is a change in the lease term as a result of reassessment of certainty to exercise an exercise option, or not to exercise a termination option as discussed above; or
- b) there is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances in the contract of a purchase option, the Group remeasures the lease liability to reflect changes to lease payments by discounting the revised lease payments using a revised discount rate. The Group determined the revised discount rate as the profit rate implicit in the lease for the remainder of the lease term if that rate can be readily determined.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.15 LEASES** (continued)**3.15.4 Lease liability** (continued)

- c) There is a change in the amounts expected to be payable under a residual value guarantee; or
- d) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review. The Group remeasures the lease liabilities by discounting the revised lease payments using an unchanged discount rate unless the change in lease payments results from a change in floating profit rates. In such case, the Group use a revised discount rate that reflects a change in the profit rate.

The Group recognises the amount of the re-measurements of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero, and there is a further deduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in profit or loss.

The Group accounts for a lease modification as a separate lease if both:

- a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- b) the consideration for the lease increase by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the context.

Lease modifications that are not accounted for as a separate, lease the Group, at the effective date of the lease modification:

- a) allocates the consideration in the modified contract;
- b) determines the lease term of the modified lease; and
- c) remeasured the lease liability by discounting the revised lease payments using a revised discount rate.

The revised discount rate is determined as the profit rate implicit in the lease for the remainder of the lease term if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective rate of the modification, if the profit rate implicit in the lease cannot be readily determined.

3.15.5 As lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and required an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and arrangement conveys a right to use the asset.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.15 LEASES** (continued)**Finance lease:**

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

After initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognizing an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which finance income is calculated with reference to their amortized cost.

Operating lease:

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

3.16 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in profit or loss.

3.16.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

3.16.2 Classification of financial assets**Financial assets at amortized cost:**

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

The Group's financial assets at amortized cost consists trade and other receivables (excluding prepayments and advances), recoverable infrastructure costs and bank balances and cash.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.16 FINANCIAL INSTRUMENTS** (continued)**3.16.2 Classification of financial assets** (continued)***Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)***

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Financial Assets at Fair Value Through Profit and Loss (FVTPL)

By default, all other financial assets are measured subsequently at fair value through profit and loss (FVTPL). Despite the preceding, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if specific criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The Group's financial assets at FVTPL consist of quoted and unquoted equity investments.

3.16.3 Amortised cost and effective profit rate method

The effective profit rate method is a method of calculating the amortized cost of a debt instrument and of allocating profit over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective profit rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective profit rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective profit rate method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective profit rate method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, finance income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, finance income is recognized by applying the effective profit rate to the amortized cost of the financial asset. If in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, finance income is recognized by applying the effective profit rate to the gross carrying amount of the financial asset.

Interest income is recognized in profit or loss and is included in the "finance income" line item.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.16 FINANCIAL INSTRUMENTS** (continued)**3.16.4 Impairment of financial assets**

The Group recognizes a loss allowance for expected credit losses on accounts and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognizes lifetime ECL for accounts and other receivables, and related party balances. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience of the debtor, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-months ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Investments in equity instruments designated as investments at FVTPL and FVTOCI are not subject to impairment.

3.16.5 Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relates to the Group's core operations.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.16 FINANCIAL INSTRUMENTS** (continued)**3.16.5 Significant increase in credit risk** (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

3.16.6 Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable;

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 30 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3.16.7 Credit impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- the significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3.16.8 Write off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

3.16.9 Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.16 FINANCIAL INSTRUMENTS** (continued)**3.16.9 Measurement and recognition of expected credit losses** (continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective profit rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-months ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3.16.10 De-recognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains all the risks and rewards of ownership substantially and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains all the risks and rewards of ownership of a transferred financial asset substantially, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

3.16.11 Financial liabilities and equity instruments**Classification as debt or equity:**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognised at the proceeds received net of direct issue costs.

Financial liabilities:

All financial liabilities are measured subsequently at amortised cost using the effective profit rate method or at FVTPL.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.16 FINANCIAL INSTRUMENTS (continued)****3.16.11 Financial liabilities and equity instruments (continued)**

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below:

Financial liabilities measured subsequently at amortised cost:

Financial liabilities that are not:

- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL, are measured subsequently at amortised cost using the effective profit rate method.

The effective profit rate method is a method of calculating the amortised cost of a financial liability and of allocating profit rate over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective profit rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of financial liability.

The Group's financial liabilities include trade and other payables (excluding deferred rental income), lease liabilities and bank financing.

Bank financing

Bank financing are recognised initially at fair value, net of transaction costs incurred. Bank financing are subsequently carried at amortised cost: any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the financing using the effective profit rate method.

Fees paid on the establishment of borrowings facilities are recognised as transaction costs of the borrowings to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until a drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.16.12 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.17 RECOVERABLE INFRASTRUCTURE COST**

The Group, being master developer for real estate projects, incurs certain infrastructure-related costs relating to development of projects which are reimbursable by government and related authorities as per the memorandum of understanding and / or acknowledgements by such government-related authorities. The costs includes construction, materials, and labor and are recognized when future economic benefits are probable and can be reliably measured. A receivable is recognized for the amount recoverable from the government based on the contractual agreement, and this receivable is recognized when it is virtually certain that the amount will be received. Impairment is assessed if there is a reduction in the recoverable amount.

3.18 TAXATION

The income tax expense represents the sum of the tax on current year income and current year deferred tax.

3.18.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities.

3.18.2 Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.18 TAXATION** (continued)**3.18.2 Deferred tax** (continued)

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.18.3 Current tax and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.18.4 Value added tax

Output value-added tax related to sales is payable to tax authorities on the earlier of:

- collection of receivables from customers or
- delivery of goods or services to customers.

Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a gross basis – unless the Establishment has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

3.19 PROVISIONS

Provisions are recognised when the Group has a present obligation, either legal or constructive, as a result of a past event, and it is probable that the Group will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.19 PROVISIONS** (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

All other financing costs are recognised in consolidated income statement in the period in which they are incurred.

3.20 FAIR VALUE MEASUREMENT

The Group measures financial instruments, such as, investments carried at fair value through other comprehensive income at each reporting date. Also, fair values of financial instruments nonfinancial assets such as investment properties measured fair value are disclosed in Note 29.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted available-for-sale financial investments, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

3. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**3.20 FAIR VALUE MEASUREMENT** (continued)

External valuers may be involved for valuation of significant assets, such as investment properties.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Group's accounting policies, management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Judgements***Classification of properties***

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment, development work-in-progress and/or property held for sale. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment, development work-in-progress and property held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16, and IAS 40, in particular, the intended usage of property as determined by management and approved by the Group's Board of Directors.

Transfer from and to investment properties

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

Revenue recognition:***Judgements in relation to contracts with customers******Assessment of collectability to determine whether a contract with a customer exists***

The Group is required to assess each of its contracts with customers to determine where it is probable that it will collect the consideration to which it will be entitled (i.e., the transaction price).

