

Arada Developments LLC
and its subsidiaries

Consolidated financial statements
31 December 2025



KPMG Lower Gulf Limited
2004, Al Batha Tower
P.O.Box 28653, Buhaira Corniche
Sharjah, United Arab Emirates
Tel. +971 (6) 517 0700, www.kpmg.com/ae

Independent auditors' report

To the Shareholders of Arada Developments LLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arada Developments LLC (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity for the year then ended, and notes, comprising material accounting policies and other explanatory information.

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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the United Arab Emirates. We have also fulfilled our other ethical responsibilities in accordance with these requirements and 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Revenue recognition on sale of properties

Refer to notes 3.2, 5 and 37(ii) to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Group recognizes revenue on sale of properties in accordance with IFRS 15 “Revenue from Contracts with Customers”.</p> <p>The Group recognizes revenue on sale of properties either at point in time or over time depending on the terms of contracts with its customer and the relevant laws and regulations of the jurisdiction in which it has entered into the contract with its customers.</p> <p>Revenue recognition on sale of properties was considered a key audit matter due to following key elements of judgement and estimation involved that warrant additional audit focus:</p> <ul style="list-style-type: none"> • Determining whether the performance obligations are satisfied over time or at a point in time; and • Estimation of total costs required to meet performance obligations under the contracts with customers and for performance obligations satisfied over time, recognize revenue in proportion to the extent and upon satisfactory fulfillment of performance obligations. 	<p>Our audit procedures in this area included but were not limited to the following:</p> <ul style="list-style-type: none"> • We have assessed the appropriateness of the Group’s revenue recognition policies and their compliance with IFRS Accounting Standards. • Obtained an understanding of the Group’s revenue processes and evaluated the design and implementation of relevant controls. • On a sample basis, we have assessed the contracts for sale of properties to identify the performance obligations of the Group under these contracts and assessed whether these performance obligations are satisfied over time or at a point in time based on the criteria specified under IFRS 15. • On a sample basis, we have assessed the appropriateness of percentage of completion of the construction of properties by reference to costs incurred to date compared to the estimated total costs, where the performance obligation is satisfied over time. • On a sample basis, we have assessed the reasonableness of total estimated costs to complete by reference to supporting documentation, retrospective budget reviews, and other relevant evidence. • For costs incurred to date, we have tested, on a sample basis, significant items of cost components by comparing these to the relevant supporting documents including payment certificates to ascertain the existence and accuracy of the costs of work done. • We assessed the adequacy of the Group’s disclosures in relation to the requirements of IFRS 15.

Key Audit Matters (continued)

Valuation of Investment Properties

Refer to notes 3.4, 12 and 37(i) to the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Group's accounting policy is to state its investment properties at fair value at each reporting date. The Group holds investment properties, completed and under construction, for the purposes of generating rental income or capital appreciation or both, carried at AED 1,827 million as at reporting date.</p> <p>The Group engaged professionally qualified external valuers to fair value its property portfolio. Key inputs in the valuation process included yield rates, estimated rental values and comparable prices, which are influenced by prevailing market forces and the property specific characteristics.</p> <p>The valuation of investment properties is a significant judgment area and is underpinned by a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any bias or error in determining the fair value, could lead to a material misstatement in the consolidated financial statements.</p>	<p>Our audit procedures undertaken in this area together with the involvement of our valuation specialists included but were not limited to the following :</p> <ul style="list-style-type: none"> • We have obtained an understanding of the valuation process implemented by the Group and evaluated the design and implementation of relevant controls. • We have evaluated the qualifications of the management appointed valuers and read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work. • We involved our real estate valuation specialists to assist us in evaluating the appropriateness of the valuation methodologies applied by management's external valuer. Our specialists also assessed the reasonableness and supportability of selected significant assumptions used in the valuations, including yield rates, estimated rental value and price assumptions, by comparing them against available market data, industry benchmarks, and historical trends where applicable. • On a sample basis, we tested the accuracy and completeness of key underlying data provided by management to the external valuer which includes lease agreements, occupancy details, and passing rent. This involved agreeing the source data back to relevant supporting documentation maintained by the Group. • We have performed sensitivity analysis on the significant assumptions to evaluate the extent of the impact of changes in the key assumption to the conclusion reached by the management. • We have assessed the adequacy of disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Report which is set out on pages 1 to 18.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended, 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.

Auditors' 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 auditors' 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.

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

- 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 auditors' 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 auditors' 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 auditors' 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.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, as amended, we report that for the year ended 31 December 2025:

- i) we have obtained all the information and explanations we considered necessary for the purposes of 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, as amended;
- iii) the Group has maintained proper books of account;
- iv) the financial information included in the Directors' report is consistent with the books of account of the Group;
- v) as disclosed in note 40 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2025;
- vi) note 16 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and
- 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, as amended, or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2025.

KPMG Lower Gulf Limited - SHJ BR



Adil Abid
Registration No.: 5541
Sharjah, United Arab Emirates

Date: **28 APR 2026**

Arada Developments LLC and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2025

	Note	2025 AED	2024 AED
Revenue	5	6,071,613,652	3,944,475,185
Direct costs	6	(3,545,914,306)	(2,357,024,317)
Other income	7	38,667,776	48,216,933
General and administrative expenses	8(a)	(589,603,602)	(444,608,004)
Sales and marketing expenses	8(b)	(450,946,385)	(377,322,047)
Gain on remeasurement of properties held for development and sale on transfer to investment properties	12	-	47,698,189
Change in fair value of investment properties	12	77,891,514	124,256,903
Impairment of property, plant and equipment	10(i)	(6,075,353)	-
Allowance for impairment on due from related parties	16(b)	(11,863,548)	-
Share of results from equity accounted investees	14	(3,344,133)	(8,060,897)
Allowance for impairment on loan to related parties	16(e)	-	(4,273,109)
Finance costs	9(a)	(697,840,594)	(536,009,895)
Finance income	9(b)	273,636,435	132,836,738
Profit for the year before tax		1,156,221,456	570,185,679
Income tax expense	39	(77,862,377)	(53,577,809)
Profit for the year after tax		1,078,359,079	516,607,870
Other comprehensive income			
<i>Items that are or may be reclassified to profit or loss</i>			
Foreign currency translation differences for foreign operations		47,405,835	(41,804,337)
<i>Item that will not be reclassified to profit or loss</i>			
Gain on revaluation of property, plant and equipment on transfer to investment properties	10(i)	30,857,732	-
Related tax	39	(2,777,196)	-
Other comprehensive income/(loss)		75,486,371	(41,804,337)
Total comprehensive income for the year		1,153,845,450	474,803,533
Profit Attributable to			
Owners of the Company		1,126,655,420	517,314,246
Non-controlling interest	35	(48,296,341)	(706,376)
Profit for the year		1,078,359,079	516,607,870
Total comprehensive income attributable to			
Owners of the Company		1,194,211,774	486,309,602
Non-controlling interest	35	(40,366,324)	(11,506,069)
Total comprehensive income for the year		1,153,845,450	474,803,533

The accompanying notes 1 through 42 form an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 19 to 24.

Arada Developments LLC and its subsidiaries

Consolidated statement of financial position

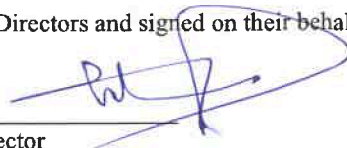
As at 31 December 2025

	Note	2025 AED	2024 AED
Assets			
Property, plant and equipment	10	699,079,243	724,936,377
Right-of-use assets	11	383,623,380	504,416,178
Investment properties	12	1,827,369,295	1,638,041,690
Intangible asset	13	14,467,367	19,375,282
Investment in equity accounted investees	14	25,051,882	28,396,015
Properties held for development and sale	15	4,274,633,926	4,041,006,346
Loan to related parties	16(e)	1,181,286,731	744,178,799
Due from related parties	16(b)	2,963,734,049	78,899,913
Deferred tax asset	39	7,293,665	-
Trade, contract and other receivables	17	6,066,390,327	3,430,254,147
Restricted balances with bank	18(c)	103,253,307	41,596,439
Fixed deposit with banks	18(b)	2,064,800,000	1,589,100,000
Cash and cash equivalents	18(a)	1,699,877,120	2,214,050,974
Total assets		21,310,860,292	15,054,252,160
Equity and liabilities			
Equity			
Share capital	19(a)	1,800,000,000	1,800,000,000
Legal reserve	19(b)	58,583,503	46,489,638
Currency translation reserve	19(c)	(62,279)	(31,004,644)
Revaluations reserve	19(d)	28,080,536	-
Retained earnings		1,935,193,878	886,095,244
Attributable to owners of the Company		3,821,795,638	2,701,580,238
Non-controlling interest	35	(34,952,109)	112,198,447
Total equity		3,786,843,529	2,813,778,685
Liabilities			
Payable to the Government of Sharjah	20	1,907,658,298	1,979,910,526
Sukuk	21	5,198,014,802	3,834,746,133
Borrowings	22	1,684,550,000	575,400,000
Lease liabilities	23	366,554,005	489,676,116
Deferred tax liability	39	27,339,023	15,994,531
Employees' end of service benefits	24	27,334,243	24,001,425
Derivative financial instrument	25	1,268,959	23,397,549
Due to shareholders	16(d)	520,576,485	1,251,457,735
Due to related parties	16(c)	2,118,358,609	490,917,169
Advance from customers	26	3,002,163,987	1,701,685,707
Corporate tax payable	39	101,112,272	37,583,278
Trade and other payables	27	2,569,086,080	1,815,703,306
Total liabilities		17,524,016,763	12,240,473,475
Total equity and liabilities		21,310,860,292	15,054,252,160

These consolidated financial statements were authorized by the Board of Directors and signed on their behalf by:



Director



Director

The accompanying notes 1 through 42 form an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 19 to 24.

Arada Developments LLC and its subsidiaries

Consolidated statement of cash flows

For the year ended 31 December 2025

	Note	2025 AED	2024 AED
Operating activities			
Profit for the year after tax		1,078,359,079	516,607,870
<i>Adjustment for:</i>			
Depreciation and amortization	10,11 and 13	170,314,483	134,558,975
Impairment of property, plant and equipment	10(i)	6,075,353	-
Gain on remeasurement of properties held for development and sale on transfer to investment properties	12	-	(47,698,189)
Change in fair value of investment properties	12	(77,891,514)	(124,256,903)
Share of results from an equity accounted investee	14	3,344,133	8,060,897
Finance costs	9(a)	697,840,594	536,009,895
Finance income	9(b)	(273,636,435)	(132,836,738)
Allowance for impairment on loan to related parties	16(e)	-	4,273,109
Allowance for impairment on due from related parties	16(b)	11,863,548	-
Provision for employees' end of service benefits	24	10,767,732	9,808,014
Income tax expense		77,862,377	53,577,809
		<hr/>	<hr/>
Operating profit before working capital changes		1,704,899,350	958,104,739
Changes in working capital			
Trade, contract and other receivables		(2,702,192,916)	(833,733,258)
Due from related parties		(1,485,138,837)	(34,797,818)
Properties held for development and sale		(62,078,600)	(245,599,495)
Due to related parties		806,148,824	(70,730,673)
Trade and other payables		769,652,863	100,147,811
Payment to the Government of Sharjah		(72,252,228)	(64,633,079)
Advances from customers		1,360,581,898	473,148,577
		<hr/>	<hr/>
Cash (used) / generated from operating activities		319,620,354	281,906,804
Payments for employees' end of service benefits	24	(4,119,620)	(2,512,038)
Income tax paid		(14,906,921)	-
		<hr/>	<hr/>
Net cash (used) / generated from operating activities		300,593,813	279,394,766
Investing activities			
Acquisition of property, plant and equipment	10	(201,149,236)	(110,228,667)
Proceeds from disposal of property, plant and equipment		6,396,228	298,295
Acquisition of investment properties	12	(138,003,496)	(109,535,088)
Acquisition of right-of-use assets	11	-	(70,584,000)
Acquisition of subsidiary net of cash received	32	(74,014,817)	-
Loan given to related parties	16(e)	(371,606,581)	(133,123,031)
Funds transferred to related party		(1,161,040,799)	-
Deposit made during the year having a maturity of more than three months	18(b)	(4,176,366,868)	(1,630,696,439)
Deposit matured during the year having maturity more than three months	18(b)	3,639,010,000	650,090,000
Finance income received		107,511,618	53,913,656
		<hr/>	<hr/>
Net cash used in investing activities		(2,369,263,951)	(1,349,865,274)

Arada Developments LLC and its subsidiaries

Consolidated statement of cash flows (continued)

For the year ended 31 December 2025

	<i>Note</i>	2025 AED	2024 AED
Financing activities			
Proceeds from issuance of sukuk	21	1,653,750,000	2,020,150,000
Transaction cost paid related to sukuk issuance		(26,161,865)	(25,226,079)
Sukuk repurchased	21	(324,495,150)	-
Premium on sukuk repurchase		(8,923,617)	-
Borrowings obtained during the year	22	1,934,474,264	1,300,000,000
Borrowings repaid during the year	22	(735,007,867)	(1,625,000,000)
Funds received against issuance of share capital		-	550,000,000
Funds obtained from shareholders	16(a)	4,099,664,984	2,700,000,000
Fund repaid to shareholders	16(a)	(4,830,546,234)	(2,014,566,798)
Lease liabilities paid during the year	23	(78,784,731)	(64,457,479)
Loan (repaid to)/obtained from a related party		(32,555,078)	(33,250,000)
Funds received from related party	16(c)	860,000,000	-
Finance costs paid		(549,699,951)	(475,181,780)
Dividend paid	36	(250,000,000)	(155,000,000)
Issuance of share capital to non-controlling interest	35	4,350,000	1,715,000
		-----	-----
Net cash generated from financing activities		1,716,064,755	2,179,182,864
		-----	-----
Net (decrease) increase in cash and cash equivalents		(352,605,383)	1,108,712,356
Effect of exchange rate fluctuations on cash held		594,360	929,653
Cash and cash equivalents transferred out - common control transaction	34	(162,162,831)	-
Cash and cash equivalents at beginning of the year		2,214,050,974	1,104,408,965
		-----	-----
Cash and cash equivalents at end of the year	18(a)	1,699,877,120	2,214,050,974
		=====	=====

The accompanying notes 1 through 42 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 19 to 24.

