

# Management Discussion and Analysis Report (MD&A)

For Q2, 2025 ended 30th June, 2025

## Overview of the main results during the financial period

Operation revenue	AED 5,376,183
Net Profit	AED 1,978,591
Total Assets	AED 174,357,218
Total Equity	AED 146,196,346
Total Liabilities	AED 28,160,872
Capital	AED 78,901,086

## Securities issued during the financial period

No securities were issued during the second quarter of 2025, which ended on June 30, 2025.

## Summary of Key Non-Financial Events and Developments During the Financial Period:

In the second quarter of 2025, Aram Group recorded a significant increase in operating income. This achievement can be attributed to the company's ability to effectively capitalize on strategic opportunities presented by favorable market trends, as well as the timely and effective implementation of well-considered managerial decisions. This reflects the management's strong commitment to enhancing shareholder wealth and providing sustainable long-term value.

The company is also committed to the highest standards of corporate governance and full compliance with all regulations and guidelines set by the Securities and Commodities Authority (SCA), the Abu Dhabi Securities Exchange (ADX), and the Federal Tax Authority (FTA), aiming to achieve transparency and foster sustainable growth.

## Summary of Operational Performance During the Financial Period

In the second quarter of 2025, the company made significant progress across various operational dimensions, largely due to the effective strategies developed and implemented by the management team.

During the first six months of 2025, the company achieved a profit of AED 2,101,489 (PBT), representing an increase of 211.47% compared to the same period in 2024. It also successfully reached 34.5% of the revenue target set in the budget for this period. Administrative and general expenses have decreased from AED 3,034,618 to AED 2,575,146 (a reduction of 15.23%) compared to the same period in 2024.

Furthermore, the occupancy rate during the period reached 95.68%, closely approaching the 97.69% recorded in the second quarter of 2024. Additionally, the book value per share increased by 8% compared to the 2024 results. This achievement underscores the effectiveness of the executive management's initiatives and the company's ability to navigate challenges while maintaining overall operational performance in alignment with the defined objectives.



## Main Performance Indicators

### Occupancy Rate

The occupancy rate reached 95.68% by the end of the financial period, representing a notable increase compared to the 94.52% recorded at the end of 2024

### Book Value per Share

The book value per share increased at the end of the second quarter of 2025 to 1.853, compared to 1.554 recorded in the second quarter of 2024 and 1.769 recorded at the end of 2024. This reflects the growth in the company's financial capacity aimed at enhancing shareholder value and achieving sustainable growth in the company's asset base.

### Budgeted Revenue

The budgeted revenue for the second quarter of 2025 was estimated at 4.0Mn AED. However, the company achieved actual revenues that exceeded this estimate by 34.5%, reaching a total of 5.38Mn AED.

These achievements highlight the company's resilience and the effectiveness of its strategic initiatives in navigating challenges, while maintaining strong operational performance aligned with its long-term objectives. The company's ongoing investment portfolio restructuring—focused exclusively on serving families by systematically and deliberately phasing out individual accommodations—is expected to generate significant financial returns in the future. This will be achieved through reduced maintenance costs and increased rental income, thereby enhancing the company's financial strength and long-term growth prospects.

## Summary of Profit and Loss for the Financial Period

During the second quarter, the company reported operating revenues amounting to 845,684 AED (PBT), marking a significant improvement compared to the 196,437 AED reported in the second quarter of 2024. The rental income for this period reached 2,593,668 AED, reflecting a 3.52% increase compared to the total income of 2,505,546 AED recorded in Q2 2024.

## Summary of Financial Position as at the End of the Financial Period

By the end of the second quarter of 2025, the company's total assets reached 174,357,218 AED, reflecting an increase of 4.41 Million AED in the asset portfolio compared to 169,948,026 AED recorded at the end of 2024.

The company also benefited from the decline in the Emirates Interbank Offered Rate (EIBOR), which contributed to a reduction in total financing costs by 0.39 million AED, bringing total expenses down to 2.833 million AED, compared to 3.329 million AED during the same period in 2024.