When performing the collectability assessment, the Group considers the customer's ability and intention to pay the expected consideration when due. The Group assesses a customer's ability to pay based on the customer's financial capacity and its intention to pay, considering all relevant facts and circumstances, including past experiences with that customer or customer class.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**4.1 Judgements (continued)*****Satisfaction of performance obligations***

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. The Group has assessed that based on the contracts entered into with customers and the provisions of relevant laws and regulations, the Group recognises revenue over time in the following circumstances:

- a) where contracts are entered into for development (sale of properties to customers), the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date;
- b) where contracts are entered into for construction (to construct an asset for the customer), the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and
- c) where contracts are entered into to provide services (property management and facility management), the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied. To determine the point in time at which a customer obtains control of a promised asset and the Group satisfies a performance obligation, the Group considers that on signing on a sale and purchase agreements, customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset and revenue is booked accordingly for sale of land agreements without title deed is transferred.

Identification of performance obligations

The Group provides project management and consultancy services, which include preparing plan for the intended project, design, preparation of related tenders, conclusion of related contracts for executing the project and appointment of third parties to do the works, such as contractors, consultants, marketing, selling, leasing, managing the project, brokering and all other works related to the project, whether during the execution of the project or after its completion. The Group determined that based on the nature of project management and consultancy services, certain type of services (such as concept master plan, detailed design and tender preparation, etc) are capable of being distinct based on the fact that the customer can benefit from such services individually. The Group is not providing significant integration services because the presence of different nature of services together in this contract do not result in any additional or combined functionality, and neither these can modify or customise the other. In addition, these are not highly interdependent or highly interrelated. Consequently, the Group allocated a portion of the transaction price to the different phases of consultancy services based on relative stand-alone selling prices.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**4.1 Judgements (continued)**

In determining the impact of variable consideration, the Group uses the “most-likely amount” method in IFRS 15, whereby the transaction price is determined by reference to the single most likely amount in a range of possible consideration amounts.

Transfer of control in contracts with customers

In cases where the Group determines that performance obligations are satisfied at a point in time, revenue is recognised when control over the assets is transferred to the customer or benefits of the services being provided is received and consumed by the customer. In the case of contracts to sell real estate assets this is generally when the sale and purchase agreement for the unit/ real estate asset has been signed and control is transferred based on the fact that customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset and there are no impediments in the handing over of the unit/ real estate asset to the customer. Management has determined that the transfer of title is not considered to be the point of recognition of sale as the formalities for transfer of title is not considered to be a substantive formality.

Reimbursement of infrastructure-related costs

The Group, being master developer for real estate projects, incurs certain infrastructure-related costs relating to development of projects which are reimbursable by government and related authorities as per the memorandum of understanding and / or acknowledgements by such government-related authorities. Determination of the amount of reimbursement of costs recoverable from government authorities requires significant judgement. The management takes into account the latest communications with the related government-related authorities.

As at 31 December 2025, the Group has recognised an amount of AED 378 million, adjusted for expected credit losses made under IFRS 9. (2024: AED 378 million) representing costs reimbursable by the relevant authorities. Any difference between the amounts actually reimbursed by the government-related authorities in future periods and the amounts expected will be recognised in the consolidated income statement. Management has determined that the amounts to be collected is as a minimum, expected to cover the amounts currently recognised as receivable and, therefore, not exposed to additional credit risk.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), including the consideration of the life of underlying assets on the premises.

Discounting of lease payments

The Group, as a lessee, measures the lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the profit rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate is the profit rate of that the Group would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**4.1 Judgements (continued)**

The Group determines its incremental borrowing rate with reference to its current and historical cost of borrowing adjusted for the term and security against such borrowing.

Control over investee

When determining control over an investee, management considers whether the Group has a “de facto” power to control an investee if it holds less than 50% of the investee’s voting rights. The assessment of the investee’s relevant activities and the ability to use the Group’s power to affect the investee’s variable returns requires significant judgement.

4.2 Estimation and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment losses on receivables

In measuring the expected credit loss allowance for financial assets measured at amortised cost, management uses the Expected Credit Loss (ECL) model and assumptions about future economic conditions and credit behaviour, such as the likelihood of customer defaulting. Management considers the following judgements and estimates:

- Development of ECL model, including formula and choice of inputs;
- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessments;
- The segmentation of financial assets when the ECL is assessed on a collective basis; and
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on probability of default (PDs), exposure at default (EADs) and loss given default (LGD); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

The Group recognises lifetime expected credit loss (ECL) for trade and other receivables using the simplified approach (Note 10). Allowance for impairment losses on trade receivables during the year is AED 549 Million (2024: AED 404 Million).

Allocation of transaction price to performance obligation in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method, which requires revenue recognition on the basis of the Group’s efforts to the satisfaction of performance obligation, provides the best reference of revenue actually earned. In applying the input method, the Group estimates the efforts or inputs to the satisfaction of a performance obligation. In addition to the cost of meeting contractual obligation to the customers, these estimates mainly include:

- a) For development contracts, the cost of development and related infrastructure;
- b) For construction contracts, the certified works as evaluated by project consultant; and
- c) For services contracts, the time elapsed.

The Group also provides project management and consultancy services, which includes preparing plans for intended projects, design, preparation of related tenders, conclusion of related contracts for executing the project and appointment of third parties to do the works.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**4.2 Estimation and assumptions** (continued)

In case of such projects, the Group has applied a practical expedient and based on that, the Group has determined that there is a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date. As a result, the Group has recognised revenue in the amount to which the Group has a right to invoice.

Percentage of completion and cost to complete estimates of construction contracts

The Group uses the percentage-of-completion method in accounting for its construction contracts. At each reporting date, the Group is required to estimate stage of completion and costs to complete on its construction contracts. These estimates require the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates also include the cost of potential claim by subcontractors and the cost of meeting other contractual obligations to the customers. Effects of any revision to these estimates are reflected in the year in which the estimates are revised.

The Group uses its commercial teams together with project managers to estimate the costs to complete of construction contracts. Factors such as changes in the scope of work, changes in material prices, labour costs and other costs are included in the construction cost estimates based on best estimates updated on a regular basis.

Cash flows supporting going concern assumption

The consolidated financial statements of the Group have been prepared on a going concern basis as the management is confident in generating adequate cash flows to meet the Group's working capital and financial commitments as they fall due covering a period at least 12 months from the balance sheet date. Judgement is required in the assessment of the key cash flow assumptions which are most sensitive to applying the going concern basis of accounting.

Estimation of fair value of investment properties

The fair value of investment properties is determined by independent real estate valuation consultants based on methods such as the Comparative Method of Valuation, the Hypothetical Development Approach, and the Income Capitalisation Method.

Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual values realised.

Under the Comparative Method of Valuation, the fair value is determined by considering recent prices of similar properties in the same location and similar conditions, with adjustments to reflect any changes in the nature, location or economic conditions since the date of the transactions that occurred at those prices.

The Hypothetical Development Approach requires the use of estimates such as future cash flows from assets (such as selling and leasing rates, future revenue streams, construction costs and associated professional fees and financing cost), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period.

Under the Income Capitalisation Approach, the income receivable under existing lease agreements and projected future rental streams are capitalised at appropriate rates to reflect the investment market conditions at the valuation dates.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.2 Estimation and assumptions (continued)

The determination of the fair value of revenue-generating properties requires the use of estimates such as future cash flows from assets (such as leasing, tenants' profiles, future revenue streams, capital values of fixtures and fittings, and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of the reporting period.

