



Management Discussion and Analysis Report (MD&A)

Q4, 2025

For the period ended 31st Dec, 2025

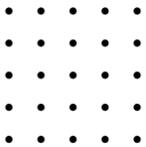
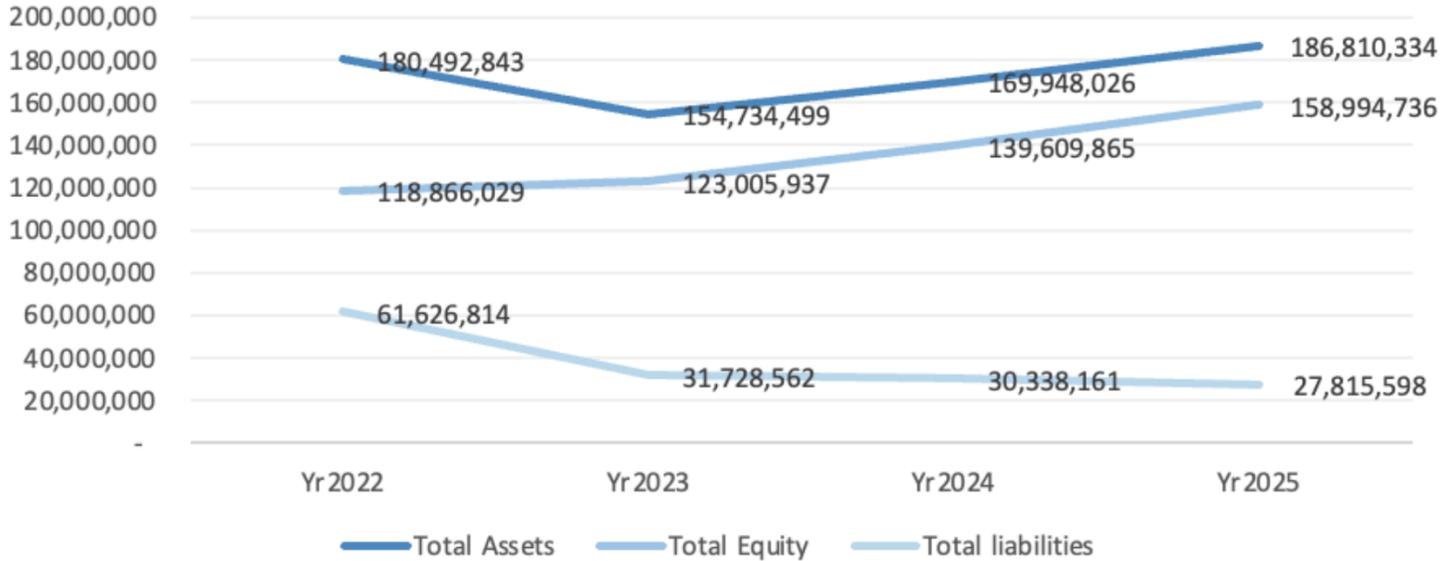
Overview:

In the fourth quarter, the company successfully sustained its positive path 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:



By the end of 2025, total assets increased to AED 186.81 million, compared to AED 169.94 million in 2024, reflecting a growth of AED 16.87 million. Alongside this asset growth, total equity rose by AED 19.38 million to reach AED 158.99 million, while total liabilities decreased by AED 2.5 million to AED 27.8 million. As a result of this strong financial performance and prudent liability management, owners' equity recorded a growth of 13.9% during the year.



Key Financial Metrics:

Total Assets	AED 186,810,334
Total Equity	AED 158,994,334
Total Liabilities	AED 27,815,598
Capital	AED 78,901,086

Operational Highlights:

During 2025, the Company recorded strong operational and financial results, reflecting effective execution of its strategic initiatives and the ability to capitalize on prevailing market conditions. Gross profit increased to AED 10.65 million, representing an 11% improvement compared to 2024 and exceeding the approved budget by 36.91%. The improvement was primarily driven by enhanced revenue generation, disciplined cost management, and operational efficiencies across the portfolio.

For the year, operating income reached AED 11,236,419 compared to the budgeted AED 8,448,000, reflecting a positive variance of 36.91%. This outperformance was attributable to optimized leasing strategies, improved rental yields, and proactive asset management.

During the year, the Company continued to prioritize enhancing the living experience for families by strategically optimizing the tenancy portfolio, building on the policies implemented in 2024. This approach enabled the Company to consistently maintain a high occupancy rate, well above the market average. The Company maintained a strong average occupancy rate of 97.8% throughout the year, significantly exceeding the budgeted annual average of 93.5%. This performance underscores the resilience of the Company's portfolio and its effective tenant management practices.