Arada Developments LLC and its subsidiaries

Consolidated statement of changes in equity

For the year ended 31 December 2025

	Attributable to the owners of the Company						Non-controlling interest AED	Total AED
	Share capital	Legal reserve	Currency translation reserve	Revaluation reserves	Retained earnings	Total		
	AED	AED	AED	AED	AED	AED		
At 1 January 2024	1,600,000,000	31,899,275	-	-	538,371,361	2170,270,636	121,989,516	2,292,260,152
<i>Total comprehensive income for the year</i>								
Profit/ (loss) for the year	-	-	-	-	517,314,246	517,314,246	(706,376)	516,607,870
Other comprehensive loss	-	-	(31,004,644)	-	-	(31,004,644)	(10,799,693)	(41,804,337)
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Total comprehensive income for the year	-	-	(31,004,644)	-	517,314,246	486,309,602	(11,506,069)	474,803,533
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<i>Transactions with owners of the Company</i>								
Issuance of share capital (refer to note 19(a))	200,000,000	-	-	-	-	200,000,000	-	200,000,000
Dividend (refer to note 36)	-	-	-	-	(155,000,000)	(155,000,000)	-	(155,000,000)
<i>Other equity movement</i>								
Issuance of share capital to non-controlling interest (refer to note 35)	-	-	-	-	-	-	1,715,000	1,715,000
Transfer to legal reserve (refer to note 19(b))	-	14,590,363	-	-	(14,590,363)	-	-	-
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At 31 December 2024	1,800,000,000	46,489,638	(31,004,644)	-	886,095,244	2,701,580,238	112,198,447	2,813,778,685
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Arada Developments LLC and its subsidiaries

Consolidated statement of changes in equity *(continued)*

For the year ended 31 December 2025

	Attributable to the owners of the Company						Non-controlling interest AED	Total AED
	Share capital	Legal reserve	Currency translation reserve	Revaluation reserves	Retained earnings	Total		
	AED	AED	AED	AED	AED	AED		
At 1 January 2025	1,800,000,000	46,489,638	(31,004,644)	-	886,095,244	2,701,580,238	112,198,447	2,813,778,685
<i>Total comprehensive income for the year</i>								
Profit/ (loss) for the year	-	-	-	-	1,126,655,420	1,126,655,420	(48,296,341)	1,078,359,079
Other comprehensive gain	-	-	39,475,818	28,080,536	-	67,556,354	7,930,017	75,486,371
Total comprehensive income for the year	-	-	39,475,818	28,080,536	1,126,655,420	1,194,211,774	(40,366,324)	1,153,845,450
<i>Transactions with owners of the Company</i>								
Dividend (refer to note 36)	-	-	-	-	(250,000,000)	(250,000,000)	-	(250,000,000)
<i>Other equity movement</i>								
Acquisition of subsidiary (refer to note 32)	-	-	-	-	-	-	68,533,200	68,533,200
Transfer of shares of subsidiary without losing the control (refer to note 32)	-	-	-	-	98,284,303	98,284,303	(22,559,503)	75,724,800
Preexisting reserves transferred out - common control transaction (refer to note 34)	-	-	(8,533,453)	-	86,252,776	77,719,323	(157,156,929)	(79,437,606)
Issuance of share capital to non-controlling interest (refer to note 35)	-	-	-	-	-	-	4,350,000	4,350,000
Transfer to legal reserve (refer to note 19(b))	-	12,093,865	-	-	(12,093,865)	-	-	-
Others	-	-	-	-	-	-	49,000	49,000
At 31 December 2025	1,800,000,000	58,583,503	(62,279)	28,080,536	1,935,193,878	3,821,795,638	(34,952,109)	3,786,843,529

The accompanying notes 1 through 42 form an integral part of these consolidated financial statements.

Arada Developments LLC and its subsidiaries

Notes (continued)

1 Legal status and principal activities

Arada Developments LLC (“the Company”) was incorporated on 22 January 2017 and is registered as a limited liability company under the UAE Federal Decree Law No. (32) of 2021 in the Emirate of Sharjah, United Arab Emirates (“UAE”). The registered office of the Company is P.O Box 2680, Sharjah, UAE. The registered shareholding of the Company is as follows:

Name	2025		2024	
	No. of shares	Shareholding %	No. of shares	Shareholding %
CORP KBW Investments LLC*	1,080,000	60	1,080,000	60
Basma Group LLC SP**	720,000	40	720,000	40
	=====	==	=====	==

* CORP KBW Investments LLC is 100% owned by H.R.H. Prince Khalid Bin Al Waleed Bin Talal Bin AbdulAziz Al Saud.

** Basma Group LLC SP (formerly known as Basma Group LLC) is 100% owned by H.H. Sheikh Sultan Ahmed Sultan Al Qasimi.

The principal activities of the Company and its subsidiaries (collectively referred to as “the Group”) are carrying real estate enterprises investment, development, educational facilities management, Sale of food and beverages, facilities management, operating and managing fitness club and investment in commercial enterprise and management in UAE and Australia. These consolidated financial statements present the financial position, the results of the operations and cashflows of the Company and its subsidiaries for the year ended 31 December 2025. Also refer to note 33.

These consolidated financial statements were authorised for issue on 27 April 2026.

2 Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with and comply with IFRS Accounting Standards (“IFRS”) as issued by International Accounting Standards Board (“IASB”) and the requirements of the UAE Federal Decree Law No. (32) of 2021.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis except for investment properties and derivative financial instruments which are measured at fair value.

2.3 Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirham (“AED”), which is also the Company’s functional currency.

Arada Developments LLC and its subsidiaries

Notes (continued)

2 Basis of preparation (continued)

2.4 Use of estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 37.

(a) New accounting standard or amendments and forthcoming requirements

The following new or amended standards that are adopted in annual periods beginning on 1 January 2025; however, these have no significant impact on the consolidated financial statements of the Group:

- Lack of exchangeability – Amendments to IAS 21

(b) New standards, amendments and interpretations not yet effective

A number of new standards and amendments are effective for annual periods beginning on or after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

- Classification and measurement of financial instruments - Amendments to IFRS 9 and IFRS 7 (1 January 2026)
- Contracts referencing nature-dependent electricity - Amendments to IFRS 9 and IFRS 7 (1 January 2026)
- Annual improvements to IFRS Accounting Standards - Volume 11 (1 January 2026)
- IFRS 18 Presentation and Disclosure in financial statements* (1 January 2027)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (1 January 2027)
- Sale or Contribution of assets between an investor and its associate or joint venture - Amendments to IFRS 10 and IAS 28 (Available for optional adoption/ effective date deferred indefinitely)

*IFRS 18 Presentation and Disclosure in Financial Statements - The IASB issued IFRS 18 Presentation and Disclosure in Financial Statements in April 2024. IFRS 18 aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from 1 January 2027. IFRS 18 replaces IAS 1 Presentation of Financial Statements and will affect the presentation and disclosure of financial performance in the Group's consolidated financial statements when adopted.

Other than IFRS 18, the Group does not expect the adoption of the above new standards, amendments and interpretations to have a material impact on the future consolidated financial statements of the Group.

Arada Developments LLC and its subsidiaries

Notes *(continued)*

3 Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

3.1 Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, and its branches as set out in note 33, which have been consolidated on a line-by-line basis.

(a) *Business combinations*

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired include, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(b) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(c) *Structured entities*

The Group has established Arada Sukuk Limited and Arada Sukuk 2 Limited (limited liability companies incorporated under the laws of Cayman Islands) as a structured entities ("SEs") for the issue of Islamic Trust Certificates ("Sukuk"). These certificates are listed on London Stock Exchange and Nasdaq Dubai. The Group does not have any direct or indirect shareholding in these entities.

The Group consolidates the above SEs based on an evaluation of the substance of its relationship with the Group. This relationship results in the benefits related to the SEs' operations and net assets being received by the Group. It also exposes the Group to risks incident to the SEs' activities and retains the majority of the residual or ownership risks related to the SEs or its assets.

Arada Developments LLC and its subsidiaries

Notes *(continued)*

3 Material accounting policies (continued)

3.1 Basis of consolidation (continued)

(d) Business combination is achieved in stages

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition date fair values and any resulting gain or loss is recognised in profit or loss.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the fair value of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(e) Non-controlling interest ("NCI")

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition or their fair value. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(f) Transfer of shares of subsidiary without Loss of control

Transactions with non-controlling interests ("NCI") that do not result in a loss of control are accounted for as equity transactions in accordance with IFRS 10. Where the Group's ownership interest in a subsidiary change but control is retained, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Parent.

(g) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(h) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(i) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in a joint venture. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Arada Developments LLC and its subsidiaries

Notes *(continued)*

3 Material accounting policies (continued)

3.1 Basis of consolidation (continued)

(i) Interests in equity-accounted investees (continued)

The Group's interests in joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost which includes transaction costs and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income until the date on which significant influence or joint control ceases.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the joint venture. Unrealised gains arising from transactions with joint venture are eliminated against the investment to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(j) Business combination under common control

A business combination involving entities or businesses under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the Company's shareholders both before and after the combination and that control is not transitory.

Transactions giving rise to the transfer of interests in entities, which are ultimately under the common control, are accounted for using the predecessor value method with no restatement of comparative information.

Under this method, the assets and liabilities transferred are recognised by the transferee, and derecognised by the transferor, at the carrying amounts recorded in the financial statements of the transferor as at the date of transfer. No adjustments are made to reflect fair values, and no new assets or liabilities are recognised that would otherwise arise under the acquisition method.

The components of equity of the transferred entities, including retained earnings, accumulated loss, reserves (such as foreign currency translation reserves, where applicable) and non-controlling interest, are transferred to the transferee group's equity at their existing carrying amounts.

No goodwill is recognised as a result of a business combination under common control. Any difference between the consideration transferred, if any, and the carrying amount of the capital interest in the transferred entities is recognised directly in equity. In the transferor group's financial statements, the results of the transferred entities are recognised up to the date of transfer.

Arada Developments LLC and its subsidiaries

Notes *(continued)*

3 Material accounting policies (continued)

3.2 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised when the Group transfers control over a product or service to a customer.

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

- Step 1 Identify the 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 the 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 service 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 will allocate 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 entity satisfies a performance obligation.

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

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based 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.

Significant financing component

In accordance with IFRS 15 Revenue from Contracts with Customers, the Group has to assess whether contracts with customers contain a significant financing component that would require adjustment of the transaction price to reflect the time value of money.

Where a contract contains a significant financing component, the transaction price is adjusted to reflect the time value of money using an appropriate discount rate that reflects a separate financing transaction between the Group and the customer

Arada Developments LLC and its subsidiaries

Notes (continued)

3 Material accounting policies (continued)

3.2 Revenue recognition (continued)

Significant financing component (continued)

The Group applies the practical expedient permitted under IFRS 15 and does not adjust the transaction price for the effects of a significant financing component if the period between the transfer of goods or services and payment is one year or less

Revenue from sale of properties

Revenue from sale of properties is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the property development obligation at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. Revenue is recognised overtime.

For properties that are fully completed as of the contract date, revenue is recognized at a point in time, upon the signing of the sales and purchase agreement.

Rental income from lease of investment property

Rental income arising from operating leases on investment properties is recognised, net of discount, in accordance with the terms of lease contracts over the lease term on a straight-line basis, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

Membership fees

Fee from gym membership and personal training is recognised over the period of rendering the underlying services relating to usage of gym or personal training services by members.

Educational Service

Revenue from tuition fee earned from school is recognised as income in the period in which it is earned, on a straight-line basis.

Construction Contracts

Construction contracts are accounted for in accordance with IFRS 15, with revenue recognised over time based on the stage of completion, reflecting the transfer of control of goods or services to customers.

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are initially recognised at cost including capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any except for land which is carried at cost less accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the profit or loss.

Arada Developments LLC and its subsidiaries

Notes (continued)

3 Material accounting policies (continued)

3.3 Property, plant and equipment (continued)

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss in the period in which they are incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated, and is carried at cost less accumulated impairment losses, if any.

The estimated useful lives of property, plant and equipment for the current and comparative period is as follows:

	Useful life (years)
Buildings	30 - 50
Computers and office equipment	3 - 10
Furniture and fixtures	3 - 5
Gym equipment	2 - 10
Motor vehicles	3
	===

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

3.4 Investment properties

Recognition

Land and buildings owned by the Group for the purposes of generating rental income or capital appreciation or both are classified as investment properties. Properties that are being constructed or developed for future use as investment properties are also classified as investment properties.

When the Group begins to redevelop an existing investment property for continued future use as an investment property, the property remains as an investment property, which is measured based on fair value model and is not reclassified as development property during the redevelopment.

Measurement

Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are accounted for using the fair value model under International Accounting Standard No. 40 "Investment Property". Any gain or loss arising from a change in fair value is recognised in the profit or loss.

Where the fair value of an investment property under development is not reliably determinable, such property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable.

Arada Developments LLC and its subsidiaries

Notes (continued)

3 Material accounting policies (continued)

3.4 Investment properties (continued)

Transfer from investment properties to owner-occupied properties

If an investment property becomes owner-occupied property, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Transfer from investment properties to properties held for development and sale

A property is transferred from, investment property to properties held for development and sale when, and only when, there is a change in use. A change in use occurs when the property ceases to meet, the definition of investment property and the change in use is evidenced by commencement of development with a view to sale. The investment properties are transferred to properties held for development sale at fair value on the date of transfer.

Transfer from owner-occupied properties to investment properties

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve. Any loss is recognised in statement of profit or loss.