Such estimations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

The key assumptions used are as follows:

	2025	2024
	AED '000	AED '000
Discount rate (%)	7%-8%	8%-9.00%
Rent per sqm (AED)	500-2400	310-3150
Rental growth rate (%)	2%	2%
Occupancy rate (%)	71%-90%	69%-90%
Capitalization rate for land valuation (%)	6%-9.75%	6% - 9.75%

Investment properties amounting to AED 2,140 million (2024: 1,862 million) have been valued using income approach and AED 835 million (2024: AED 621 million) have been valued using comparable method of valuation.

Revaluation of property, plant and equipment

The Group measures property, plant and equipment at revalued amounts with changes in fair value being recognized in other comprehensive income. The fair value measurements of the land were performed by independent valuers not related to the Group having appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The fair value of the freehold land was determined based on the comparable market approach that reflects recent transaction prices for similar properties.

Estimation of net realisable value for inventory and development work in progress

Properties held for sale and properties classified under development work in progress are stated at the lower of cost or net realisable value (NRV). NRV is assessed with reference to sales prices, costs of completion and advances received and market conditions existing at the end of the reporting period. For certain properties, NRV is determined by the Group having taken suitable external advice and in the light of recent market transactions, where available.

Due to the limited number of comparable market transactions, the independent real estate valuation consultants of the Group have used significant judgement in arriving at the NRV of properties held for sale and development work in progress. The realisable values may significantly differ from the current estimates made by independent real estate valuation consultants.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**4.2 Estimation and assumptions (continued)*****Business model assessment***

Classification and measurement of financial assets depend on the results of the Solely Payments of Principal and Interest (SPPI) and the business model test.

The Group determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised before their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a future change to the classification of those assets. No such changes were required during the periods presented.

Valuation of unquoted investments

Such assets primarily consist of investments in private equity investments and co-investment in funds and are valued in accordance with International Private Equity and Venture Capital Valuation Guidelines, including but not limited to current market value of another instrument which is substantially the same or expected cash flows of the underlying net asset base of the investment. This determination requires significant estimates and judgement with respect to future earnings, cash flows and discount rates. In making these estimates, the Group evaluates, among other factors, expected cash distributions as well as the business outlook for each investment together with relevant market risk and volatility.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

The fair value less costs of disposal calculation are based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model and requires estimation of the expected future cash flows from the asset (or of the cash-generating unit) in the forecasted period and to determine a suitable discount rate in order to calculate the present value of those cash flows. The discount rate reflects current market assessments of the time value of money and the risks specific to the asset.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

4.2 Estimation and assumptions (continued)

Taxes

The Group recognises liability for the anticipated taxes levied in the jurisdiction of its activity based on estimate of whether additional taxes will be due.

Whether the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Any changes in the estimate and assumptions may have an impact on the carrying values of the deferred taxes.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

5. REVENUE AND COST OF REVENUE

	2025	2024
	AED '000	AED '000
5.1 Revenue		
Sales of properties	-	32,340
Rental income	53,433	54,770
Property management fees	17,459	15,774
Revenue from district cooling services	7,499	6,085
Facility management services and others	<u>19,639</u>	<u>26,248</u>
	<u>98,030</u>	<u>135,217</u>
Recognition analysis of revenue		
Revenue - at a point in time	44,597	80,447
Revenue - over a period of time	<u>53,433</u>	<u>54,770</u>
	<u>98,030</u>	<u>135,217</u>
Geographical analysis of revenue		
Within UAE	<u>98,030</u>	<u>135,217</u>
	2025	2024
	AED '000	AED '000
5.2 Cost of revenue		
Cost of properties sold	-	15,632
Operating cost of rental properties	28,773	33,185
Cost of property management	11,685	13,361
Cost of district cooling services	9,365	3,657
Cost of facility management services and others	<u>13,973</u>	<u>16,537</u>
	<u>63,796</u>	<u>82,372</u>
6. OTHER INCOME		
	2025	2024
	AED '000	AED '000
Gain/(loss) on disposal of property, plant and equipment	(635)	37
Reversal of provisions	33,006	3,673
Others	<u>14,756</u>	<u>3,083</u>
	<u>47,127</u>	<u>6,793</u>
7. FINANCE COST (NET)		
	2025	2024
	AED '000	AED '000
Finance cost on bank borrowings	35,050	40,612
Unwinding of discount of receivables/payables*	<u>(10,088)</u>	<u>(57,372)</u>
	24,962	(16,760)
Other finance cost	<u>36,433</u>	<u>7,515</u>
	<u>61,395</u>	<u>(9,245)</u>
Finance cost charged to consolidated income statement	<u>61,395</u>	<u>9,245</u>

*Unwinding of discounting on receivables/payables majorly includes the unwinding during buyback of properties.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2025

8. EXPENSES**8.1 GENERAL AND ADMINISTRATIVE EXPENSES**

	2025	2024
	AED '000	AED '000
Payroll and employees related expenses	29,493	25,653
Depreciation on PPE and ROU	784	1,668
Rent expense	425	615
Legal and professional charges	21,615	17,143
Transportation expense	251	464
Other expenses	<u>10,763</u>	<u>5,969</u>
	<u>63,331</u>	<u>51,512</u>

8.2 SELLING AND MARKETING EXPENSES

	2025	2024
	AED '000	AED '000
Mall advertisements	<u>1,146</u>	<u>681</u>

9. BANK BALANCES AND CASH

	2025	2024
	AED '000	AED '000
Cash and bank balances	21,586	10,347
Restricted deposits	<u>1,025</u>	<u>1,025</u>
	22,611	11,372
Restricted deposits	<u>(1,025)</u>	<u>(1,025)</u>
	<u>21,586</u>	<u>10,347</u>

Restricted deposits amounting to AED 1,025 thousand (2024: AED 1,025 thousand) are not available for general use by the Company.

In addition, bank balances amounting to AED 1,621 thousand as at 31 December 2025 (2024: AED 1,786 thousand) are held on behalf of a Home Owners Association (HOA). The Company does not control these balances and are therefore excluded from bank balances and cash as well as cash and cash equivalents.

10. TRADE AND OTHER RECEIVABLES

	2025	2024
	AED '000	AED '000
Trade receivables	202,992	202,652
Prepayments	10,796	13,153
Advances	313,034	136,839
Receivable from sale of properties (Note 10.1)	201,176	429,857
Rent receivable	150,109	154,310
Others*	<u>46,394</u>	<u>50,465</u>
	924,501	987,276
Less: Allowance for expected credit losses (Note 10.2)	<u>(549,215)</u>	<u>(404,016)</u>
	<u>375,286</u>	<u>583,260</u>

*Includes AED 43 million (2024: AED 43 million) related to bank financing (Note 21).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

10 TRADE AND OTHER RECEIVABLES (continued)

10.1. Gross amounts due from/(due to) customers on contracts for sale of properties

	2025 AED '000	2024 AED '000
Amount due from customers included in trade and other receivables	201,176	429,857
Amount due to customers included in trade and other payables	<u>-</u>	<u>-</u>
	<u>201,176</u>	<u>429,857</u>
Total contracts cost incurred plus recognized profits less recognized losses to date	1,789,942	1,789,942
Less: Total progress billings to date	<u>(1,588,766)</u>	<u>(1,360,085)</u>
	<u>201,176</u>	<u>429,857</u>