Occupancy Rate

The occupancy rate increased marginally by 1.5%, rising to 97.8% from 96.3% in 2024. This improvement reflects the successful execution of the Company's systematic portfolio repositioning strategy, aimed at optimizing asset performance, strengthening tenant quality, and enhancing long-term profitability.

Book Value

The book value (BV) strengthened to AED 2.015 from AED 1.769 in 2024. Reflecting strong market sentiment, the market value per share increased by 26.2% during the year, reaching AED 2.45 at year-end, compared to AED 1.94 at the close of 2024.

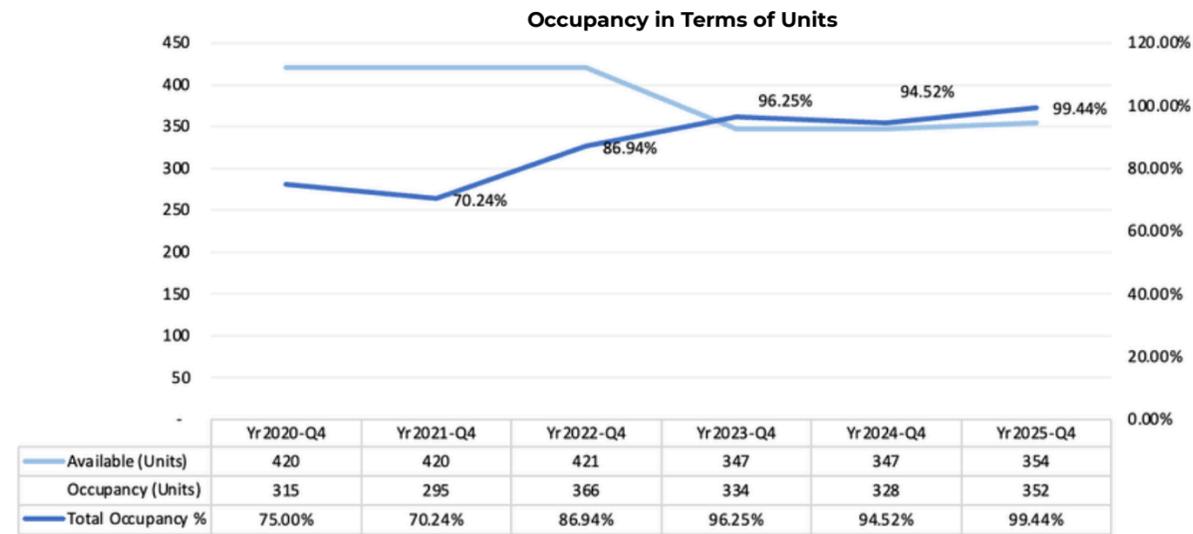
Budgeted Revenue

The company outperformed its budgeted revenue target of AED 8,448,000 for 2025, achieving a 36.9% increase, with actual revenue reaching AED 11,236,419.

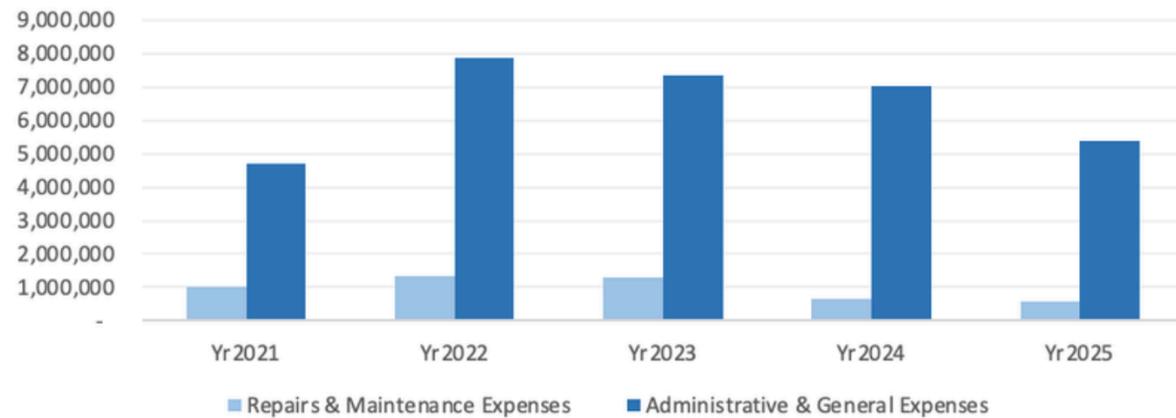
At the close of 2025, the Company achieved a significant 13.9% increase in book value per share, rising to AED 2.015 from AED 1.769 in 2024. Reflecting strong market sentiment, the market value per share increased by 26.2% during the year, reaching AED 2.45 at year-end, compared to AED 1.94 at the close of 2024. As a result, the price-to-book value ratio experienced a modest increase, reaching 1.22 times.