3.5 Properties held for development and sale

Land and buildings identified as held for sale, including buildings under construction, are classified as such and are stated at the lower of cost and net realisable value. The cost of comprises of acquisition cost, construction costs, borrowing cost and other related direct / operating costs. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

The amount of any write down of properties under development for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down arising from an increase in net realisable value is recognised in profit or loss in the period in which the increase occurs but only to the extent that the carrying value does not exceed the actual cost.

Transfer from properties held for development and sale to investment properties

Certain properties held for sale are transferred to investment properties when there is a change in use of the properties and those properties are released for rental. The properties held for sale are transferred to investment properties at fair value on the date of transfer and gain arising on transfer is recognised in profit or loss. Subsequent to initial measurement, such properties are measured at fair value in accordance with the measurement policy for investment properties. Any gain or loss arising on this remeasurement is recognised in profit or loss on the specific property.

Transfer from properties held for development and sale to owner-occupied properties

If properties held for sale becomes owner-occupied property, it is reclassified as property, plant and equipment. Such transfers are made at the carrying value of the properties at the date of transfer.

Arada Developments LLC and its subsidiaries

Notes (continued)

3 Material accounting policies (continued)

3.6 Deferred expenses

Sales commission payable to the agents and sales staff at the time of sale of properties under development is recognised as deferred expenses. The future benefits relating to the sales commission will flow to the Group over the period of time when the revenue from sale of properties is recognised. If the sales contract is cancelled before the completion of the project, the related deferred cost will be expensed in the profit or loss.

3.7 Advances from customers

Instalments received from buyers, for properties sold or services performed, prior to meeting the revenue recognition criteria, are recognised as advances from customers. If their settlement, through revenue recognition or refund, is expected in one year, they are classified as balances within 12 months.

3.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective profit method and treated as an adjustment to the instruments effective profit rate.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

3.10 Leases

i. As a lessee

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

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property 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 recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and 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, less any lease incentives received

Arada Developments LLC and its subsidiaries

Notes *(continued)*

3 Material accounting policies (continued)

3.10 Leases (continued)

i. As a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method over 3 to 15 years from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the profit rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining profit rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early

The lease liability is measured at amortised cost using the effective profit method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. From 1 January 2021, where the basis for determining future lease payments changes as required by profit rate benchmark reform, the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark profit rate.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Arada Developments LLC and its subsidiaries

Notes (continued)

3 Material accounting policies (continued)

3.10 Leases (continued)

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

3.11 Financial instruments

(a) Classification and subsequent measurement of financial assets and financial liabilities

Financial assets

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (“FVOCI”) – debt investment; FVOCI – equity investment; or fair value through profit or loss (“FVTPL”). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset within the scope of the standard, are never separated. Instead, the hybrid financial instrument as a whole is assessed for its classification.

Arada Developments LLC and its subsidiaries

Notes (continued)

3 Material accounting policies (continued)

3.11 Financial instruments (continued)

(a) Classification and subsequent measurement of financial assets and financial liabilities (continued)

Financial assets (continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above, are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets and financial liabilities.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective profit method. The amortised cost is reduced by impairment losses. Finance income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and fixed deposits maturing within 90 days.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any finance expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective profit method. Finance expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Arada Developments LLC and its subsidiaries

Notes (continued)

3 Material accounting policies (continued)

3.11 Financial instruments (continued)

(b) *Derivative financial instruments*

The Group uses derivative financial instruments to manage its exposure to market risks arising from fluctuations in benchmark profit rates associated with its Sukuk financing arrangements. These derivatives are entered into as part of the Group's overall risk management strategy to hedge exposure to variability in cash flows attributable to changes in market profit rates.

In accordance with IFRS 9 Financial Instruments, derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into. Subsequent to initial recognition, derivatives are remeasured at fair value at each reporting date with the difference being routed through profit or loss

(c) *Liabilities associated with properties held for development and sale*

Certain land plots on which the Group's development projects are located are acquired under deferred payment arrangements. The related liabilities represent amounts payable for the acquisition of such land plots under these arrangements.

These liabilities are initially recognised at their present value at the date of initial recognition. The difference between the present value of the liability and the total contractual payments under the deferred payment arrangement is recognised as a finance cost over the credit period using the effective interest method.

(d) *Sukuk*

The Group raises financing through Sukuk instruments to fund its operations and development activities. Sukuk are initially recognised at the carrying value, net of directly attributable transaction costs.

Subsequent to initial recognition, Sukuk are measured at amortised cost using the effective interest method in accordance with IFRS 9 Financial Instruments. Finance costs, including profit payments and the amortisation of transaction costs, are recognised in profit or loss over the term of the Sukuk using the effective interest rate method.

(e) *Impairment of financial assets*

IFRS 9 uses a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The impairment model will apply to financial assets measured at amortised cost, debt investments at FVOCI and contract assets, but not to investments in equity instruments.

The financial assets at amortised cost consist of trade, contract and other receivables, due from related parties, loan to related parties, and cash and cash equivalents, restricted balances with bank and fixed deposits with banks.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Arada Developments LLC and its subsidiaries

Notes *(continued)*

3 Material accounting policies (continued)

3.11 Financial instruments (continued)

(e) Impairment of financial assets (continued)

Loss allowances for trade receivables (including lease receivables) and contract assets are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

Measurement of ECLs

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor.
- a breach of contract such as a default or being more than 90 days past due.
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Arada Developments LLC and its subsidiaries

Notes (continued)

3 Material accounting policies (continued)

3.11 Financial instruments (continued)

(f) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts, and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.12 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets, other than inventories and investment properties, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses, if any, are recognised in the profit or loss. They are allocated to reduce the carrying amount of the assets in the CGU on a pro rata basis.

Arada Developments LLC and its subsidiaries

Notes (continued)

3 Material accounting policies (continued)

3.12 Impairment of non-financial assets (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.13 Foreign currency

Foreign currency transactions

Transactions denominated in foreign currencies are translated to the respective functional currency of the Group companies at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency difference arising on retranslation is recognised in the profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are retranslated to the functional currency at the exchange rates at the date of transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance cost.

Foreign currency operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into AED at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into AED at average exchange rates during the period. Foreign currency differences are recognised in OCI and accumulated in the currency translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.14 Employees' end of service benefits

The Group provides end-of-service benefits to its employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its eligible UAE and GCC national employees, the Group makes contributions to a pension fund established by the UAE General Pension and Social Security Authority calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Management considers these as long-term obligations and accordingly they are classified as long-term liabilities.

Arada Developments LLC and its subsidiaries

Notes (continued)

3 Material accounting policies (continued)

3.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised as finance expense.

3.16 Finance costs

Finance costs comprise finance expense on bank borrowings, Sukuk, finance expense on lease liabilities, amortisation expense of non-current liabilities and finance cost on factoring of trade receivable, and is recognised in the profit or loss using the effective profit method.

3.17 Income Tax

Taxation is provided in accordance with the relevant fiscal regulations of the jurisdiction in which the Group operates. Income tax expense comprises current and deferred tax. It is recognised in the profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that:
 - is not a business combination; and
 - at the time of the transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Arada Developments LLC and its subsidiaries

Notes *(continued)*

3 Material accounting policies *(continued)*

3.17 Income Tax *(continued)*

ii) *Deferred tax (continued)*

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for the reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Global Minimum Top-up Tax

The Organisation for Economic Co-operation and Development (OECD) has issued the Global Anti-Base Erosion (GloBE) Model Rules, which mandate a minimum tax rate of 15% per jurisdiction (Pillar Two). Various countries have either enacted or are in the process of enacting tax legislation to fully or partially comply with OECD Pillar Two rules. The United Arab Emirates, where the Group is situated, has substantively enacted the Cabinet Decision No. 142 of 2024 on the Imposition of Domestic Minimum Top-up Tax (DMTT) on Multinational Enterprises.

Article 9.3.2 of Cabinet Decision No. 142 of 2024 on the Imposition of Domestic Minimum Top-up Tax (DMTT) on Multinational Enterprises states that an MNE Group is in its Initial Phase of international activity provided that none of the ownership interest of the Constituent Entities located in the UAE are held by a Parent Company subject to Qualified IIR in another jurisdiction and if, for a Fiscal Year:

- it has Constituent Entities in no more than six jurisdictions; and
- the sum of the Net Book Value of Tangible Assets of all the Constituent Entities located in all Jurisdictions other than the reference Jurisdiction does not exceed EUR 50 Million.

The Group recognises the top-up tax as a current tax expense in the statement of profit or loss in the period in which the liability arises.

Deferred tax is not recognised in respect of Pillar Two taxes, in line with the temporary exception provided under IAS 12 Income Taxes.

Arada Developments LLC and its subsidiaries

Notes (continued)

4 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group's Board of Directors ("the Board") has overall responsibility for the establishment and oversight of the Group's risk management framework and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to its trade, contract and other receivables (excluding prepayments, deferred expenses, value added tax recoverable and advances), loan to related parties, amount due from related parties, fixed deposits with bank and cash at banks. The amounts presented in the consolidated statement of financial position are net of allowances for impairment on receivables, if any. An allowance for impairment is made in accordance with 'expected credit loss' (ECL) model. This requires considerable judgment about how the changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

The Group's exposure to credit risk is influenced mainly by individual characteristics of the customers; however, the Group is collecting advances from customers on periodical basis and the handover of properties to the customers will take place only after final settlement of all dues by them. Other receivables, loan to related parties, and amount due from related parties are considered fully recoverable by the management. The Group's cash is placed with banks of repute.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities, as they fall due, that are settled by delivering cash or another financial asset. Liquidity risk mainly relates to trade and other payables, amount due to related parties, amount due to shareholders, lease liabilities, payable to the Government of Sharjah, Sukuk and bank borrowings. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and profit rates 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 optimising the return.

Arada Developments LLC and its subsidiaries

Notes (continued)

4 Financial risk management (continued)

Market risk (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates primarily relates to the Group's net investments in those subsidiaries and associates where functional currencies are denominated in a different currency from the Group's functional currency and which are not pegged to the AED and USD. The foreign currency exchange differences arising upon consolidation of these entities for the purpose of preparation of the Group's consolidated financial statements are recorded in the consolidated statement of changes in equity through the consolidated statement of comprehensive income.

Profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market rates. The Group's exposure to variable profit rate risk relates primarily to its borrowings and loan to related parties. The Group has also issued fixed rate Sukuk, which is not exposed to variation in profit rate. However, the Group has entered into a profit rate swap on which the Group has a exposure to profit rate risk. The Group is not applying hedge accounting, and profit rate swap is measured at fair value as of reporting date with a change in fair value recognized in the profit or loss.

Capital management

The Board sets the amount of capital in proportion to risk. The Board manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Board may adjust the amount of dividend paid to the shareholders, return on capital to shareholders or issue new shares.

The Board's policy is to maintain a strong equity base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the Group's approach to capital management during the year. Except for complying with certain provisions of the UAE Federal Law No. (32) of 2021, the Group is not subject to any externally imposed capital requirements.

Arada Developments LLC and its subsidiaries

Notes (continued)

5 Revenue

	2025 AED	2024 AED
Revenue from contracts with customers		
Sale of properties	5,458,854,044	3,704,825,872
Others (refer to note (i) below)	531,396,354	175,025,060
	<u>5,990,250,398</u>	<u>3,879,850,932</u>
Other revenue		
Lease income	81,363,254	64,624,253
	<u>6,071,613,652</u>	<u>3,944,475,185</u>

Timing of revenue recognition

Revenue from contract with customers included above is recognised as follows:

Over a period of time	5,833,881,202	3,708,446,970
At a point of time (refer to note (ii) below)	156,369,196	171,403,962
	<u>5,990,250,398</u>	<u>3,879,850,932</u>
Revenue from contracts with customers	5,990,250,398	3,879,850,932
Lease income	81,363,254	64,624,253
	<u>6,071,613,652</u>	<u>3,944,475,185</u>

- i) This mainly includes revenue from construction contracts amounting to AED 230 million (2024: Nil), gym membership fees amounting to AED 145 million (2024: AED 79.3 million), educational services amounting to AED 48.6 million (2024: AED 35.2 million) and facility management services amounting to AED 45.2 million (2024: AED 35.8 million).
- ii) This mainly includes revenue from sale of properties which were completed at the time of signing of sales purchase agreement.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future from existing contracts related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	1 year AED	2 to 4 years AED	Total AED
Sale of properties	5,274,122,312	10,163,275,601	15,437,397,913
	<u>5,274,122,312</u>	<u>10,163,275,601</u>	<u>15,437,397,913</u>

6 Direct costs

	2025 AED	2024 AED
Cost of properties sold (refer to note 15)	3,151,299,884	2,229,109,270
Other direct expenses	394,614,422	127,915,047
	<u>3,545,914,306</u>	<u>2,357,024,317</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

7 Other income

This mainly include forfeiture income due to the cancellation of sales and purchase agreement with certain customers amounting to AED 2.4 million (2024: AED 18.2 million), AED 15.27 million (2024: AED 8 million) as managements fees from the units' owners towards maintenance and management of certain units and late payment fees from customers amounting to AED 11.7 million (2024: AED 7.7 million).

8(a) General and administrative expenses

	2025 AED	2024 AED
Employee related expenses	234,612,754	186,270,648
Depreciation (refer to notes 10, 11 and 13)	170,314,483	134,558,975
Refund on cancellation (refer to note (ii) below)	46,065,343	-
Facility and maintenance expenses	28,431,146	24,809,231
Legal and professional expenses (refer to note (i) below)	8,162,172	7,425,293
Other expenses	102,017,704	91,543,857
	<u>589,603,602</u>	<u>444,608,004</u>

i) This includes audit and non-audit services fees recorded by the Group for the year which is as follow:

	2025 AED	2024 AED
Financial statements audits	1,769,531	1,036,785
Other non-audit services	972,522	1,159,230
	<u>2,742,053</u>	<u>2,494,515</u>

ii) The Group has cancelled the sales purchase agreement with certain customers during the year and forfeited the units due to defaults by the customers on payment terms and conditions as per the respective sales purchase agreements. The Group has voluntarily refunded a portion of the advance received from the cancelled contracts.