10.2. Allowance for expected credit losses

Movement during the year in allowance of expected credit losses:

	2025 AED '000	2024 AED '000
At 1 January	404,016	386,551
Charge for the year	192,975	90,802
Amounts written off	(3,853)	(337)
Reversal / transfers	<u>(43,923)</u>	<u>(73,000)</u>
	<u>549,215</u>	<u>404,016</u>

Using the simplified approach, the Group recognises lifetime expected credit loss (ECL) for trade and other receivables (except for prepayment, advance and other receivables). To determine the expected credit losses, all debtors were classified into four categories:

Category I - government-related companies (Note 14);

Category II - private companies (including related parties) with low credit risk;

Category III - private companies with high credit risk; and

Category IV - debtors at default

These were adjusted for factors specific to the debts and general economic conditions and an assessment of both the current and the forecast direction of conditions at the reporting date, including time value of money, where appropriate. Receivables from the sale of properties are secured by the units under development, and the units will be handed over only on collection of the full sales consideration. The charge for the year also includes additional provisions over and above the required contractual amounts.

Below is the information about the credit risk exposure on the Group's trade and other receivables is as follows:

31 December 2025	Category I AED '000	Category II AED '000	Category III AED '000	Category IV AED '000	Total AED '000
Expected credit loss rate	0%-0.50%	1% to 5%	5% to 30%	30% to 100%	
Gross amount	10,796	-	117,437	796,269	924,502
Expected credit losses	-	-	35,231	513,984	549,215
31 December 2024					
Expected credit loss rate	0% -0.5%	1% to 5%	5% to 30%	30% to 100%	
Gross amount	182,765	-	274,748	529,763	987,276
Expected credit losses	-	-	72,254	331,762	404,016

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2025

11. INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS

Investments carried at value fair through profit and loss represented investments in private equities and funds. These investments are fully impaired as at 31 December 2025.

12. RIGHT OF USE ASSETS

	2025	2024
	AED '000	AED '000
Balance at 1 January	1,474	2,774
Depreciation	<u>(553)</u>	<u>(1,300)</u>
Balance at 31 December	<u>921</u>	<u>1,474</u>

It represents right to use property situated on Prestige tower 16, Floor 1, Abu Dhabi, United Arab Emirates, for a lease ending on 2027.

Lease liabilities

	2025	2024
	AED '000	AED '000
Balance at 1 January	1,499	2,839
Additions during the year	-	-
Finance cost on lease liabilities	85	100
Repayment of liabilities	<u>(640)</u>	<u>(1,440)</u>
Balance at 31 December	<u>944</u>	<u>1,499</u>

The average lease term is 5 years and the average effective borrowing rate is 6% for the year ended December 31, 2025. All leases are on a fixed repayment basis, and no arrangements have entered in to for additional contingent rental payments.

13. DEVELOPMENT WORK-IN-PROGRESS

Development work-in-progress represents development and construction-related costs incurred on properties being constructed by the Group for sale in the ordinary course of business. The movement during the year is as follows:

	2025	2024
	AED '000	AED '000
Balance at 1 January	793,802	178,207
Additions during the year	561	617,668
Transfer to investment properties (Note 15)*	<u>(174,779)</u>	-
Impairment during the year	<u>(1,098)</u>	<u>(2,073)</u>
Cost of properties sold during the year	<u>(80,000)</u>	-
Balance at 31 December	<u>538,486</u>	<u>793,802</u>

*This represents transfer of a land situated in Amman, Jordan which is being hold to develop a project.

14. RECOVERABLE INFRASTRUCTURE COSTS - NET

	2025	2024
	AED '000	AED '000
Recoverable infrastructure costs	413,547	413,547
Allowance for expected credit losses (Note 14.1)	<u>(35,197)</u>	<u>(35,197)</u>
	<u>378,350</u>	<u>378,350</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31 December 2025

14. RECOVERABLE INFRASTRUCTURE COSTS – NET (continued)

In arriving at the cost of properties sold, the Group has taken into account that the Government related entities will reimburse the infrastructure costs incurred by the Group on various developments amounting to AED 585 million. The management supported by the Board of Directors is in discussions with Abu Dhabi Water and Electricity Authority and other government related entities relating to recovery of infrastructure costs. The Group received an amount of AED 171 million up till the year ended 31 December 2025 and the remaining AED 414 million have been claimed.

The expected credit loss against this outstanding balance has been calculated by applying the time value considering the expected recovery over the coming years and current economic conditions.

14.1. Allowance for expected credit loss

Movement during the year in allowance of expected credit loss:

	2025 AED '000	2024 AED '000
Opening balance	35,197	35,197
Charge for the year	-	-
At 31 December	<u>35,197</u>	<u>35,197</u>

15. INVESTMENT PROPERTIES

	2025 AED '000	2024 AED '000
Commercial properties	<u>2,975,287</u>	<u>2,482,872</u>

Movement in investment properties during the year is as follows:

	2025 AED '000	2024 AED '000
Balance at 1 January	2,482,872	2,520,901
Additions during the period/year	433,550	20,686
Transfers from development work-in-progress (Note 13)	174,779	-
Disposal	(341,824)	(84,510)
Loan settlement	(56,250)	-
Changes in fair value during the year net	<u>282,160</u>	<u>25,795</u>
Balance at 31 December	<u>2,975,287</u>	<u>2,482,872</u>

Geographical analysis of investment properties

	2025 AED '000	2024 AED '000
Within UAE	2,625,287	2,482,872
Outside UAE	<u>350,000</u>	-
	<u>2,975,287</u>	<u>2,482,872</u>

Investment properties with a carrying value of AED 2,199 million (2024: AED 2,304 million) are mortgaged in favour of the lender against the bank financing (Note 21). The capital mall has been rebranded as China Centre with the assistance of Origin International Management and is now fully operational.

15. INVESTMENT PROPERTIES (continued)

15.1 The fair value of investment properties at 31 December 2025 has been arrived at on the basis of a valuation carried out by independent real estate valuation consultants. The valuation, which conforms to the Royal Institution of Chartered Surveyors Valuation Standards and the relevant statements of the International Valuations Standards, was arrived at by using recognized valuation methods comprising the Comparative Method of Valuation, Income Capitalization Method and Hypothetical Development Approach.

The Group conducted a sensitivity analysis for Capital mall in its investment property portfolio with an aggregate value of AED 1,579 million. The sensitivity has been conducted on the Discount rate and Rental Values. Based on this sensitivity analysis:

A decrease in the capitalisation/ discount rate by 50bps would result in a value of AED 1,675 million or 5% increase in the valuation, whilst an increase in the capitalisation/ discount rate by 50bps would result in AED 1,500 million or 5% decrease in the valuation.