The Company's achievements continued to reflect its resilience and the effectiveness of its strategic direction in navigating market dynamics while sustaining strong operational performance in line with its long-term objectives. During the year, management advanced the portfolio repositioning strategy, focusing on the full transition to family-oriented accommodations through the structured phase-out of bachelor units. This strategic transformation is expected to deliver meaningful financial benefits in the coming periods, including lower maintenance costs, improved asset quality, and stronger, more sustainable rental yields. Collectively, these initiatives reinforce the Company's financial strength and position it for stable, long-term growth.

Performance during the financial period:



While this strategic transition resulted occupancy rate increased marginally by 1.5% rising to 97.8% from 96.3% in 2024, it was implemented with a focus on long-term value creation, with improved returns realized during 2025. Despite this adjustment, the Company maintained a strong average occupancy rate of 97.8% throughout the year—well above the budgeted annual average of 93.5%—demonstrating resilience and effective management of tenant transitions.



The Company continued to demonstrate strong operational efficiency and disciplined expense management throughout the year. General and administrative expenses totalled AED 5.407 million, down from AED 7.048 million (or AED 6.048 million excluding bonus provisions) in 2024. Repair and maintenance costs were also reduced by approximately 11%, amounting to AED 583,782 compared to AED 653,615 in the prior year.



Financial Position:

By the end of 2025, the company’s total assets grew to AED 189.81 million, marking an increase of AED 16.87 million from AED 169.94 million at the close of 2024. This asset expansion was accompanied by a controlled reduction in total liabilities, which declined by AED 2.5 million to AED 27.8 million as of year-end 2025, compared to AED 30.3 million reported at the end of 2024.

In 2025, the company benefited from a decline in the Emirates Interbank Offered Rate (EIBOR), leading to a reduction in total finance costs by AED 0.63 million, resulting in expenses of AED 1.48 million compared to AED 2.1 million in 2024. This decrease aligns with the downward trend in the 3-month EIBOR, which stood at 3.47% in Q4 2025, down from 3.88% in Q3 2025.

Looking ahead into 2026, the Company has a scheduled loan installment due in May 2026. As at the end of 2025, supported by its strengthened financial position, improved cash flows, and disciplined cost management, management is confident in the Company’s ability to meet this repayment obligation on time and without financial strain.



Cash Flows:

In 2025, the Company generated AED 5.28 million from operating activities, representing a 21% increase compared to AED 4.36 million in the previous year. This growth was driven by a robust rental market and consistently high occupancy levels maintained throughout the year.

Cash outflows from investing activities amounted to AED 0.28 million, primarily attributable to the acquisition of additional land in Ind 07 and furniture and fit-out works in our Abu Dhabi office. Meanwhile, cash outflows from financing activities decreased significantly to AED 5.23 million, compared to AED 5.87 million in the prior year. This improvement was mainly driven by a reduction in total finance costs during the year.

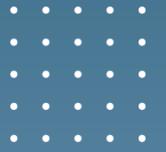
As a result, the closing cash balance as at 31 December 2025 stood at AED 448,996, compared to AED 697,289 at the end of the previous year.

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. Average occupancy increased marginally by 1.5% rising to 97.8% from 96.3% in 2024. 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 97% in 2026.

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:

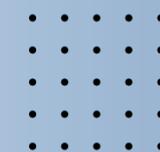
As a listed entity on the Abu Dhabi Securities Exchange (ADX), the company is leveraging its position to drive diversification by exploring high-yield business segments while strategically minimizing exposure to lower-return investments. This proactive approach reflects a strong commitment to maximizing 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.

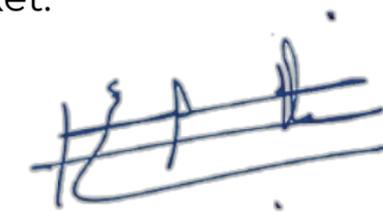


Conclusion:

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.

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Ali Mohd Zaid Musmar

CEO & Managing Director
Aram Group Company PJSC