8(b) Sales and marketing expenses

	2025 AED	2024 AED
Sales commission (refer to note 17(iv))	289,371,571	197,520,620
Advertisement expense	59,790,741	123,231,040
Unit registration charges	37,071,582	24,942,356
Other expenses	64,712,491	31,628,031
	<u>450,946,385</u>	<u>377,322,047</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

9 Finance costs/ income

a) Finance costs

	2025 AED	2024 AED
Finance cost on Sukuk	385,114,479	243,214,624
Amortization of balance payable to the Government of Sharjah (refer to note 20)	79,596,922	82,158,133
Finance cost on bank borrowings (refer to note 22)	80,028,772	78,632,892
Amortization of non-current balance due to related parties	51,788,231	35,113,184
Finance expense on lease liabilities (refer to note 23)	32,555,078	33,271,212
Finance cost on due to shareholders (refer to note 16(d))	23,196,374	-
Amortisation of non-current balance of trade and other payable	14,337,152	13,434,686
Finance cost on factoring of trade receivables (refer to note 17(i))	-	34,273,908
Others	31,223,586	15,911,256
	<u>697,840,594</u>	<u>536,009,895</u>

b) Finance income

Finance income on loan to and due from related parties (refer to notes 16(b) and 16(e))	165,194,934	62,174,101
Profit on bank deposits	86,312,911	64,900,711
Fair value gain on derivative financial instrument	22,128,590	5,761,926
	<u>273,636,435</u>	<u>132,836,738</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

10 Property, plant and equipment

	Land and buildings	Computers and office equipment	Furniture and fixtures	Gym equipment	Motor vehicles	Capital work in progress	Total
Cost	AED	AED	AED	AED	AED	AED	AED
At 1 January 2024	511,206,470	28,195,630	97,684,523	16,064,752	12,958,155	92,558,011	758,667,541
Additions during the year	155,697	4,068,060	12,654,192	46,602	3,372,136	89,931,979	110,228,666
Transfers to completed assets	34,674,370	402,309	6,463,135	976,442	-	(42,516,256)	-
Transfers from investment properties (refer to notes 12 and (ii) below)	22,213,792	-	-	-	-	-	22,213,792
Transfer to intangible assets (refer to notes 13 and (v) below)	-	-	-	-	-	(19,375,282)	(19,375,282)
Disposals	-	(94,977)	(232,393)	-	(79,130)	-	(406,500)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2024	568,250,329	32,571,022	116,569,457	17,087,796	16,251,161	120,598,452	871,328,217
	=====	=====	=====	=====	=====	=====	=====
At 1 January 2025	568,250,329	32,571,022	116,569,457	17,087,796	16,251,161	120,598,452	871,328,217
Additions during the year	17,051,449	6,555,907	13,489,041	7,213,217	2,504,961	154,334,661	201,149,236
Acquisition through business combinations (refer to note 32(iv))	12,074,991	2,134,475	3,234,491	86,053,059	120,284	14,702,882	118,320,182
Transfer to completed assets (refer to note (iii) below)	188,524,253	399,074	3,999,923	2,266,290	34,900	(195,224,440)	-
Transfer from properties held for development and sale (refer to notes 15 and (vi) below)	14,446,574	-	-	-	-	-	14,446,574
Revaluation gain on transfer to investment properties (refer to notes 12 and (i) below)	30,857,732	-	-	-	-	-	30,857,732
Transfers to investment properties (refer to notes 12 and (i) below)	(93,235,767)	-	-	-	-	-	(93,235,767)
Foreign currency translation difference	-	-	55,850	-	19,446	-	75,296
Transferred out - common control transaction (refer to note 34 (iv))	(117,192,143)	(2,880,849)	(19,251,442)	(110,792,973)	(620,998)	(29,664,747)	(280,403,152)
Disposals	(9,016,310)	(672,444)	(265,708)	-	(1,139,706)	-	(11,094,168)
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At 31 December 2025	611,761,108	38,107,185	117,831,612	1,827,389	17,170,048	64,746,808	851,444,150
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Arada Developments LLC and its subsidiaries

Notes (continued)

10 Property, plant and equipment (continued)

	Land and buildings	Computers and office equipment	Furniture and fixtures	Gym equipment	Motor vehicles	Capital work in progress	Total
	AED	AED	AED	AED	AED	AED	AED
Accumulated depreciation and impairment losses:							
At 1 January 2024	22,109,034	17,125,791	35,374,386	3,313,015	7,695,210	-	85,617,436
Charge for the year (refer to note 8(a))	20,457,445	6,630,922	27,753,041	3,422,937	2,618,265	-	60,882,610
On disposals	-	(50,501)	(51,844)	-	(5,861)	-	(108,206)
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At 31 December 2024	42,566,479	23,706,212	63,075,583	6,735,952	10,307,614	-	146,391,840
	=====	=====	=====	=====	=====	=====	=====
At 1 January 2025	42,566,479	23,706,212	63,075,583	6,735,952	10,307,614	-	146,391,840
Charge for the year (refer to note 8(a))	19,738,036	5,726,640	27,444,602	15,429,637	2,743,750	-	71,082,665
Impairment loss on transfer to investment properties (refer to notes 12 and (i) below)	6,075,353	-	-	-	-	-	6,075,353
Transfers to investment properties (refer to notes 12 and (i) below)	(8,185,767)	-	-	-	-	-	(8,185,767)
Transferred out - common control transaction (refer to note 34)	(26,325,558)	(1,748,265)	(9,167,913)	(21,003,395)	(56,113)	-	(58,301,244)
On disposals	(3,614,369)	(673,455)	(174,149)	-	(235,967)	-	(4,697,940)
	-----	-----	-----	-----	-----	-----	-----
At 31 December 2025	30,254,174	27,011,132	81,178,123	1,162,194	12,759,284	-	152,364,907
	=====	=====	=====	=====	=====	=====	=====
Net book value							
At 31 December 2025	581,506,934	11,096,053	36,653,489	665,195	4,410,764	64,746,808	699,079,243
	=====	=====	=====	=====	=====	=====	=====
At 31 December 2024	525,683,850	8,864,810	53,493,874	10,351,844	5,943,547	120,598,452	724,936,377
	=====	=====	=====	=====	=====	=====	=====

Arada Developments LLC and its subsidiaries

Notes *(continued)*

10 Property, plant and equipment *(continued)*

- i) During the year, land and buildings previously classified as property, plant and equipment was transferred to investment property following a change in use. These properties had been owner-occupied and leased to a subsidiary of the Group. During the year, this subsidiary was transferred to another entity under common control and, as a result, the properties ceased to be owner-occupied and is now held to earn rental income. Accordingly, the properties was reclassified from property, plant and equipment to investment property upon the change in use.

At the date of transfer, the properties were measured at fair value. The difference between the fair value of one of property of AED 79.9 million and its carrying amount of AED 49.04 million at the date of transfer, amounting to AED 30.86 million, was recognised as revaluation gain in the consolidated statement of comprehensive income in accordance with the Group's accounting policy.

At the date of transfer, the fair value of one of the properties was lower than its carrying amount. Consequently, the difference between the carrying amount of AED 11.2 million and the fair value amount of AED 5.15 million at the date of transfer was recognised as an impairment loss amounting to AED 6.08 million in the consolidated statement of profit or loss in accordance with the Group's accounting policy.

Also refer to notes 12 and 19(d).

- ii) During the previous year, the Group had reclassified land and building amounting AED 22.2 million from investment properties to property, plant and equipment based on change in use. The land and building are reclassified from investment properties at their fair value as at date of transfer which becomes costs of property for subsequent accounting purposes.
- iii) Transfer from capital work in progress to land and buildings represents the capitalisation of a hotel building during the year upon completion of construction.
- iv) Capital work in progress mainly represents costs incurred on the development of office and hotel buildings which were under progress at the reporting date and will be transferred to the relevant asset category of property, plant and equipment when ready for intended use.
- v) During the previous year , the Group transferred AED 19.4 million from capital work in progress to intangible assets. This amount pertained to development of internally generated software, IT Evolve, and the customization of enterprise applications. Refer to note 13.
- vi) Transfer from properties held for development and sale includes plot of land in relation to hotel buildings (refer to note 15(vii)).

Also refer to note 29.

Arada Developments LLC and its subsidiaries

Notes (continued)

11 Right-of-use assets

	2025 AED	2024 AED
Land and Building		
Cost		
At 1 January	651,890,436	504,039,041
Additions during the year	50,159,824	147,851,395
Acquired in business combination (refer to note 32)	41,961,693	-
Derecognised on expiry of lease term	(14,450,924)	-
Transferred out - common control transaction (refer to note 34)	(169,550,550)	-
	-----	-----
At 31 December	560,010,479	651,890,436
	-----	-----
Accumulated depreciation		
At 1 January	147,474,258	73,819,690
Charge for the year (refer to note 8(a))	89,518,387	73,676,365
Derecognised on expiry of lease term	(14,450,924)	-
Transferred out - common control transaction (refer to note 34)	(46,076,111)	-
Currency translation difference	(78,511)	(21,797)
	-----	-----
At 31 December	176,387,099	147,474,258
	-----	-----
Net book value		
At 31 December	<u>383,623,380</u>	<u>504,416,178</u>

Additions include lease agreements entered into by the Group for the lease term from 5 to 15 years. These mainly includes:

- i. Residential units which are being leased out by the Group to third parties as fully managed service apartments.

Also refer to note 23 and 28.

Following are the amounts which are recognised in the consolidated statement of profit or loss and consolidated statements of cashflows:

	2025 AED	2024 AED
Amount recognised in consolidated statement of profit or loss		
Lease income from right-of-use assets	39,653,651	32,561,024
Depreciation expense (refer to note 8(a))	89,518,387	73,676,365
Finance expense on lease liabilities (refer to notes 9(a) and 23)	32,555,078	33,271,212
	=====	=====
Amount recognised in consolidated statement of cash flows		
Lease payments made during the year (included under financing activities)	(111,339,809)	(91,000,785)
	=====	=====

Arada Developments LLC and its subsidiaries

Notes (continued)

12 Investment properties

	2025 AED	2024 AED
At 1 January	1,638,041,690	1,294,236,370
Additions during the year	138,003,496	109,535,088
Transfer from properties held for development and sale (refer to note 15(vi))	-	84,528,932
Transfer to properties held for development and sale (refer to note 15(v))	(111,617,405)	-
Transfer from/(to) property, plant and equipment (refer to note 10(i))	85,050,000	(22,213,792)
Gain on remeasurement on transfer from/to properties held for development and sale (refer to notes 15(vi))	-	47,698,189
Change in fair value	77,891,514	124,256,903
	-----	-----
At 31 December	<u><u>1,827,369,295</u></u>	<u><u>1,638,041,690</u></u>

Investment properties comprise a number of retail properties that are leased to third parties with lease period of 1 to 10 years. During the year, lease income of AED 41.70 million (2024: AED 32.06 million) has been recognised from the investment properties. The Direct cost related to the lease income is AED 11.92 million (2024: AED 9.44 million).

As at the reporting date, investment properties include property under construction amounting to AED 824.6 million (2024: AED 646 million).

Investment properties are recognised at fair value and categorised within the level of the fair value hierarchy based on the lowest level input that is significant to fair value measurement in their entirety. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

i) Valuation processes

The Group's investment properties and properties held for development and sale are valued by professional qualified valuer who hold a recognised relevant professional qualification and have experience in the locations and segments of the properties valued.

Property valuations are carried out in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors ("RICS"). The valuation was determined using the indicative fair values of the properties as at 31 December 2025 and 2024 provided by the valuer.

The fair value of the properties under construction has been determined using residual method by taking into account the gross development value when completed and deducting all the costs including construction costs, soft costs, developer's profit and finance costs. Further adjustments are applied in terms of the various characteristics of the property.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. Income producing assets including completed retail units classified as part of the Group's investment properties are valued by independent professionally qualified valuers using investment method (also known as the Income Approach). The method involves the capitalisation of an income stream at a given rate.

Arada Developments LLC and its subsidiaries

Notes (continued)

12 Investment properties (continued)

i) Valuation processes (continued)

For plots of lands, the valuation was determined using the indicative fair values of these investment properties provided by valuer using sales comparison method and residual method, to determine the fair values of these assets.

The fair value measurement of the properties has been categorised as Level 3 based on the inputs to the valuation technique used. The significant unobservable inputs used in the fair value measurement of investment properties are:

- Expected rental value of AED 85 to AED 230 per square foot per annum (2024: AED 85 to AED 225 per square foot per annum)
- Equivalent yield of 7.25% to 7.75% (2024: 7.25% to 7.75%)
- Estimated sales price of AED 1,250 per sq. ft to AED 1,550 per square feet (2024: AED 1,140 per square feet to AED 1,500 per square feet)

Also refer to notes 29 and 30.

13 Intangible assets

	2025 AED	2024 AED
At 1 January	19,375,282	-
Acquired in business combination (refer to note 32)	42,360,000	-
Goodwill on business combination (refer to note 32)	132,145,623	-
Transfer from capital work in progress (refer to note 10(v))	-	19,375,282
Charge for the year	(9,713,431)	-
Goodwill transferred out - common control transaction (refer to note 34)	(130,595,756)	-
Intangible assets transferred out - common control Transaction (refer to note 34)	(39,104,351)	-
At 31 December	<u>14,467,367</u>	<u>19,375,282</u>

- i) Intangible assets as at 31 December 2025 include goodwill on business combination amounting to AED 1,549,867 relating to the acquisition of Reformatory Roasters Australia Pty Ltd.