An increase in the rental rates by 10% would result in an AED 1,747 million or 12.28% increase in the valuation, whilst a decrease in the rental rates by 10% would result in AED 1,412 million or 8.7% decrease in the valuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT

	<i>Office building</i>	<i>Furniture and fixtures</i>	<i>District cooling plants</i>	<i>Leasehold building improvement</i>	<i>Computers and software</i>	<i>Office equipment</i>	<i>Motor vehicles</i>	<i>Land</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
2025									
Cost:									
As at 1 January 2025	9,445	38,021	198,008	10,806	9,789	2,643	1,414	828,454	1,098,580
Additions	-	-	-	-	37	14	241	-	292
Disposal	-	-	-	-	-	-	(383)	(58,185)	(58,568)
As at 31 December 2025	<u>9,445</u>	<u>38,021</u>	<u>198,008</u>	<u>10,806</u>	<u>9,826</u>	<u>2,657</u>	<u>1,272</u>	<u>770,269</u>	<u>1,040,304</u>
Depreciation:									
As at 1 January 2025	5,044	36,633	49,886	8,741	9,381	2,589	1,414	-	113,688
Charge for the year	400	55	3,727	401	80	58	80	-	4,801
Disposal	-	-	-	-	-	-	(383)	-	(383)
As at 31 December 2025	<u>5,444</u>	<u>36,688</u>	<u>53,613</u>	<u>9,142</u>	<u>9,461</u>	<u>2,647</u>	<u>1,111</u>	<u>-</u>	<u>118,106</u>
Net carrying amount:									
As at 31 December 2025	<u>4,001</u>	<u>1,333</u>	<u>144,395</u>	<u>1,664</u>	<u>365</u>	<u>10</u>	<u>161</u>	<u>770,269</u>	<u>922,198</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT (continued)

	<i>Office building</i>	<i>Furniture and fixtures</i>	<i>District cooling plants</i>	<i>Leasehold building improvement</i>	<i>Computers and software</i>	<i>Office equipment</i>	<i>Motor vehicles</i>	<i>Land</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
2024									
Cost/revaluation:									
As at 1 January 2024	9,445	37,855	198,008	10,732	9,693	2,814	1,561	828,454	1,098,562
Additions	-	166	-	74	96	52	-	-	388
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(223)</u>	<u>(147)</u>	<u>-</u>	<u>(370)</u>
As at 31 December 2024	<u>9,445</u>	<u>38,021</u>	<u>198,008</u>	<u>10,806</u>	<u>9,789</u>	<u>2,643</u>	<u>1,414</u>	<u>828,454</u>	<u>1,098,580</u>
Depreciation:									
As at 1 January 2024	4,644	36,320	46,056	8,240	9,341	2,728	1,559	-	108,888
Charge for the year	400	313	3,830	501	40	70	2	-	5,156
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(209)</u>	<u>(147)</u>	<u>-</u>	<u>(356)</u>
As at 31 December 2024	<u>5,044</u>	<u>36,633</u>	<u>49,886</u>	<u>8,741</u>	<u>9,381</u>	<u>2,589</u>	<u>1,414</u>	<u>-</u>	<u>113,688</u>
Net carrying amount:									
As at 31 December 2024	<u>4,401</u>	<u>1,388</u>	<u>148,122</u>	<u>2,065</u>	<u>408</u>	<u>54</u>	<u>-</u>	<u>828,454</u>	<u>984,892</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2025

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation charge for the year has been reflected in cost of revenue from district cooling services and general and administrative expenses as follows:

	2025	2024
	AED '000	AED '000
General and administrative expenses (Note 8.1)	231	368
Cost of goods sold	<u>4,570</u>	<u>4,788</u>
	<u>4,801</u>	<u>5,156</u>

The Group uses the revaluation model of IAS 16 for certain classifications of property, plant and equipment. The revalued properties consist of land plots held by the Group as property, plant and equipment.

Property, plant and equipment with a carrying value of AED 921 Million (2024: AED 983 Million) are mortgaged in favour of the lender against the bank financing (Note 21).

The fair value of land carried under the revaluation model as at 31 December 2025 has been arrived at on the basis of a valuation carried out by an independent real estate valuation consultant. The valuation, which conforms to the Royal Institution of Chartered Surveyors Valuation Standards and the relevant statements of the International Valuations Standards, was arrived at by using recognised valuation methods.

Included in the Property, Plant & Equipment at 31 December 2025 was an amount of AED 770 Million (2024: AED 828.454 Million) relating to land plots.

Reconciliation of carrying amount

	2025	2024
	AED '000	AED '000
Carrying amount as at 1 January	828,454	828,454
Disposal	<u>(58,185)</u>	<u>-</u>
Fair value as at 31 December	<u>770,269</u>	<u>828,454</u>

If the land were measured using the cost model, the carrying amounts would be as AED 488 Million (2024: AED 535 Million). No depreciation would have been recognised, considering that the asset is freehold land.

17. CORPORATE TAX

On December 09, 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (UAE CT Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The Corporate Tax Law applies to Tax Periods commencing on or after June 01, 2023 (where the Tax Period generally aligns with the financial accounting period).

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from January 16, 2023) specifies that taxable income not exceeding AED 375,000/- would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000/- would be subject to the 9% UAE CT rate. The Group recognised income tax expense based on management's estimate. Effective 1 January 2024, the Group operations in UAE are subject to income tax. The annual effective tax rate (ETR) used relating to UAE operations for the year ended 31 December 2025 is 9%. The major components of corporate tax expense in the consolidated Income statement is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2025

17. CORPORATE TAX (continued)

	2025 AED '000	2024 AED '000
Current income tax		
Current income tax charge	<u>(183)</u>	<u>(4,522)</u>
Deferred tax benefit		
Relating to taxable losses, finance cost unrealized loss carried forward	<u>26,330</u>	<u>6,543</u>
Deferred tax expense		
Relating to unrealized gain and investment property depreciation carried forward	<u>(13,175)</u>	<u>-</u>
Current tax (expense)/benefit recognized in consolidated income statement	<u>12,972</u>	<u>2,021</u>

Reconciliation of current tax expenses and accounting profit:

	2025 AED '000	2024 AED '000
Profit/(loss) before tax for the year	1,425	6,200
Add: tax adjustments	986	45,544
Less: exempt threshold	<u>(375)</u>	<u>(1,500)</u>
Tax base	2,036	50,244
Tax at the applicable rate of 9%	<u>183</u>	<u>4,522</u>
Tax charge during the year	<u>183</u>	<u>4,522</u>

Deferred tax asset on carried forward taxable losses, finance cost and unrealized loss

- A Subsidiary entity has incurred a finance cost of AED 80,606,761/- (on account of related party balances) out of which AED 12 million is allowed as deduction in current year.
- A Subsidiary entity has incurred unrealized valuation loss of AED 1,601,922/- on revaluation of investment property.
- Group entities incurred net taxable losses of AED 222,349,673/- on their operations during the year therefore deferred tax asset recognized.