Looking ahead, and based on the company's financial strength and effective cost management, the company reaffirms its commitment to settling the loan installment due in Nov 2025 on time, without facing any financial challenges.

## Summary of Cash Flows for the Financial Period

---

During the second quarter of 2025, the company successfully generated net cash flows from operating activities amounting to AED 2,494,298, reflecting an increase compared to the AED 2,250,210 recorded in the second quarter of 2024.

## Sector Forecasts and the Company's Strategic Positioning

---

The company successfully maintained a high occupancy rate during the period, capitalizing on favorable market conditions and the implementation of strategic initiatives aimed at enhancing operational efficiency. The average occupancy rate reached an impressive 95.68%, reflecting the company's exceptional ability to adapt to market changes and leverage available opportunities.

Looking ahead, the company aims to play a leading role in the real estate sector within the United Arab Emirates. It continues to strive for positive impact and effective contribution by continuously upgrading existing facilities and pursuing strategic projects that align with the country's growth ambitions. This commitment underscores the company's dedication to supporting the UAE's vision for economic diversification and urban development, ensuring long-term success and the realization of its vision for sustainable growth.

## Economic Forecasts and Its Impact on the Company and the Sector

---

The company is proactively engaged in formulating and executing expansion strategies that emphasize commercial development and new projects, while taking into account the decline in the Emirates Interbank Offered Rate (EIBOR) and the favorable conditions in the UAE real estate market. In light of future projections, the company adopts a strategic approach to adapt to market dynamics and assess the impact of interest rate fluctuations on its expansion initiatives, ensuring long-term and sustainable growth.

## Strategic Plans for Growth and Operational Changes in the Coming Periods

---

- **Strategic Business Diversification**

Leveraging the advantages of being listed on the Abu Dhabi Securities Exchange (ADX), the company is actively pursuing business diversification within its investment portfolio by entering high-return sectors and strategically shifting away from low-return investments. This approach reflects its focus and commitment to achieving maximum profitability and making better use of available resources, with the aim of enhancing its financial performance and solidifying its position for sustainable long-term growth in the UAE market.

- **Optimizing the Investment Portfolio**

The company's management has identified promising new investment opportunities and is diligently working on formulating and analyzing the most effective execution strategies to maximize returns for both current and potential shareholders. This comprehensive approach focuses on aligning new projects with our strategic goals for sustainable long-term growth. Building on the principle of diversifying our investment portfolio, our aim is not only to expand our presence in existing markets but also to explore new sectors and geographical regions that offer sustainable benefits and returns.

These efforts are part of a broader strategy to diversify our revenue sources and secure sustainable returns, ensuring a stronger foundation and flexible performance that adapts to the ongoing evolution and growth of the business sector.

## Updates on the Execution of Projects, Plans, and Transactions Discussed by the Company's Board of Directors in the Annual Report for the Previous Fiscal Year

The company made significant progress in the second quarter of 2025 in executing several projects and plans discussed in the Board of Directors' report for the previous fiscal year. Advanced stages were completed in the operational expansion project, with adherence to the established timeline and allocated financial provisions. Preliminary agreements were also signed for several strategic partnerships, which are expected to contribute to boosting the company's revenues and expanding its customer base. Regarding previously announced transactions, the necessary regulatory and procedural actions are currently being completed, with ongoing follow-up by the executive management to ensure effective implementation and the achievement of the desired goals.

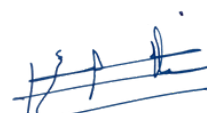
### Other Matters Discussed:

In the second quarter of 2025, the Board of Directors discussed several other topics that fall under the company's strategic priorities. Key discussions included monitoring the company's performance, reviewing compliance and governance reports, as well as deliberating on plans for human resources development and enhancing administrative efficiency. Additionally, updates on the regulatory and legislative environment relevant to the company's operations were reviewed, with necessary recommendations made to ensure alignment with the applicable standards and regulations.

### Conclusion of the Report

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**

Chief Executive Officer  
Aram Group Company PJSC