14 Investment in equity accounted investees

	2025 AED	2024 AED
Al Heera Beach Developments LLC	22,274,190	22,059,617
Nextgen Robopark Investment LLC	2,777,692	6,336,398
	<u>25,051,882</u>	<u>28,396,015</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

14 Investment in equity accounted investees (continued)

The details of the equity accounted investees of the Group as at the reporting date as follows:

	2025 AED	2024 AED
At 1 January	28,396,015	36,456,912
Share of results for the year	(3,344,133)	(8,060,897)
At 31 December	<u>25,051,882</u>	<u>28,396,015</u>

The following table summarises the financial information of the Nextgen Robopark Investment LLC and Al Heera Beach Developments LLC, as included in their financial statements. The table also reconciles the summarised financial information relating to the carrying amount of the Company's interest in the Joint Ventures.

	2025 AED	2024 AED
Nextgen Robopark Investment LLC		
<i>Percentage ownership interest</i>	25%	25%
<i>Summarised statement of financial position</i>		
Non-current assets	319,224,651	334,126,499
Current assets (including cash and cash equivalents – 2025: AED 11.95 million, 2024: AED 7.3 million)	27,816,683	19,557,121
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions – 2024: AED 279.74 million, 2024: AED 287.5 million)	(279,938,261)	(287,461,717)
Current liabilities (including current financial liabilities excluding trade and other payables and provisions – 2025: AED 49.32 million, 2024: AED 36.2 million)	(55,992,305)	(40,876,309)
Net assets (100%)	<u>11,110,768</u>	<u>25,345,594</u>
Group's share of net assets	<u>2,777,692</u>	<u>6,336,398</u>
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	31,345,524	25,994,409
Depreciation and amortisation	(15,054,619)	(15,159,887)
Interest expense	(22,547,069)	(33,156,505)
Interest income	-	348,630
Net Loss for the year	(14,234,827)	(29,841,694)
Total Comprehensive loss during the year	(14,234,827)	(29,841,694)
Group's share of results	<u>(3,558,707)</u>	<u>(7,460,424)</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

14 Investment in equity accounted investees (continued)

Al Heera Beach Developments LLC	2025	2024
	AED	AED
<i>Percentage ownership interest</i>	50%	50%
<i>Summarised statement of financial position</i>		
Non-current assets	105,525,852	61,663,882
Current assets (<i>including cash and cash equivalents – 2025: 0.82million, 2024: 1.56 million</i>)	19,963,235	16,353,466
Non-current liabilities	-	-
Current liabilities (<i>including current financial liabilities excluding trade and other payables and provisions – 2025: Nil, 2024: Nil</i>)	(80,940,707)	(33,898,114)
Net assets (100%)	44,548,380	44,119,234
Group's share of net assets	22,274,190	22,059,617
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Profit/(loss) for the year	429,146	(1,200,945)
Total comprehensive income/(loss) for the year	429,146	(1,200,945)
Group's share of results	214,574	(600,473)

15 Properties held for development and sale

	2025	2024
	AED	AED
At 1 January	4,041,006,346	3,893,230,761
Additions during the year	3,948,353,647	2,398,722,746
Cost of properties reinstated during the year (refer to note (ii) below)	75,304,593	75,986,019
Transfer from investment properties (refer to note 12 and (v) below)	111,617,405	-
Transfer (to) investment properties (refer to notes 12 and (vi) below)	-	(84,528,932)
Transfer to properties, plant and equipment (refer to note 10 and (vii) below)	(14,446,574)	-
Cost of properties sold (refer to note 6)	(3,151,299,884)	(2,229,109,270)
Borrowing cost capitalized during the year (refer to note (viii) below)	10,795,450	16,508,153
Currency translation difference	43,945,431	(29,803,131)
Transferred out - common control transaction (refer to note 34)	(790,642,488)	-
At 31 December	4,274,633,926	4,041,006,346

Arada Developments LLC and its subsidiaries

Notes (continued)

15 Properties held for development and sale (continued)

- i) Properties held for development and sale includes plots of land where necessary infrastructure cost is incurred but construction has not commenced as at the reporting date.
- ii) The Group has cancelled the sales purchase agreement with certain customers during the year and forfeited the units due to defaults by the customers on payment terms and conditions as per the respective sales purchase agreements.
- iii) As at the reporting date, properties held for development and sale include completed properties amounting to AED 99.8 million (2024: AED 52.6 million).
- iv) As at reporting date, no properties held for development and sale have been mortgaged or pledged as security against any borrowings or liabilities (2024: properties held for development and sale amounting to AED 376.2 million were mortgaged to banks against the Islamic credit facilities of the Group) (refer to note 22).
- v) During the year, plot of lands amounting to AED 111.62 million were transferred from investment properties to properties held for development and sale based on change in use in accordance with IAS 40, evidenced by the commencement of development activities and the decision to sell the properties in the ordinary course of business. Accordingly, the properties were reclassified from investment properties to properties held for development and sale at their carrying amounts as at the date of change in use. Also refer to note 12.
- vi) During the previous year, plot of lands amounting to AED 84.5 million were transferred from properties held for development and sale to investment properties based on change in use of these properties. On transfer, a gain on remeasurement AED 47.7 million has been recognised in the profit or loss. Also refer to note 12.
- vii) During the year, the properties amounting to AED 14.5 million were transferred from properties held for development and sale to property, plant and equipment based on change in use. At the date of transfer, the properties were reclassified at their carrying amounts and are subsequently measured in accordance with the accounting policy applicable to property, plant and equipment.
- viii) During the year, an amount of AED 10.8 million (2024: AED 16.5 million) was capitalised as cost of borrowings for the construction of properties held for development, calculated using a capitalisation rate of 10.5%.
- ix) As at 31 December 2025 and 31 December 2024, the Group assessed the net realisable value of its properties held for development and sale and concluded that no write-down was required, as the net realisable value was not lower than the carrying amount of the properties.
- x) Also refer to note 29.

16 Related party transactions and balances

(a) Related party transactions

The Group enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard No. 24. The transactions between related parties are carried out at mutually agreed terms which are agreed between the management of the Group and the management of the respective related party.

Arada Developments LLC and its subsidiaries

Notes (continued)

16 Related party transactions and balances (continued)

(a) Related party transactions (continued)

The significant transactions entered into by the Group with related parties, other than those disclosed elsewhere in these consolidated financial statements, are as follows:

	2025 AED	2024 AED
<i>Shareholders exercising joint control</i>		
Share capital increase (refer to note 19(a))	-	200,000,000
Funds received from shareholders for working capital	4,099,664,984	2,700,000,000
Funds paid to shareholders	4,750,848,285	2,014,566,798
Payment made by the Company on behalf of the shareholders, net	79,697,949	183,920,798
Finance cost on due to shareholders balance	23,196,374	-
	<u> </u>	<u> </u>
<i>Related parties due to common control</i>		
Purchase of land	1,080,279,757	-
Funds received from factoring of trade receivables and contract assets	-	927,270,030
Advance received from related party (refer note 16(c)(iv))	860,000,000	-
Advance given to related parties	-	50,603,569
Finance cost on factoring	-	34,273,908
Expenses incurred by Group on behalf of the related parties	644,389,897	105,509,696
Loan given to related parties	370,972,734	120,671,206
Payment of land purchase price	327,597,841	-
Finance income on loan given to related parties (refer to note 9(b))	160,224,522	56,004,193
Customer collection received on behalf of related parties	71,147,029	91,572,257
Amortization of non-current balance of due to related party (refer to note 9(a))	51,788,231	35,113,183
Expenses incurred by related parties on behalf of the Group	37,656,207	-
Design consultancy service fees and other services	5,666,369	8,250,844
Facility management services	4,683,312	4,445,398
Construction cost of properties held for development and sale	-	12,951,282
Loan obtained from a related party	-	-
Others	225,129	15,904,649
	<u> </u>	<u> </u>
<i>Joint ventures</i>		
Loan given to a related party	650,000	12,450,000
Finance income from a loan to a related party (refer to note 9(b))	4,970,412	6,169,908
	<u> </u>	<u> </u>
Compensation to key management personnel is as follows:		
	2025 AED	2024 AED
Salaries and other employee benefits	10,086,973	13,841,122
Post-employment benefits	770,208	1,117,542
	<u> </u>	<u> </u>

Arada Developments LLC and its subsidiaries

Notes (continued)

16 Related party transactions and balances (continued)

(b) Due from related parties

	2025 AED	2024 AED
<i>Related parties due to common control</i>		
Arada Group LLC (refer to note (i) and (ii) below)	2,570,670,149	-
EGR Group LLC	197,052,224	45,999,743
Wasat Prime Properties LLC (refer to note (ii) below)	109,924,597	-
Arada Association Administrative Supervision LLC (refer to note (ii) below)	15,035,446	18,768,652
Wasat Properties LLC	7,190,145	-
Wasat Downtown Properties LLC (refer to note (ii) below)	3,283,012	-
Raimondi Group LLC (refer to note (ii) below)	-	7,922,848
Others (refer to note (ii) below)	6,911,107	6,208,670
<i>Joint ventures</i>		
Al Heera Beach Developments LLC	65,530,917	7,029,778
Less: allowance for impairment	(11,863,548)	-
	<u>2,963,734,049</u>	<u>78,899,913</u>
Less: after 12 months	(2,570,670,149)	-
Within 12 months	<u>393,063,900</u>	<u>78,899,913</u>

i) This primarily represents receivables arising from a debt assignment agreement between the Group and Arada Group LLC, pursuant to which amounts previously due from certain direct and indirect subsidiaries of Arada Development LLC were assigned to Arada Group LLC. These balances were previously eliminated on consolidation when the relevant entities formed part of the same sub-group.

ii) These balances are of trading nature, payable on demand and carry an interest rate of 7% on the outstanding balance. The balances are receivable on due date as per respective contracts, which is less than 12 months from the reporting date. Management expects these balances to be fully recoverable.

(c) Due to related parties

	2025 AED	2024 AED
Tilal Properties LLC (refer to note (i) below)	475,184,368	561,581,528
Ruba Developments LLC (refer to note (ii) below)	780,000,000	-
Sharjah Research Technology & Innovation Park Enterprises Co. LLC (refer to note (iii) below)	228,300,000	-
Wasat Properties LLC (refer to note (iv) below)	860,000,000	-
Al Heera Beach Developments LLC	-	9,636,333
Others	1,413,865	6,920
	<u>2,344,898,233</u>	<u>571,224,781</u>
Less: present value impact on long term payable	(226,539,624)	(80,307,612)
	<u>2,118,358,609</u>	<u>490,917,169</u>
Less: after 12 months	(1,094,542,734)	(409,302,000)
Within 12 months	<u>1,023,815,875</u>	<u>81,615,169</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

16 Related party transactions and balances (continued)

(c) Due to related parties (continued)

- i) This represents amount payable against the purchase of land amounting to AED 690 million net off payments made as of the reporting date. As per the sales purchase agreement entered on 24 January 2021, the amount is payable over a period of 10 years.
- ii) This represents amount payable against the purchase of land amounting to AED 1,050 million net off payments made as of the reporting date. As per the signed MOU entered on 31st July 2025, the amount is payable over a period of 6 years.
- iii) This represents amount payable against the purchase of land amounting to AED 228.3 million. As per the shareholders' agreement entered on 10 February 2025, the amount is payable on completion of the project, which is expected to be completed by end of the year 2027.
- iv) During the year, the Group entered into a Contract Rights Purchase and Servicing Agreement ("the Agreement") with a related party, Wasat Properties LLC, under which Wasat Properties LLC agreed to finance trade and unbilled receivables arising from property sales amounting to AED 1,657,882,462 on a non-recourse basis.

The Group has evaluated the transaction against the derecognition requirements of IFRS 9 Financial Instruments and concluded that the criteria for derecognition of the related financial assets have not been satisfied. Accordingly, the receivables continue to be recognized in the consolidated financial statements. As a result, the amount of AED 860 million received under this agreement has been presented as due to related party from Wasat Properties LLC as at the reporting date.

(d) Due to shareholders

	2025	2024
	AED	AED
CORP KBW Investments LLC (refer to note (i) below)	417,016,341	1,067,996,347
Basma Group LLC (refer to note (i) below)	103,560,144	183,461,388
Within 12 months	<u>520,576,485</u>	<u>1,251,457,735</u>

- i) Due to shareholders carries an interest rate of 8% and are repayable on demand.

Arada Developments LLC and its subsidiaries

Notes (continued)

16 Related party transactions and balances (continued)

(e) Loan to related parties

	2025 AED	2024 AED
Wasat Prime Properties LLC (refer note (i) below)	406,303,365	346,356,973
Wasat Land Properties LLC (refer note (i) below)	497,350,583	345,387,462
Wasat Downtown Properties LLC (refer note (ii) below)	32,211,734	-
Sphere Downtown Properties LLC (refer note (ii) below)	192,352,838	-
Nextgen Robopark Investment LLC	56,719,868	56,069,868
Others	621,452	637,605
	<u>1,185,559,840</u>	<u>748,451,908</u>
Less: allowance for impairment	(4,273,109)	(4,273,109)
After 12 months	<u><u>1,181,286,731</u></u>	<u><u>744,178,799</u></u>

- i) During 2023, the Group had given advances to Wasat Prime Properties LLC and Wasat Land Properties LLC, related parties under common control, amounting to AED 277,536,213 and AED 238,102,788. The advances were non-interest bearing and receivable on demand.

During the previous year, the Group entered into agreements with both the related parties, whereby it was agreed to change the repayment terms and conditions of the advances. Pursuant to the signing of agreements with related parties, the amount was reclassified as loan to related parties. These amounts carry profit at the rate of 10% and are receivable over a period of three years.

During the current year, the Group has further given a loan of AED 24,496,284 and AED 110,555,371 to Wasat Prime Properties LLC and Wasat Land Properties LLC respectively on the same terms.

- ii) During the current year, the Group entered into an agreement with Wasat Downtown Properties LLC whereby the Group has given a loan of AED 31,055,847 which carry a profit rate of 10% and receivable over a period of three years.