In accordance with UAE Corporate Tax Law (Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses), tax losses can be carried forward and utilized against future taxable profits, subject to certain conditions. The deferred tax asset arising from the carried forward tax losses has been recognized as follows:

	<u>Temporary difference</u> AED '000	<u>Tax rate</u>	<u>Deferred tax asset</u> AED '000
Opening balance	72,704		6,543
Taxable losses, finance cost and unrealized loss	<u>292,558</u>		<u>26,330</u>
	<u>365,262</u>	<u>9%</u>	<u>32,873</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2025

17. **CORPORATE TAX** (continued)

Deferred tax liability on carried forward Unrealized gains and Investment property depreciation

- Subsidiary entities have incurred unrealized valuation gains of AED 108,540,558/- on revaluation of investment property.
- Subsidiary entities' investment properties carried on fair value in the books however they have accounted tax depreciation @4% amounting to AED 37,846,166/-, which resulted in the deferred tax liability. In accordance with UAE Corporate Tax Law (Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses), tax gains can be carried forward and utilized against future taxable losses, subject to certain conditions. The deferred tax liability arising from the carried forward tax gains has been recognized as follows:

	<u>Temporary difference</u> <u>AED '000</u>	<u>Tax rate</u>	<u>Deferred tax liability</u> <u>AED '000</u>
Unrealized gain and depreciation cost carried forward	<u>146,387</u>	<u>9%</u>	<u>13,175</u>

18. **SHARE CAPITAL**

Share capital comprises 2,600,000 thousand (2024: 2,600,000 thousand) authorised, issued and fully paid-up ordinary shares with a par value of AED 1/- each.

19. **RESERVES**

19.1. **Statutory Reserve**

In accordance with the UAE Federal Decree Law No. (32) of 2021, 5% of the profit for the year shall be transferred to the statutory reserve. The Group may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. The reserve is not available for distribution except in the circumstances stipulated by the Law.

19.2. **Revaluation Reserve**

The revaluation reserve is used to record increases on the revaluation of non-current assets and decreases to the extent that such decreases relate to an increase on the same asset previously recognized in equity.

The Group has revalued land through independent valuers that are not related to the Group and having appropriate qualifications and recent experiences in valuation of properties in relevant locations. The valuations, which conform to international valuation standards, were arrived at by reference to market evidence of transaction prices for similar properties. The revaluation reserve is treated as part of equity in the consolidated statement of financial position.

19.3. **Fair Value Reserve**

This represents the cumulative gains and losses arising on the revaluation of:

- investments in equity instruments designated as at FVTOCI, net of cumulative gain/loss transferred to retained earnings upon disposal, and
- investments in debt instruments classified as at FVTOCI, net of cumulative loss allowance recognized on these investments and cumulative gain/loss reclassified to profit or loss upon disposal or reclassification of these investments.

As on the date of financial position, these investments are fully impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2025

20. TRADE AND OTHER PAYABLES

	2025	2024
	AED '000	AED '000
Trade payables	333,800	172,042
Dividend payable	91,621	91,625
Payable against purchase of land	367,079	367,113
Accruals	30,662	31,758
Retentions	18,105	18,295
Deferred income	57,772	70,438
Finance cost payable	118,496	105,401
Refundable deposit	11,909	14,513
Others	13,366	10,604
	<u>1,042,810</u>	<u>881,789</u>

21. BANK FINANCING

Financing from banks is represented by the following facilities:

	<i>Expected profit</i>	<i>Maturity</i>	2025	2024
			AED '000	AED '000
Term financing arrangement 1	Variable rate	2013 to 2026	69,943	69,943
Term financing arrangement 3	Variable rate	2016 to 2026	32,799	149,999
Term financing arrangement 4	Variable rate	2016 to 2023	440,000	440,000
Term financing arrangement 5	Variable rate	2016 to 2023	327,000	327,000
Term financing arrangement 6	Variable rate	2018 to 2028	-	45,527
Term financing arrangement 7	Variable rate	2019 to 2025	177,762	177,762
Term financing arrangement 8	Variable rate	2019 to 2025	37,890	37,890
Term financing arrangement 9*	Variable rate	2021 to 2031	127,500	148,382
			<u>1,212,894</u>	<u>1,396,503</u>

Movements in bank financing during the year are as follows:

	2025	2024
	AED '000	AED '000
As at 1 January	1,396,503	1,444,122
Repayment of bank financing	<u>(183,609)</u>	<u>(47,619)</u>
Closing balance	<u>1,212,894</u>	<u>1,396,503</u>

*The original borrowing is AED 150 million, out of which the bank deducted AED 43 million (Note 10) as of December 31, 2025, based on the conditions per the financing agreement.

Several security documents including registered mortgages over various properties in Abu Dhabi and, assignment of rental proceeds, secure bank financing. Various other conditions and financial covenants attached to the bank financing are in the normal course of business.

The management is in the process of restructuring of bank financing amounting AED 1,014,704 million and no principal repayments have been made on those financing during the year 2025. As of the reporting date, the term of restructuring are not finalized and no adjustment have been made to the consolidated financial statements in this regards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2025

22. EMPLOYEES' END-OF-SERVICE BENEFITS

Movement in provision for employees' end-of-service benefits is as follows:

	2025	2024
	AED '000	AED '000
As at 1 January	8,460	8,174
Charge for the year	2,058	1,701
Paid during the year	(1,657)	(1,415)
As at 31 December	<u>8,861</u>	<u>8,460</u>

23. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

Basic earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares used to calculate basic earnings per share, plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the profit and share data used in calculating the basic and diluted earnings per share computations:

	2025	2024
Profit for the year attributable to ordinary equity holders (AED '000)	14,397	8,221
Weighted average number of ordinary shares ('000)	2,600,000	2,600,000
Basic and diluted earnings per share (AED)	<u>0.0055</u>	<u>0.0032</u>

The Group does not have any instruments which would have a dilutive impact on earnings per share when converted or exercised.

24. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Group enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24. Related parties comprise entities under common ownership and/or common management and control and key management personnel. The shareholders and the management decide on the terms and conditions of the transactions and services received/ rendered from/to related parties as well as on other charges.

The following is a summary of transactions and key balances with related parties:

Balances with related parties included in the consolidated statement of financial position are as follows:

	2025	2024
	AED '000	AED '000
Transaction with Key Management Personnel		
Key management remuneration	<u>14,379</u>	<u>11,927</u>
Short-term employment benefits	<u>618</u>	<u>559</u>
Number of key management personnel	<u>10</u>	<u>9</u>
Related parties balances		
<i>Due from related parties</i>		
Key management personnel	<u>-</u>	<u>2,141</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2025

25. CONTINGENCIES AND COMMITMENTS

Commitments

Development expenditure and investments contracted for at the end of the reporting period but not provided for are as follows:

	2025 AED '000	2024 AED '000
Development work-in-progress, investment properties under construction	<u>250,000</u>	<u>250,000</u>

Contingent liabilities

There are certain claims under litigation against the Group. Although it is not possible at this time to predict the outcome of these claims, management does not expect that these claims will have a material adverse effect on the Group's financial position.

	2025 AED '000	2024 AED '000
Bank guarantee	<u>1,025</u>	<u>1,025</u>
Bank guarantee is issued to the Ministry of Interior for obtaining trade license of a subsidiary.		

26. Net investment in finance lease

The Group has subleased some of its leased properties without taking any margins on the said lease arrangements. These head leases and subleases are accounted under net investment in finance lease and lease liabilities. However, no net investment in finance lease outstanding as at 31 December 2025.

27. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 AED '000	2024 AED '000
Financial assets at amortised cost		
Cash and bank balances	22,691	11,372
Borrowings and receivables	<u>51,456</u>	<u>433,269</u>
Total	<u>74,147</u>	<u>444,641</u>
Financial liabilities at amortised cost		
Trade and other payables	1,042,810	881,789
Lease liabilities	944	1,499
Bank financing	1,212,894	1,396,503
Advance from customers	<u>14,081</u>	<u>14,164</u>
	<u>2,270,729</u>	<u>2,293,955</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2025

28. RISK MANAGEMENT

28.1. Capital management

The Group's policy is to maintain a strong capital base to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of healthy capital ratios.

