



Management Discussion
and Analysis
(MD&A) Report

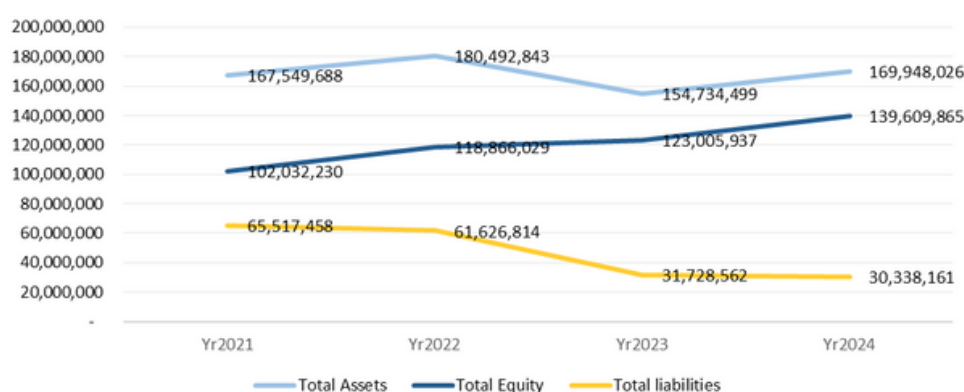
2024-Q4

Overview:

In the fourth quarter, the company successfully sustained its positive trajectory of operational income growth. This achievement is attributed to the strategic capitalization of opportunities created by evolving market trends and the timely execution of well-informed management decisions. Such consistent performance underscores the management's unwavering commitment to enhancing shareholder wealth and delivering long-term value.

The company remains steadfast in upholding the highest standards of corporate governance, ensuring full compliance with the guidelines set forth by the Securities and Commodities Authority (SCA), the Abu Dhabi Stock Exchange (ADX), and the Federal Tax Authority (FTA). By adhering to these regulatory frameworks, the company reinforces its dedication to transparency, accountability, and sustainable growth.

Financial Overview:



During Q4 2024, non-current assets saw a significant increase of AED 16 million, reaching AED 167 million compared to AED 151.9 million in Q4 2023. This growth was primarily driven by an increase in the fair value of investments. A slight reduction in total liabilities. To leverage emerging industry opportunities, a strategic decision was made to reclassify two buildings, previously held for sale, back into investment properties.

Total equity rose by AED 14.6 million during the fourth quarter, reflecting a combination of operational gains and the appreciation in the value of investment properties. It is noteworthy that the year-on-year growth in total non-current assets exceeded 10.5%, achieved despite the disposal of a major investment property in December 2023.

Key Financial Metrics:

Total Assets	AED 169,948,026
Total Equity	AED 139,609,865
Capital	AED 78,901,086
Total Liabilities	AED 30,338,161

Operational Highlights:

During the fourth quarter of 2024, the company exhibited strong operational and financial performance, underpinned by the management's strategic acumen in leveraging market opportunities. Despite the divestment of two properties, including a key asset in Industrial Area 13 in 2023, the company achieved a Profit Before Tax (PBT) of AED 14,619,573 for Q4 2024, reflecting a significant year-on-year increase. Marking a substantial improvement compared to the corresponding period in 2023, when the company reported a Q4 PBT of AED 4,523,290. This robust growth underscores the company's resilience and ability to optimize its asset portfolio while navigating market dynamics effectively.

The company demonstrated exceptional operational performance by exceeding its budgeted revenue target for the year, achieving 122% of the projected operating income against the budgeted AED 8,311,000/- and achieving AED 10,193,038. This remarkable achievement was realized despite a marginal decline in occupancy rates, which decreased by 1.73 percentage points to 94.52% in 2024, compared to 96.25% in the previous year. The decline in occupancy was primarily attributed to the strategic divestment of select properties, aimed at repositioning the portfolio to cater exclusively to families by phasing out bachelor accommodations.

Occupancy Rate

The marginal decline of 1.73% in occupancy rates, reducing it to 94.52% from 96.25% in 2023, was a strategic outcome of the company's systematic portfolio repositioning, designed to drive long-term gains and enhance future profitability.

Book Value

The book value (BV) strengthened to 1.769, up from 1.559 in 2023, reflecting the company's improved financial position. However, the market value declined to AED 1.94, compared to AED 3.10 in the previous year, indicating external market adjustments.