During the current year, the Group entered into an agreement with Sphere Downtown Properties LLC whereby the Group has given a loan of AED 190,472,684 which carry a profit rate of 7% and receivable over a period of three years.

Arada Developments LLC and its subsidiaries

Notes (continued)

17 Trade, contract and other receivables

	2025 AED	2024 AED
Trade and unbilled receivables (refer to notes (i) and (ii) below)	4,466,035,868	2,246,699,594
Less: allowance for impairment (refer to note (iii) below)	(2,034,516)	(2,034,516)
	-----	-----
	4,464,001,352	2,244,665,078
Advances to suppliers	517,586,452	498,584,828
Deferred expenses (refer to note (iv) below)	876,309,636	460,173,782
Value added tax receivable	70,771,222	74,071,598
Prepayments	48,560,435	47,642,863
Deposits	20,265,088	26,183,166
Others	68,896,142	78,932,832
	-----	-----
	6,066,390,327	3,430,254,147
Less: after 12 months	(459,967,848)	(579,913,390)
	-----	-----
Within 12 months	5,606,422,479	2,850,340,757
	=====	=====

i) Transfer of trade receivables

During the previous year, the Group has entered into Contracts Right Purchase and Servicing Agreement (“agreement”) with a related party under which a related party has agreed to finance the trade and unbilled receivables related to sale of properties on a non-recourse basis. The related party have further signed a facility agreement with one of the commercial banks in UAE to obtain a term loan, wherein these trade receivables are assigned in favour of bank against the credit facility.

ii) Trade and unbilled receivables

	2025 AED	2024 AED
Trade receivables		
Amounts receivable within 12 months	612,496,405	1,167,736,612
Contract assets		
Unbilled receivables within 12 months	3,853,539,463	812,900,021
Unbilled receivables after 12 months	-	266,062,961
	-----	-----
Total trade receivables and contract assets	4,466,035,868	2,246,699,594
	=====	=====

Contract balances

Contract assets primarily relate to the Group’s right to consideration for work completed but not yet billed at the reporting date. Contract liabilities primarily relate to the advance consideration received from customers for sale of properties. The contract assets become trade receivables when the rights become unconditional. The contract liabilities primarily relate to advance consideration received from customers for contracts, for which revenue is recognised on satisfaction of performance obligation.

Arada Developments LLC and its subsidiaries

Notes (continued)

17 Trade, contract and other receivables (continued)

ii) Trade and unbilled receivables (continued)

Contract balances (continued)

The ageing analysis of trade and unbilled receivables is as follows:

	2025 AED	2024 AED
Not past due	3,857,269,773	2,051,579,591
Past due 0 – 90 days	516,922,649	20,523,104
Past due 91 – 180 days	11,353,982	7,284,653
Past due more than 180 days	80,489,464	167,312,246
Gross receivable	4,466,035,868	2,246,699,594

iii) Allowance for impairment

	2025 AED	2024 AED
At 31 December	2,034,516	2,034,516

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable. The Group holds title deeds of the assets sold and post-dated cheques as a security.

iv) This represents sales commission paid to agents and sales staff, which will be amortised over a period of time when benefits relating to the transactions will flow to the Group in proportion to the recognition of revenue. Also refer to note 8(b).

18(a) Cash and cash equivalents

	2025 AED	2024 AED
Cash in hand	5,113,209	5,548,538
Cash at banks (refer to notes (i) and (ii) below)	1,694,763,911	1,258,502,436
Fixed deposits with original maturity of less than three months	-	950,000,000
Cash and bank balances in the statement of financial position	1,699,877,120	2,214,050,974

i) Cash at banks includes balance of AED 1,244.9 million (2024: AED 741.1 million) held in escrow accounts relating to advance collected from customers which is available for payments relating to construction of properties held for development and sale.

ii) The balances are primarily held with banks whose credit ratings range from Aa2 to B1.

Arada Developments LLC and its subsidiaries

Notes (continued)

18(b) Fixed deposit with banks

	2025 AED	2024 AED
Fixed deposits under lien (refer to note (i) below)	-	455,000,000
Fixed deposits with original maturity over three months	2,064,800,000	1,134,100,000
	<u>2,064,800,000</u>	<u>1,589,100,000</u>

- i) During the previous year, the fixed deposits of AED 455mn was under lien with one of the banks against a credit facility obtained by a related party.

18(c) Restricted balances with bank

	2025 AED	2024 AED
Escrow retention balances with bank (refer to note (i) below)	78,302,000	41,596,439
Cash at banks under lien	24,951,307	-
	<u>103,253,307</u>	<u>41,596,439</u>

- i) The above represents Escrow retention accounts maintained with commercial banks in accordance with the local laws issued by the governing bodies in UAE. The retention balance shall be released after one year from the completion of the project.

19 Equity

a) Share capital	2025 AED	2024 AED
<i>Authorised, issued and paid up share capital</i>		
<i>1,800,000 shares of AED 1,000 each (31 December 2024: 1,800,000 shares of AED 1,000 each)</i>	1,800,000,000	1,800,000,000
Movement of share capital is as follows:		
At 1 January	1,800,000,000	1,600,000,000
Issuance of share capital	-	200,000,000
At 31 December	<u>1,800,000,000</u>	<u>1,800,000,000</u>

b) Legal reserve

In accordance with Article 103 of the UAE Federal Decree Law No. (32) of 2021 and the Articles of Association of the Company and entities in the Group, a minimum of 5% of the net profit of the Company and entities in the Group is allocated every year to a legal reserve, which is not distributable. Such allocation may cease if the total reserve reaches 50% of the Company's and entities in the Group's paid up capital.

Arada Developments LLC and its subsidiaries

Notes (continued)

19 Equity (continued)

c) Currency translation reserves

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

d) Revaluation reserves

The revaluation reserve relates to the revaluation of property, plant and equipment immediately before its classification as investment properties. Also refer to note 10(i).

20 Payable to the Government of Sharjah

	2025 AED	2024 AED
At 1 January	1,979,910,526	2,044,543,605
Payments made during the year	(151,849,150)	(146,791,212)
Unwinding of interest (refer to note 9(a))	79,596,922	82,158,133
	-----	-----
At 31 December	1,907,658,298	1,979,910,526
Less: after 12 months	(1,784,785,474)	(1,771,768,615)
	-----	-----
Within 12 months	<u>122,872,824</u>	<u>208,141,911</u>

This represents the amount payable against the purchase of land from the Government of Sharjah in 2017. The repayment was restructured into two equal parts of AED 1,600 million, where each part had distinct repayment mechanism. First part amounting to AED 1,600 million was payable as a bullet payment in 2029 and the remaining AED 1,600 million was payable over a period of 16 years based on the achievement of agreed off-plan sales. The liability was initially recorded by the Group at fair value determined using the Group's effective borrowing rate.

During the year 2023, an addendum was signed by both the parties to amend the repayment term of the bullet payment. As per the amended terms, an accelerated payment of AED 400 million was agreed between both the parties, which was to be paid by 2025 (AED 200 million in 2023 and AED 100 million each in 2024 and 2025)

21 Sukuk

i) During prior years, Arada Sukuk Limited ("the first issuer"), a limited liability company registered in the Cayman Islands, had issued trust certificates ("the Sukuk 1") with a face value amounting to United States Dollar ("USD") 350 million (equivalent AED 1,286 million) on 8 June 2022. Subsequent to initial issuance, the first issuer has issued additional trust certificates with a face value amounting to USD 100 million on 27 October 2022. These trust certificates were issued at 1% discount. Further to the above, trust certificates with a face value amounting to USD 50 million were issued on 13 February 2023. These trust certificates were issued at 1.309% discount. The Sukuk is due for repayment in June 2027 and carries a profit distribution rate of 8.125% per annum to be paid semi-annually.

ii) During the previous year, Arada Sukuk 2 Limited ("the second issuer"), a limited liability company registered in the Cayman Islands, has issued trust certificates ("the Sukuk 2") with a face value amounting to United States Dollar ("USD") 400 million (equivalent AED 1,469 million) on 24 June 2024. Subsequently, the issuer has issued additional trust certificates with a face value amounting to USD 150 million (equivalent to AED 551.25 million) on 1 October 2024. The trust certificate was issued at premium of 2.54%. The Sukuk is due for repayment in June 2029 and carries a profit distribution rate of 8% per annum to be paid semi-annually

Arada Developments LLC and its subsidiaries

Notes (continued)

21 Sukuk (continued)

- iii) During the year, Arada Sukuk 2 Limited (“the second issuer”), a limited liability company registered in the Cayman Islands, has issued trust certificates (“the Sukuk 3”) with a face value amounting to United States Dollar (“USD”) 450 million (equivalent AED 1,653 million) on 5 August 2025. These trust certificates carry a profit distribution rate of 7.15% per annum to be paid semi-annually and repayable on 5 August 2030.
- iv) During the year, Arada Sukuk Limited (“the first issuer”), repurchased trust certificates with a face value amounting to USD 88.3 million (equivalent to AED 324.5 million) at a premium of 2.75% on 5 August 2025. The difference between the carrying amount of the liabilities and the consideration paid on settlement amounting to AED 8.9 million has been recognised as a loss on early settlement in finance costs in the consolidated statement of profit or loss.

These Sukuks are listed on London Stock Exchange and Nasdaq Dubai.

During the year, the Group incurred a finance cost of AED 385.1 million on its Sukuk, out of which AED 59.7 million (2024: AED 12.7 million) is payable as at the reporting date.

The following fair values of the Sukuks are based on a quoted market rate and are within Level 2 of the fair value hierarchy:

	Carrying amount		Fair value	
	2025 AED	2024 AED	2025 AED	2024 AED
Sukuk 1	1,512,219,529	1,834,949,309	1,545,973,226	1,896,851,250
Sukuk 2	2,007,128,942	1,999,796,824	2,085,667,237	2,119,179,563
Sukuk 3	1,678,666,331	-	1,672,106,625	-
	<u>5,198,014,802</u>	<u>3,834,746,133</u>	<u>5,303,747,088</u>	<u>4,016,030,813</u>

Movement in Sukuk are as follows:

	2025 AED	2024 AED
At 1 January	3,834,746,133	1,828,065,114
Sukuk raised during the year	1,653,750,000	2,020,150,000
Sukuk repurchased during the year	(324,495,150)	-
Transaction cost paid related to sukuk issuance	(26,161,865)	(25,226,079)
Finance cost on Sukuk	385,114,479	243,214,624
Finance costs paid on Sukuk	(324,938,795)	(231,457,526)
At 31 December	<u>5,198,014,802</u>	<u>3,834,746,133</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

21 Sukuk (continued)

The Group is required to comply with certain financial and non-financial covenants. Financial covenants are as follow:

- i) Consolidated total net indebtedness at the end of the immediately preceding measurement period to total equity at the end of such measurement period does not exceed a ratio of 2:1;
- ii) Consolidated total net indebtedness at the end of the immediately preceding measurement period to consolidated EBITDA for such measurement period does not exceed a ratio of 4:1; and
- iii) Consolidated adjusted EBITDA for the immediately preceding measurement period to consolidated net finance charges payable for such measurement period is not less than a ratio of 1.5:1.
- iv) The Group is required to ensure that, as of any date, it has complied with the eligible receivable coverage ratios.

22 Borrowings

	2025 AED	2024 AED
Within 12 months	150,000,000	295,400,000
After 12 months	1,534,550,000	280,000,000
At 31 December	<u>1,684,550,000</u>	<u>575,400,000</u>

	2025 AED	2024 AED
<i>Movement in bank borrowings are as follows:</i>		
At 1 January	575,400,000	912,500,000
Loans obtained during the year	1,934,474,264	1,300,000,000
Borrowings assumed on business combination (refer to note 32)	35,083,603	-
Loans repaid during the year	(735,007,867)	(1,625,000,000)
Currency translation difference	8,894,050	(12,100,000)
Borrowings transferred out - common control transaction (refer to note 34)	(134,294,050)	-
At 31 December	<u>1,684,550,000</u>	<u>575,400,000</u>

Movement in interest payable on bank borrowings are as follows:

	2025 AED	2024 AED
At 1 January	2,068,969	2,904,642
Interest accrued during the year (refer to note 9(a))	80,028,772	78,632,892
Interest paid during the year	(65,174,476)	(79,468,565)
At 31 December	<u>16,923,265</u>	<u>2,068,969</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

22 Borrowings (continued)

Islamic finance obligations carry market prevailing margin rates ranging from 2.35% - 3% (2024: 2.35% - 10.75%) and are repayable one to five years from the reporting date (2024: within one to two years).

One of the Islamic finance facilities obtained by the Group, is secured by the following:

- i) Corporate guarantee from M/s Basma Group LLC SP up to the extent of their ownership covering facility amount in favour of the bank; and
- ii) Corporate guarantee from M/s Corp KBW Investments LLC up to the extent of their ownership covering facility amount in favour of the bank.

The Group is required to comply with certain financial and non-financial covenants related to its bank borrowings. Financial covenants are disclosed in note 21.

23 Lease liabilities

The Group leases office building, fitness centres and student accommodation units, for a period of 3 to 10 years. The movement in lease liabilities is as follows:

	2025 AED	2024 AED
At 1 January	489,676,116	470,119,264
Additions (refer to note 11)	50,159,824	77,267,395
Assumed in business combination (refer to note 32)	41,706,931	-
Finance expense on lease liabilities charged to the profit or loss (refer to note 9(a))	32,555,078	33,271,212
Lease payments	(111,339,809)	(91,000,785)
Transferred out - common control transaction (refer to note 34)	(136,303,565)	-
Currency translation difference	99,430	19,030
	<u>366,554,005</u>	<u>489,676,116</u>
At 31 December	366,554,005	489,676,116
Less: after 12 months	(265,394,389)	(403,030,536)
	<u>101,159,616</u>	<u>86,645,580</u>

The maturity analysis of lease liabilities is disclosed in note 31.