The Group's strategy for monitoring capital is based on the gearing ratio. This ratio is calculated as net debt divided by total equity.

Gearing ratio

	2025	2024
	AED '000	AED '000
Bank financing	1,212,894	1,396,503
Bank balances and cash	<u>(21,586)</u>	<u>(10,347)</u>
Net debt	1,191,308	1,386,156
Equity attributable to owners of the parent	<u>2,950,025</u>	<u>2,935,628</u>
Gearing ratio (%)	<u>40%</u>	<u>47%</u>

The Group's policy is to keep its gearing ratio within acceptable limits. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

28.2. Financial risk management objectives

The Group is exposed to credit risk, liquidity risk, market risk, currency risk and profit rate risk. The Group's treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group by analysing exposures by degree and magnitude of risks.

28.3. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and profit rates.

28.4. Profit rate risk

Profit rate risk arises from the possibility that changes in profit rates will affect the value of financial instruments. The Group is exposed to profit rate risk on its profit-bearing assets and liabilities (Bank financing).

Profit rates on Bank financing are constantly monitored for adverse events and further repriced when an appropriate opportunity arises.

Bank financing carry variable profit rates; however, these are subject to a minimum expected fixed profit rate.

If profit rates had been 100 basis points higher/ lower and all other variables were held constant, the Group's profit for the year ended 31 December 2025 would increase/ decrease by AED 12 Million (2024: increase/ decrease by AED 14 Million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2025

28. RISK MANAGEMENT (continued)

28.5. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Trade receivables are reviewed on an ongoing basis and provision made for expected losses as and when required. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Geographically 100% (2024: 100%) of the Group's trade receivables are based in United Arab Emirates. Its five largest receivables account for 63% of the trade receivables as of 31 December 2025 (2024: 54%).

The Group has entered into contracts for the sale of residential and commercial units on an instalment basis. The instalments are specified in the contracts. The Group is exposed to credit risk in respect of instalments due. However, the legal ownership of residential and commercial units is transferred to the buyer only after all the instalments are recovered. In addition, instalments dues are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The credit risk on liquid funds is limited because the counterparties are reputable local banks closely monitored by the regulatory body. The carrying amount reflected in these consolidated financial statements represents the Group's maximum exposure to credit risk for such receivables.

28.6. Liquidity risk

The responsibility for liquidity risk management rests with the management of the Group, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities and reserve financing facilities, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted repayment arrangements was as follows:

	<i>Upto 1 month AED '000</i>	<i>1 to 6 months AED '000</i>	<i>6 to 12 months AED '000</i>	<i>Over 1 year AED '000</i>	<i>Total AED '000</i>
<i>As at 31 December 2025</i>					
Trade and other payables	104,015	182,033	234,042	522,720	1,042,810
Bank financing	<u>7,500</u>	<u>37,890</u>	<u>1,047,504</u>	<u>120,000</u>	<u>1,212,894</u>
Total	<u>111,515</u>	<u>219,923</u>	<u>1,281,546</u>	<u>642,720</u>	<u>2,255,704</u>
 <i>As at 31 December 2024</i>					
Trade and other payables	70,085	122,659	157,704	531,341	881,789
Bank financing	<u>17,382</u>	<u>82,352</u>	<u>1,118,762</u>	<u>178,007</u>	<u>1,396,503</u>
Total	<u>87,467</u>	<u>205,011</u>	<u>1,276,466</u>	<u>709,348</u>	<u>2,278,292</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2025

28. RISK MANAGEMENT (continued)

28.7. Maturity profile

The maturity profile of the assets and liabilities at 31 December 2025 is expected to be as follows:

	<i>Total</i>	<i>Amounts expected to be recovered or settled</i>	
		<i>Within 12 months of balance sheet date</i>	<i>After 12 months of balance sheet date</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Bank balances and cash	22,611	22,611	-
Trade and other receivables	375,286	96,699	278,587
Deferred tax asset	32,873	1,080	31,793
Development work-in-progress	538,487	-	538,487
Recoverable infrastructure costs	378,350	75,000	303,350
Investment properties	2,975,286	26,337	2,948,950
Right of use asset	921	552	368
Property, plant and equipment	<u>922,198</u>	<u>-</u>	<u>922,198</u>
TOTAL ASSETS	<u>5,246,012</u>	<u>222,279</u>	<u>5,023,733</u>
LIABILITIES			
Trade and other payables	1,042,814	520,094	522,720
Tax provision	3,222	-	3,222
Deferred tax liabilities	13,175	-	13,175
Lease liabilities	944	753	191
Bank financing	1,212,894	1,092,894	120,000
Advance from customers	14,081	14,081	-
Employees' end of service benefits	<u>8,861</u>	<u>-</u>	<u>8,861</u>
TOTAL LIABILITIES	<u>2,295,991</u>	<u>1,627,822</u>	<u>668,169</u>

The maturity profile of the assets and liabilities at 31 December 2024 is expected to be as follows:

	<i>Total</i>	<i>Amounts expected to be recovered or settled</i>	
		<i>Within 12 months of balance sheet date</i>	<i>After 12 months of balance sheet date</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Bank balances and cash	11,372	11,372	-
Trade and other receivables	583,260	303,470	279,790
Deferred tax asset	6,543	6,543	-
Development work-in-progress	793,802	-	793,802
Recoverable infrastructure costs	378,350	75,000	303,350
Investment properties	2,482,872	84,650	2,398,222
Right of use asset	1,474	553	921
Property, plant and equipment	<u>984,892</u>	<u>-</u>	<u>984,892</u>
TOTAL ASSETS	<u>5,242,565</u>	<u>481,588</u>	<u>4,760,977</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2025

28. RISK MANAGEMENT (continued)

28.7 Maturity profile (continued)

	<i>Amounts expected to be recovered or settled</i>		
		<i>Within 12</i>	<i>After 12</i>
	<i>Total</i>	<i>months of</i>	<i>months of</i>
		<i>balance sheet</i>	<i>balance sheet</i>
		<i>date</i>	<i>date</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
LIABILITIES			
Trade and other payables	881,789	350,448	531,341
Tax provision	4,522	4,522	-
Lease liabilities	1,499	555	944
Bank financing	1,396,503	1,218,496	178,007
Advance from customers	14,164	14,164	-
Employees' end of service benefits	<u>8,460</u>	<u>-</u>	<u>8,460</u>
TOTAL LIABILITIES	<u>2,306,937</u>	<u>1,588,185</u>	<u>718,752</u>

28.8. Foreign currency risk management

The Group has no significant cross-border trading transactions and therefore, foreign exchange transaction exposure is negligible. However, it does borrow money in foreign currencies primarily in US Dollars. The Group's currency exposure therefore is in relation to the repayment of borrowings and also the translation risk associated with converting outstanding borrowings balances back into UAE Dirhams in the Group's consolidated financial statements at the end of each reporting period. The exchange rate between UAE Dirhams and US Dollars is fixed and therefore the Group considers foreign exchange risk associated with repayment of borrowings and translation as minimum.