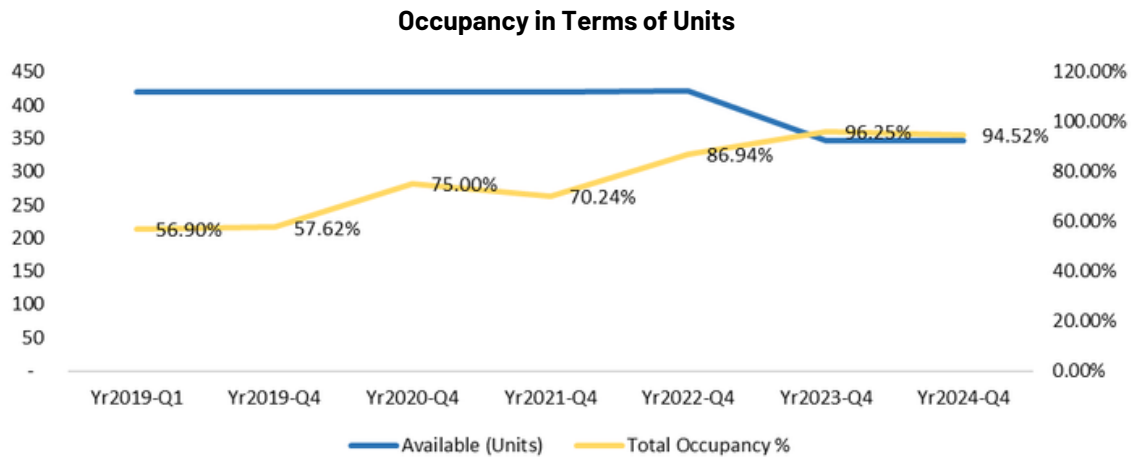
Budgeted Revenue

The company outperformed its budgeted revenue target of AED 8,311,000 for 2024, achieving a 22.6% increase, with actual revenue reaching AED 10,198,038.

Additionally, the company's financial strength was further reinforced by a notable increase in the book value of shares, which rose to 1.783 by the end of the reporting period. This represents a significant improvement from 1.583 recorded in the previous quarter and 1.559 at the close of 2023, reflecting enhanced shareholder value and sustained growth in the company's asset base.

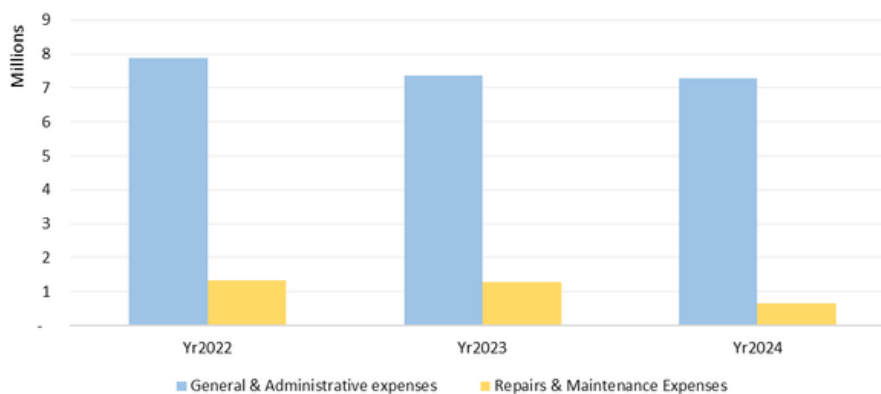
These achievements highlight the company's resilience and the effectiveness of its strategic initiatives in navigating challenges while maintaining strong operational performance in line with its long-term objectives. The ongoing portfolio repositioning, which focuses on catering exclusively to families by systematically phasing out bachelor accommodations, is expected to yield significant financial benefits. This strategic shift is anticipated to drive higher future returns through a combination of reduced maintenance costs and enhanced rental income, further strengthening the company's financial position and long-term growth prospects.

Operational Performance during the financial period:



In 2023, the company consistently maintained a high occupancy rate, exceeding the market average. However, in 2024, management prioritized enhancing the living experience for families by strategically shifting the tenancy portfolio. This initiative reflects the company's commitment to tenant satisfaction and underscores the effectiveness of its property management and retention strategies.

While this strategic transition led to a slight occupancy decline of 1.73% compared to December 2023, it is expected to yield long-term benefits, with improved returns anticipated in 2025. Despite this temporary adjustment, the company successfully maintained an average occupancy rate of 96.33% throughout 2024 –well above the budgeted annual average of 93.5%—demonstrating its resilience and ability to manage tenant transitions effectively.



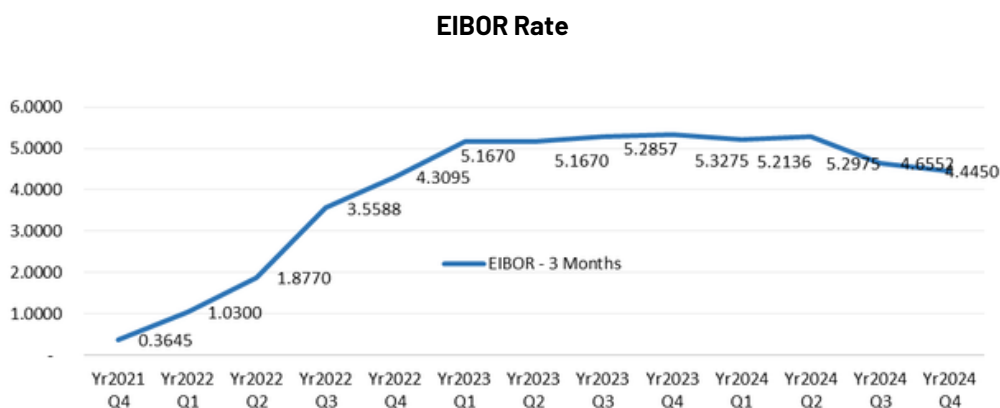
The company delivered a strong performance in 2024, reporting an operational profit (PBT) of AED 14,619,573 –substantially surpassing both the AED 4,393,652 recorded in 2023 and the budgeted AED 8,311,000 Mn. Excluding revaluation gains and bonus allocations, the company generated operational profit of AED 2.5 million in 2024. Cost efficiency remained a key focus, with maintenance expenses coming in 28.2% lower than the budgeted amount, while general administrative expenses saw a slight reduction.