24 Employees' end of service benefits

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2025 AED	2024 AED
At 1 January	24,001,425	16,705,449
Provision made during the year	10,767,732	9,808,014
Payments made during the year	(4,119,620)	(2,512,038)
Assumed in business combination (refer to note 32)	1,616,786	-
Transferred out - common control transaction (refer to note 34)	(4,932,080)	-
	<u>27,334,243</u>	<u>24,001,425</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

25 Derivative financial instrument

The table below shows the fair value of derivative financial instrument, which is equivalent to the market value, together with the notional amount. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivative is measured. The notional amount indicates the volume of transactions outstanding at the reporting date and are neither indicative of the market nor credit risk.

	31 December 2025		31 December 2024	
	AED		AED	
	Fair value	Notional amount	Fair value	Notional amount
Profit rate swap	<u>(1,268,959)</u>	<u>1,286,086,637</u>	<u>(23,397,549)</u>	<u>1,286,086,637</u>

Derivative financial instrument is carried at fair value under Level 2.

26 Advance from customers

Advance from customers mainly represent instalments received in advance from customers towards sales of properties held for development and sale. Also refer to note 17 (ii).

	2025	2024
	AED	AED
At 31 December	3,002,163,987	1,701,685,707
Less: after 12 months	(112,631,143)	(552,588,301)
Within 12 months	<u>2,889,532,844</u>	<u>1,149,097,406</u>

During the current year, the Company has launched a project Akala at DIFC and have collected advances from customers amounting to AED 160.90 million till 31st December 2025. The Company has signed a property development contract for the project with one of its related party, where the related party will contribute a plot of land and the Company will be responsible for the overall management of the project including, but not limited to, supervision, development, sales and marketing, signing of customer contracts and maintaining project's books of accounts. The title deed of plot of land is with the same related party, and the Company has no obligation towards related party in respect of this plot of land unless there are sufficient profits available from the project.

During the previous year, the Company had launched a project W Residences at Dubai Harbour ("the project") and have collected advances from customers amounting to AED 437.5 million till 31st December 2025. The Company has signed a property development contract for the project with one of its related party, where the related party will contribute a plot of land and the Company will be responsible for the overall management of the project including, but not limited to, supervision, development, sales and marketing, signing of customer contracts and maintaining project's books of accounts. The title deed of plot of land is with the same related party, and the Company has no obligation towards related party in respect of this plot of land unless there are sufficient profits available from the project.

Arada Developments LLC and its subsidiaries

Notes (continued)

27 Trade and other payables

	2025 AED	2024 AED
Trade payables	839,325,991	605,864,810
Retention payables	427,716,885	367,330,835
Project cost accruals	540,184,773	534,177,691
Commission payable	316,697,450	99,957,995
Other payables and accrued expenses (refer to note (i) below)	445,160,981	208,371,975
	<u>2,569,086,080</u>	<u>1,815,703,306</u>
Less: after 12 months	<u>(148,116,562)</u>	<u>(281,709,006)</u>
Within 12 months	<u>2,420,969,518</u>	<u>1,533,994,300</u>

i) This includes accrued finance cost amounting to AED 16.92 million (2024: AED 2 million) as at the reporting date. Also refer to note 22.

28 Operating Leases

The Group has entered into leases on its investment properties and right of use assets. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date. Also refer to notes 11 and 12.

	2025 AED	2024 AED
Less than one year	37,320,331	24,618,345
One to two years	32,153,385	22,131,957
Two to three years	24,739,600	16,707,798
Three to four years	17,721,879	11,937,799
Four to five years	15,058,892	6,917,875
More than five years	35,255,123	17,911,992
	<u>162,249,210</u>	<u>100,225,766</u>

29 Commitments

As at 31 December 2025, the Group has total commitments of AED 7,209 million (2024: AED 3,009 million) with respect to under construction of properties classified under property, plant and equipment amounting to AED 199 million (2024: AED 78.5 million), properties held for development and sale amounting to AED 4,638 million (2024: AED 2,917.5 million) and investment properties amounting to AED 2,372 million (2024: AED 13 million). These commitments represent the value of contracts issued as at the reporting date net of invoices received and accruals made at that date. These commitments are expected to be settled within the duration of the projects which is between 24 to 30 months as agreed with respective parties.

Arada Developments LLC and its subsidiaries

Notes (continued)

30 Contingent liabilities

As at 31 December 2025, the Group has contingent liabilities in respect of performance guarantees amounting to AED 446 million (2024: AED 238.14 million). However, certain other contingent liabilities may arise during the normal course of business, which, based on the information presently available, either cannot be quantified at this stage or in the opinion of the management is without any merit. However, in the opinion of management, these contingent liabilities are not likely to result in any significant cash outflows for the Group.

31 Financial risk management

Financial assets and financial liabilities of the Group and related accounting policies are set out in note 3.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2025 AED	2024 AED
Trade, contract and other receivables (excluding prepayments, deferred expenses, value added tax receivable and advances)	4,553,162,582	2,349,781,076
Loan to related parties	1,181,286,731	744,178,799
Due from related parties	2,963,734,049	78,899,913
Restricted balances with bank	103,253,307	41,596,439
Fixed deposit with banks	2,064,800,000	1,589,100,000
Cash at banks	1,694,763,911	2,208,502,436
	<u>12,561,000,580</u>	<u>7,012,058,663</u>

The balances receivables from related parties are considered to be fully recoverable by the management. However, an allowance for expected credit losses has been recognised on a prudent basis in accordance with applicable accounting standards.

Arada Developments LLC and its subsidiaries

Notes (continued)

31 Financial risk management (continued)

Liquidity risk

The following are the contractual maturities of financial liabilities, including finance cost payments and excluding the impact of netting arrangements:

	Carrying amount AED	Contractual cash flows			
		Total AED	Less than one year AED	One to five years AED	More than five years AED
31 December 2025					
Trade and other payables	2,569,086,080	(2,584,426,831)	(2,436,310,269)	(148,116,562)	-
Lease liabilities	366,554,005	(453,692,967)	(93,559,043)	(253,240,268)	(106,893,656)
Borrowings	1,684,550,000	(1,947,551,767)	(259,254,859)	(1,688,296,908)	-
Payable to the Government of Sharjah	1,907,658,298	(2,389,633,676)	(126,288,457)	(1,564,290,733)	(699,054,486)
Due to related parties*	1,258,358,609	(1,484,898,233)	(171,883,952)	(1,093,343,062)	(219,671,219)
Due to shareholders	520,576,485	(520,576,485)	(520,576,485)	-	-
Sukuk	5,198,014,802	(6,529,896,394)	(402,874,769)	(6,127,021,625)	-
Derivative financial instrument	1,268,959	(1,268,959)	(1,268,959)	-	-
	<u>13,506,067,238</u>	<u>(15,911,945,312)</u>	<u>(4,012,016,793)</u>	<u>(10,874,309,158)</u>	<u>(1,025,619,361)</u>
31 December 2024					
Trade and other payables	1,815,703,306	(1,845,381,210)	(1,521,311,722)	(324,069,488)	-
Lease liabilities	489,676,116	(614,689,343)	(111,021,149)	(393,192,800)	(110,475,394)
Borrowings	575,400,000	(648,274,702)	(234,413,817)	(413,860,885)	-
Payable to the Government of Sharjah	1,979,910,526	(2,541,482,826)	(216,027,990)	(1,511,556,682)	(813,898,154)
Due to related parties	490,917,169	(571,224,781)	(83,214,912)	(416,304,334)	(71,705,535)
Due to shareholders	1,251,457,735	(1,251,457,735)	(1,251,457,735)	-	-
Sukuk	3,834,746,133	(4,953,321,487)	(310,807,313)	(4,642,514,174)	-
Derivative financial instrument	23,397,549	(28,150,176)	(1,901,051)	(26,249,125)	-
	<u>10,461,208,534</u>	<u>(12,453,982,260)</u>	<u>(3,730,155,689)</u>	<u>(7,727,747,488)</u>	<u>(996,079,083)</u>

*Due to related parties balance does not include advance received from related party.

Profit rate risk

The Group's exposure to profit rate risk relates to its bank borrowings and loan to related parties. At the reporting date, the profit rate profile of the Group's profit-bearing financial instruments was:

	2025 AED	2024 AED
Fixed rate instruments		
<i>Financial liabilities</i>		
Sukuk	(5,188,004,850)	(3,856,400,000)
Impact of profit rate swap	1,286,086,637	1,286,086,637
Bank borrowings	-	(125,400,000)
	<u>(3,901,918,213)</u>	<u>(2,695,713,363)</u>
<i>Financial asset</i>		
Fixed deposits with banks	2,064,800,000	2,539,100,000
Loan to related parties	1,128,218,520	691,744,435
	<u>(708,899,693)</u>	<u>535,131,072</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

31 Financial risk management (continued)

Profit rate risk (continued)

Variable rate instruments

Financial liabilities

Borrowings	(1,684,550,000)	(450,000,000)
Effect of profit rate swap	(1,286,086,637)	(1,286,086,637)
	<u>(2,970,636,637)</u>	<u>(1,736,086,637)</u>

Financial asset

Loan to related parties	56,719,868	56,069,868
	<u>(2,913,916,769)</u>	<u>(1,680,016,769)</u>

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial asset or financial liability at FVTPL, and the Group does not designate derivative (profit rate swap) as hedging instrument under a fair value hedge accounting model. Therefore, a change in profit rate at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A change by 1% in profit rates at the reporting date would have increased/ (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss Increase AED	Decrease AED
At 31 December 2025		
Variable rate instruments	<u>(29,139,168)</u>	<u>29,139,168</u>
At 31 December 2024		
Variable rate instruments	<u>(16,800,168)</u>	<u>16,800,168</u>

Fair value

The carrying amount of the Group's financial instruments, except sukuk, approximate their fair values at the reporting date.

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 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Arada Developments LLC and its subsidiaries

Notes (continued)

31 Financial risk management (continued)

Fair value (continued)

Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 as explained above.

32 Acquisition of Subsidiaries

i) Acquisition of Wellness Forward Group entities

On 23 January 2025, Arada Developments LLC (the “Group”) entered into a Sale and Purchase Agreement to acquire 70% of the equity interests in Wellness Forward Group (the “acquiree group”), comprising Fit N Glam Ladies Gym LLC, Fitcode Gym LLC, Platform 3 Fitness LLC, Platform Fitness DHM Gym LLC, The Platform 3 Fitness Ltd and Zenith Investment LLC, and 35.7% of the equity interests in Fuze Holdings LLC – FZ (together, the “Acquiree Group”), all of which are incorporated and operating in the United Arab Emirates.

By mutual agreement between the parties, the Group obtained control of the Acquiree Group with effect from 1 January 2025, being the date on which all significant conditions precedent were substantively satisfied and the Group obtained the ability to direct the relevant activities of the Acquiree Group. Accordingly, 1 January 2025 has been determined as the acquisition date for the purposes of IFRS 3 Business Combinations.

Assessment of a business under IFRS 3

The identifiable assets and liabilities acquired at the acquisition date included inputs (such as property, plant and equipment and customer relationships), processes, and an organised workforce. Management assessed that the acquired inputs and processes, together, significantly contribute to the ability to create outputs. Accordingly, the transaction meets the definition of a business under IFRS 3 and has been accounted for using the acquisition method.

Consideration transferred

The total consideration transferred for the acquisition comprised the following:

- Cash consideration of AED 124,000,000; and
- The issuance of a 30% equity interest in the Group’s wholly owned subsidiary, Wellfit Mind and Body LLC (“Wellfit”), to the sellers.

The 30% equity interest in Wellfit was measured at fair value of AED 75,724,800 at the acquisition date and included as part of the total consideration transferred for the acquisition, in accordance with IFRS 3.

Arada Developments LLC and its subsidiaries

Notes (continued)

32 Acquisition of Subsidiaries (continued)

i) Acquisition of Wellness Forward Group entities (continued)

Equity transaction arising from partial disposal of Wellfit

As part of the transaction structure, the Group relinquished a 30% equity interest in Wellfit, while retaining control over Wellfit. In accordance with IFRS 10 *Consolidated Financial Statements*, this partial disposal that does not result in a loss of control has been accounted for as an equity transaction.

The carrying amount of the Group's interest in Wellfit relinquished, based on the book value of net liabilities, amounted to AED 22,559,503.

The difference between:

- the fair value of the consideration received of AED 75,724,800, and
- the carrying amount of the net liability relinquished of AED 22,559,503,

resulting in a net amount of AED 98,284,303, has been recognised directly in equity and attributed to the owners of the Company. No gain or loss was recognised in profit or loss.

Identifiable assets acquired and liabilities assumed

The acquisition has been accounted for using the acquisition method of accounting, and accordingly, the identifiable assets acquired, and liabilities assumed, have been recognised at their respective fair values. The note (iv) below summarises the recognised amounts of the assets acquired and liabilities assumed at the date of the acquisition.

Analysis of cashflow on acquisition

	AED
Cash paid for the acquisition	(124,000,000)
Net cash acquired on business combination	21,111,644
Net cash outflows on acquisition (included in cash flows from investing activities)	(102,888,356)

Subsequent transfer under common control

On 1 September 2025, the Group transferred its 70% equity interest in the acquiree group to another entity under the common control of the Group's shareholders as part of a group reorganisation. As the transaction did not result in a loss of control to the shareholders of the Group, it was accounted for as a transaction under common control. Accordingly, the assets, liabilities and related equity components were derecognised at their carrying amounts, and no gain or loss was recognised in profit or loss. Further details are disclosed in Note 34.

Contribution to the Group's results

From the acquisition date (1 January 2025) to the date of transfer (31 August 2025), the acquiree group contributed:

- revenue of AED 76,578,801 and
- loss after tax amounting to of AED 12,442,912

to the Group's consolidated results.