There is no significant impact of the US Dollar as the UAE Dirham is pegged to the US Dollar. Also, the Saudi Riyal is pegged to the US Dollar.

28.9. Risk of non-compliance with the principles and rules of Shari'a

Shari'ah compliance risk is the possibility that a financial service or product, is not or will not be in compliance with established Shari'ah principles and standards. Financial products and services designed especially for the Islamic financial marketplace are distinguished from their conventional counterparts by their compliance with Shariah precepts and principles. The Group is aware of Sharia non-compliance risk and its potential impact on the Group and is responsible for ensuring Sharia compliance. The Group has appointed a Sharia Board comprising of well reputed Sharia scholars to achieve this objective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
31 December 2025

29. FAIR VALUE MEASUREMENT

Fair value measurement recognised in the consolidated statement of financial position

The Group uses the following hierarchy for determining and disclosing the fair value of assets by valuation technique:

Level 1: Quoted (unadjusted prices in active markets for identical assets or liabilities).

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the analysis of assets recorded at fair value by level of the fair value hierarchy:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
2025:				
Investment properties	-	-	2,975,286	2,975,286
Land	-	-	771,025	771,025
Profit rate swaps	-	-	-	-
Total	-	-	<u>3,746,311</u>	<u>3,746,311</u>
2024:				
Investment properties	-	-	2,482,872	2,482,872
Land	-	-	828,454	828,454
Profit rate swaps	-	-	-	-
Total	-	-	<u>3,311,326</u>	<u>3,311,326</u>

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements.

30. SEGMENT INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments. The primary reporting format, business segments, reflects the manner in which financial information is evaluated by the Board of Directors and the management. Business segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the management of the Group for allocation of resources and performance assessment. Segment performance is evaluated based on gross profit and changes in fair values of investment properties.

30.1 Operating segments

The Group's policy is to maintain a strong capital base to ensure that entities in the Group will be able to continue

For financial reporting purposes, the Group is organised into five main operating segments:

- a) Property development and sales
- b) Investment properties portfolio
- c) Property management and related activities
- d) District cooling services
- e) Facility management and others

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2025

30. SEGMENT INFORMATION (continued)

30.1 Operating segments (continued)

Operating Segments Year ended 31 December 2025	<i>Property development and sales</i> AED '000	<i>Investment properties portfolio</i> AED '000	<i>Property management and related activities</i> AED '000	<i>District cooling services</i> AED '000	<i>Facility management and others</i> AED '000	<i>Group</i> AED '000
Revenue	-	<u>53,433</u>	<u>17,459</u>	<u>7,499</u>	<u>19,639</u>	<u>98,030</u>
Cost of revenue	<u>(52)</u>	<u>(28,773)</u>	<u>(11,633)</u>	<u>(9,365)</u>	<u>(13,973)</u>	<u>(63,796)</u>
Loss on disposal of investment properties	-	-	-	-	-	-
Gain/(loss) on sale of subsidiary	-	-	-	(13,000)	-	(13,000)
Impairment of Development work in progress	(1,098)	-	-	-	-	(1,098)
Changes in the fair value of investment properties	-	<u>209,086</u>	-	-	-	<u>209,086</u>
Segment profit	<u>(1,150)</u>	<u>233,746</u>	<u>5,826</u>	<u>(14,866)</u>	<u>5,666</u>	<u>229,222</u>
Selling and marketing expenses						(1,146)
General and administrative expenses						(63,331)
Provision for expected credit loss						(149,052)
Finance cost (net)						(61,395)
Other income						47,127
Profit before tax for the year						1,425
Tax benefit						<u>12,972</u>
Profit for the year						<u>14,397</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2025

30. SEGMENT INFORMATION (continued)

Operating Segments	<i>Property development and sales</i>	<i>Investment properties portfolio</i>	<i>Property management and related activities</i>	<i>District cooling services</i>	<i>Facility management and others</i>	<i>Group</i>
Year ended 31 December 2024	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Revenue	<u>32,340</u>	<u>54,770</u>	<u>15,774</u>	<u>6,085</u>	<u>26,248</u>	<u>135,217</u>
Cost of revenue	<u>(15,632)</u>	<u>(33,185)</u>	<u>(13,361)</u>	<u>(3,657)</u>	<u>(16,537)</u>	<u>(82,372)</u>
Loss on disposal of investment properties	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Impairment of Development work in progress	(2,073)	-	-	-	-	(2,073)
Changes in the fair value of investment properties	<u>-</u>	<u>9,385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,385</u>
Segment profit	<u>14,635</u>	<u>30,970</u>	<u>2,413</u>	<u>2,428</u>	<u>9,711</u>	<u>60,157</u>
Selling and marketing expenses						(681)
General and administrative expenses						(51,512)
Provision for expected credit loss						(17,802)
Finance cost (net)						9,245
Other income						6,793
Profit before tax for the year						6,200
Tax benefit						<u>2,021</u>
Profit for the year						<u>8,221</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2025

30. SEGMENT INFORMATION (continued)

	<i>Property development and sales</i>	<i>Property management and related activities</i>	<i>Investment properties portfolio</i>	<i>District cooling services</i>	<i>Facility management and others</i>	<i>Total segments</i>	<i>Unallocated</i>	<i>Consolidated</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
As at 31 December 2025								
Assets	<u>1,798,507</u>	<u>28,576</u>	<u>3,013,880</u>	<u>149,107</u>	<u>3,618</u>	<u>4,993,688</u>	<u>252,324</u>	<u>5,246,012</u>
Liabilities	<u>(1,755,369)</u>	<u>(10,818)</u>	<u>(144,231)</u>	<u>(1,242)</u>	<u>(3,351)</u>	<u>(1,915,011)</u>	<u>(380,976)</u>	<u>(2,295,987)</u>
As at 31 December 2024								
Assets	<u>2,243,302</u>	<u>25,191</u>	<u>2,529,609</u>	<u>153,851</u>	<u>6,914</u>	<u>4,958,867</u>	<u>283,698</u>	<u>5,242,565</u>
Liabilities	<u>(1,545,172)</u>	<u>(25,730)</u>	<u>(150,959)</u>	<u>(8,227)</u>	<u>(8,504)</u>	<u>(1,738,592)</u>	<u>(568,345)</u>	<u>(2,306,937)</u>

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30. SEGMENT INFORMATION (continued)

30.2 Geographical segment

The Group is operating in only one geographic segment, i.e United Arab Emirates.

31. DIVIDEND

No dividends were declared and paid during the year.

32. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date of December 31, 2025, geopolitical tensions have escalated in certain regions, affecting global trade routes, energy markets, and overall economic conditions. As these developments arose after the reporting date, they are considered non-adjusting events in accordance with IAS 10 – Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognized in these financial statements. Management has assessed the potential implications of these developments on the Group's operations, financial position, and performance. As at the date of approval of these financial statements:

- The Group continues to operate in the United Arab Emirates, which maintains a stable economic and regulatory environment.
- No material adverse impact on operations has been identified.
- No indicators of asset impairment have been noted.
- No significant changes in expected credit losses have been identified.

However, given the evolving nature of the situation, the extent of any future financial impact cannot be reasonably estimated at this stage. Management will continue to monitor developments closely.

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period presentation. Such reclassifications have no effect on the previously reported profit or equity of the Group.