Financial Position:

By the end of 2024, the company's total assets grew to AED 169.95 million, marking an increase of AED 15.2 million from AED 154.74 million at the close of 2023. This asset expansion was accompanied by a controlled reduction in total liabilities, which declined by AED 1.4 million to AED 30.8 million as of year-end 2024, compared to AED 31.7 million reported at the end of 2023.

In 2024, the company benefited from a decline in the Emirates Interbank Offered Rate (EIBOR), leading to a reduction in total finance costs by AED 0.25 million, resulting in expenses of AED 2.1 million compared to AED 2.37 million in 2023. This decrease aligns with the downward trend in the 3-month EIBOR, which stood at 4.28% in December 2024, down from 4.53% in November 2024.

Looking ahead, the company has a scheduled loan installment due in May 2025. Given our strengthened financial position and effective cost management, we are confident in our ability to meet this upcoming repayment on time, without any financial challenges.



Cash Flows:

In 2024, the company generated AED 4.36 million from operating activities, a 25% increase from AED 3.46 million in the previous year. This growth was driven by a strong rental market and consistently high occupancy throughout the year.

Cash flow from investing activities declined by 95%, dropping from AED 28.46 million in 2023 to AED 1.25 million in 2024. Meanwhile, cash outflow from financing activities significantly decreased to AED 5.81 million, just 17.83% of the AED 32.57 million outflow recorded in 2023. This improvement was primarily due to the full disbursement of dividend payables during 2023.

As a result, the closing cash balance for 2024 stood at AED 697,289, compared to AED 959,461 in the previous year.

Expectations and Future Plans:

The company successfully maintained a high occupancy rate throughout the year by leveraging favourable market conditions and implementing strategic efficiency initiatives. Despite a slight dip in Q4 2024, which resulted from a deliberate management decision, average occupancy reached a historic high of 96.3%, up from 92.95% in 2023. This achievement highlights the company's adaptability in capitalizing on market opportunities. Looking ahead, management is committed to sustaining an occupancy level of at least 95% in 2025.

The company is dedicated to maintaining its strong presence in the UAE's dynamic real estate sector by continuously improving existing facilities and pursuing strategic projects that align with the nation's growth ambitions. This commitment underscores its role in supporting the UAE's vision for economic diversification and urban development. Looking ahead, the company remains focused on driving innovation and long-term success, ensuring a lasting impact on the sector's growth.

Business Diversification:

As a listed entity on the Abu Dhabi Securities Exchange (ADX), the company is leveraging its position to drive diversification by exploring high-yield business segments while strategically minimizing exposure to lower-return investments. This proactive approach reflects a strong commitment to maximizing profitability and optimizing resource allocation. By adopting this strategy, the company aims to enhance financial performance and solidify its position for sustainable long-term growth in the UAE market.

Capital Expenditure:

The company is actively exploring expansion plans centred on commercial development and new ventures. With the Emirates Interbank Offered Rate (EIBOR) trending downward and favourable conditions in the UAE real estate market, significant announcements are expected soon. This reflects the company's strategic approach to market dynamics, carefully assessing interest rate movements to drive sustainable growth.

Portfolio Optimization:

Our team has identified promising new business opportunities and is diligently analysing the most effective implementation strategies to maximize benefits for both our existing and potential shareholders. This comprehensive approach focuses on aligning new ventures with our long-term growth objectives. By optimizing our portfolio, we aim to enhance our market presence, not only within our current sectors but also by exploring high-potential new industries and geographic regions.

Conclusion:

The UAE market is flourishing, offering a promising environment for investors. Aram Group Company continues to demonstrate resilience and a strong commitment to excellence, leveraging its internal strengths and capabilities to drive success.

We remain dedicated to upholding the highest standards of corporate governance, enforcing strict compliance measures to ensure optimal outcomes for our investors. Our focus is on sustainable growth and maximizing shareholder value while fulfilling our corporate responsibilities. By emphasizing ethical and effective business practices, we navigate challenges with confidence and seize long-term opportunities in this dynamic market.



Ali Mohd Zaid Musmar
CEO



Copy to:

Securities and Commodities Authority (SCA) - Abu Dhabi, UAE