Arada Developments LLC and its subsidiaries

Notes (continued)

32 Acquisition of Subsidiaries (continued)

ii) Acquisition of Roberts Co (NSW) Pty Ltd

On 6 May 2025, the Group acquired 100% of the equity interests in Roberts Co (NSW) Pty Ltd, thereby obtaining control over the entity. Roberts Co (NSW) Pty Ltd is primarily engaged in the construction of properties.

The acquisition has been accounted for using the acquisition method in accordance with IFRS 3 Business Combinations. Accordingly, the identifiable assets acquired, and liabilities assumed have been recognised at their fair values at the acquisition date. In determining the purchase price allocation, management assessed that the carrying amounts of certain identifiable assets and liabilities reasonably approximate their fair values, and therefore no material fair value adjustments were required.

Consideration Transferred

The total consideration transferred amounted to AED 23,890 which was settled entirely in cash.

Identifiable assets acquired and liabilities assumed

The recognised amounts of the identifiable assets acquired and liabilities assumed at the acquisition date are summarised in note (iv).

Analysis of cashflow on acquisition

	AED
Cash paid for the acquisition	(23,890)
Net cash acquired on business combination	39,825,105
Net cash inflow on acquisition (included in cash flows from investing activities)	39,801,215

Subsequent transfer under common control

On 15 September 2025, the Group transferred its 100% equity interest in the Roberts Co (NSW) Pty Ltd to another entity under the common control of the Group's shareholders as part of a group reorganisation. As the transaction did not result in a loss of control to the shareholders of the Group, it was accounted for as a transaction under common control. Accordingly, the assets, liabilities and related equity components were derecognised at their carrying amounts, and no gain or loss was recognised in profit or loss. Further details are disclosed in Note 34.

Contribution to the Group's results

From the acquisition date (6 May 2025) to 15 September 2025, Roberts Co (NSW) Pty Ltd contributed:

- revenue of AED 230,309,280, and
- loss after tax amounting to AED 4,922,296

to the Group's consolidated results.

Arada Developments LLC and its subsidiaries

Notes (continued)

32 Acquisition of Subsidiaries (continued)

iii) Other Acquisitions

Acquisition of Roots Restaurant LLC SP

On 1 January 2025, the Group acquired 100% of the equity interests in Roots Restaurant LLC SP for a total consideration of AED 6,994,676, settled in cash. Roots Restaurant LLC SP is primarily engaged in the operation and management of restaurant businesses.

The acquisition has been accounted for using the acquisition method in accordance with IFRS 3 Business Combinations. The fair value of the identifiable assets acquired and liabilities assumed at the acquisition date amounted to AED 3,501,234 resulting in the recognition of goodwill of AED 3,493,442.

On 1 July 2025, the Group transferred its 100% equity interest in the Roots Restaurant LLC SP to another entity under the common control of the Group's shareholders as part of a group reorganisation. As the transaction did not result in a loss of control to the shareholders of the Group, it was accounted for as a transaction under common control. Accordingly, the assets, liabilities and related equity components were derecognised at their carrying amounts, and no gain or loss was recognised in profit or loss. Further details are disclosed in Note 34.

From the acquisition date (1 January 2025) to the date of transfer (30 June 2025), Roots Restaurant LLC SP contributed:

- Revenue of AED 4,339,252, and
- a loss after tax amounting to AED 930,910

to the Group's consolidated results.

Acquisition of Australian coffee roasting businesses

On 1 January 2025, the Group acquired the businesses and net assets of El Cafetero Pty Ltd, La Hacienda Caffe Pty Ltd and Simon JJ Pty Ltd for a total consideration of AED 3,933,000, settled in cash. The acquisition expanded the Group's coffee roasting and export operations in Australia, with the acquired businesses subsequently operated through Reformatory Roasters Australia Pty Ltd.

The acquisition has been accounted for as a business combination under IFRS 3. The fair value of the identifiable assets acquired and liabilities assumed at the acquisition date amounted to AED 2,383,133, resulting in the recognition of goodwill of AED 1,549,867.

From the acquisition date (1 January 2025), Reformatory Roasters Australia Pty Ltd contributed:

- revenue of AED 7,899,900, and
- profit after tax amounting to AED 538,227

to the Group's consolidated results.

Fair value measurement

In determining the purchase price allocation for the acquisitions described in this note (iii), management assessed that the carrying amounts of certain identifiable assets and liabilities reasonably approximate their fair values, and therefore no material fair value adjustments were required.

The recognised amounts of the identifiable assets acquired and liabilities assumed at the respective acquisition dates are summarised in note (iv).

Arada Developments LLC and its subsidiaries

Notes (continued)

32 Acquisition of Subsidiaries (continued)

iv) Identifiable assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of acquirees based on assessment as at the date of acquisitions were:

	Wellness Forward Group LLC	Roberts Co (NSW) Pty Ltd	Others	Total
	AED	AED	AED	AED
Purchase consideration paid - Cash	124,000,000	23,890	10,927,676	134,951,566
Fair value of 30% shares issued to non-controlling interest as part of purchase consideration (refer note 32 (i))	75,724,800	-	-	75,724,800
Fair value of non-controlling interest in subsidiaries acquired measured at fair value	68,533,200	-	-	68,533,200
Less: Fair value of assets acquired and liabilities assumed as at date of acquisition				
-Property, Plant and equipment	113,327,029	-	4,993,153	118,320,182
-Right-of-use assets	41,961,693	-	-	41,961,693
-Intangible asset	42,360,000	-	-	42,360,000
-Deferred Tax asset	2,513,052	-	-	2,513,052
-Due from related parties	15,853,292	-	-	15,853,292
-Trade, contract and other receivables	22,882,205	50,940,000	1,487,904	75,310,109
-Cash and cash equivalent	21,111,644	39,825,105	-	60,936,749
-Borrowings	-	(35,083,603)	-	(35,083,603)
-Lease liabilities	(41,706,931)	-	-	(41,706,931)
-Employees' end of service benefits	(1,616,786)	-	-	(1,616,786)
-Advance from Customers	(2,556,153)	-	-	(2,556,153)
-Trade and other payables	(24,618,319)	(104,012,652)	(596,690)	(129,227,661)
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Fair value of net assets / (liability) acquired as at date of acquisition	189,510,726	(48,331,150)	5,884,367	147,063,943
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Goodwill on acquisition	78,747,274	48,355,040	5,043,309	132,145,623
	=====	=====	=====	=====

Arada Developments LLC and its subsidiaries

Notes *(continued)*

32 Acquisition of Subsidiaries (continued)

iv) Identifiable assets acquired and liabilities assumed (continued)

The acquisitions has been accounted for using the acquisition method in accordance with IFRS 3 Business Combinations, whereby the identifiable assets acquired and liabilities assumed have been recognised at their respective fair values as at the acquisition date.

As part of the purchase price allocation exercise, management engaged an independent valuation specialist to assist in determining the fair values of the identifiable assets acquired and liabilities assumed. The valuation process involved the application of appropriate valuation techniques and assumptions, including market-based and income-based approaches, where relevant.

The purchase consideration has been allocated to the identifiable assets and liabilities of the acquired entity based on their estimated fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired has been recognised as goodwill.

Goodwill represents the future economic benefits arising from assets that are not individually identified and separately recognised as part of the business combination. These benefits primarily include expected synergies from the integration of the acquired business with the Group's existing operations and other intangible benefits which cannot be separately identified arising from the acquisition.

The goodwill recognised is subject to annual impairment testing in accordance with IAS 36 Impairment of Assets and whenever there are indicators of impairment.

Arada Developments LLC and its subsidiaries

Notes (continued)

33 Subsidiaries and equity accounted investees

The Company has the following significant subsidiaries, joint venture and branches as at the reporting date:

Name of Subsidiaries	Status	Country of incorporation	Effective ownership	
			2025	2024
Aljada Developments LLC	Limited Liability Company	UAE	100%	100%
Arada Real Estate Company LLC	Limited Liability Company	Kingdom of Saudi Arabia	90%	90%
Arada Khadamat LLC	Limited Liability Company	UAE	100%	100%
Masaar Developments LLC	Limited Liability Company	UAE	100%	100%
Masaar 2 Developments LLC	Limited Liability Company	UAE	65%	-
Masaar 3 Developments LLC	Limited Liability Company	UAE	60%	-
Arada Education LLC	Limited Liability Company	UAE	100%	100%
Aljada Sewage Treatments FZE	Free Zone Establishment	UAE	100%	100%
Arada Association Administrative Supervision LLC *	Limited Liability Company	UAE	100%	100%
ZAD Destinations Investment LLC	Limited Liability Company	UAE	100%	100%
Sabis International Private School LLC – Aljada	Limited Liability Company	UAE	100%	100%
Souq Manbat Supermarket Sole Proprietorship LLC	Individual Company LLC	UAE	100%	100%
Matajer Arada Investments LLC	Limited Liability Company	UAE	100%	100%
Arada Hospitality LLC Sole Proprietorship	Limited Liability Company	UAE	100%	100%
Arada Sukuk Limited **	Limited Liability Company	Cayman Island	100%	100%
Arada Sukuk 2 Limited **	Limited Liability Company	Cayman Island	100%	100%
Yalla Bikes	Limited Liability Company	UAE	100%	100%
Reformatory Holding Australia Pty LTD	Limited Liability Company	Australia	80%	-
Reformatory Investments LLC	Limited Liability Company	UAE	80%	-
Nest Hotel LLC SP	Limited Liability Company	UAE	100%	-
Wellfit Mind &Body LLC	Limited Liability Company	UAE	-	100%
Arada International Investment LLC	Limited Liability Company	UAE	-	100%
Arada Holdings Australia Pty Ltd***	Limited Liability Company	Australia	-	100%
Arada Australia Pty Ltd ***	Limited Liability Company	Australia	-	80%
Arada Dev Corp Pty Ltd ***	Limited Liability Company	Australia	-	80%
ACH1 Pty Ltd ***	Limited Liability Company	Australia	-	80%
Redman Belmore Holdings Pty Ltd ***	Limited Liability Company	Australia	-	80%
Canterbury TM Pty Ltd ***	Limited Liability Company	Australia	-	80%
Modena Pty Ltd ***	Limited Liability Company	Australia	-	80%
Brooks Point Holdings Pty Ltd***	Limited Liability Company	Australia	-	80%
Carrington Road Holdings Pty Ltd***	Limited Liability Company	Australia	-	80%
Arada Treasury Pty Ltd ***	Limited Liability Company	Australia	-	80%
Arada Management Services Pty	Limited Liability Company	Australia	-	80%
Altitude Etela Pty Ltd ***	Limited Liability Company	Australia	-	80%
CFMS Dev Pty Ltd ***	Limited Liability Company	Australia	-	80%

Arada Developments LLC and its subsidiaries

Notes (continued)

33 Subsidiaries and equity accounted investees (Continued)

Name of Subsidiaries	Status	Country of incorporation	Effective ownership	
			2025	2024
NBC Dev Pty Ltd ***	Limited Liability Company	Australia	-	80%
Campsie NBC Pty Ltd***	Limited Liability Company	Australia	-	80%
London North Pty Ltd***	Limited Liability Company	Australia	-	80%
10 London Development Pty Ltd***	Limited Liability Company	Australia	-	80%
TM Dev Pty Ltd ***	Limited Liability Company	Australia	-	80%
Arada Development Management Pty Ltd ***	Limited Liability Company	Australia	-	80%
Arada Constructions Holding PtyLtd ***	Limited Liability Company	Australia	-	80%
Arada Constructions Pty Ltd ***	Limited Liability Company	Australia	-	80%
MAVPH Pty Ltd ***	Limited Liability Company	Australia	-	80%
Joint Venture				
Nextgen Robopark Investment LLC	Limited Liability Company	UAE	25%	25%
Al Heera Beach Developments LLC	Limited Liability Company	UAE	50%	50%
Branches				
Arada Developments LLC – Dubai Branch	Branch	UAE	N/A	N/A
Arada Developments LLC – Abu Dhabi Branch	Branch	UAE	N/A	N/A

* The Company holds shares of Arada Association Administrative Supervision LLC, for the beneficial interest of the owner's association of the Group's master community.

** The Company holds 100% interest in Arada Sukuk Limited and Arada Sukuk 2 Limited, special purpose entities incorporated for the execution of Islamic trust certificates.

*** The Company holds shares in these overseas subsidiaries through one of its direct subsidiary Arada International Investment LLC. These subsidiaries were transferred to another entity under the common control of the Group's shareholders as part of a group reorganisation. Further details are disclosed in Note 34.

Also refer to note 32.

Arada Developments LLC and its subsidiaries

Notes *(continued)*

34 Internal Group Restructuring

Business Combination under Common Control

During the year, the Group undertook an internal organisational restructuring to streamline its reporting structure, business lines and geographical alignment. As part of this restructuring, certain subsidiaries previously controlled by the Group were transferred to other entities that are ultimately controlled by the Company's shareholders and therefore constituted business combinations under common control.

These transactions have been accounted for using the predecessor value method, in accordance with the Group's accounting policy for business combinations under common control. Accordingly, the assets liabilities and the equity components of the transferred entities, including retained earnings, currency translation reserves and non-controlling interests, were transferred at their existing carrying amounts as at the respective dates of transfer, with no adjustments made to reflect fair values. The comparative information has not been restated.

The restructuring transactions were affected at carrying value of the Group's capital interest in the transferred entities as at the dates of transfer, hence no gain or loss was recognised in profit or loss as a result of these transactions.

No goodwill or gain on bargain purchase was recognised as a result of these transactions.

The results of the transferred entities have been included in the Group's consolidated statement of profit or loss and other comprehensive income up to the respective dates of transfer.

i) Transfer of Fitness & Wellness division

a) Wellness Forward Group entities

On 1st September 2025, the Group transferred its 70% of the equity interests in Fit N Glam Ladies Gym LLC, Fitcode Gym LLC, Platform 3 Fitness LLC, Platform Fitness DHM Gym LLC, The Platform 3 Fitness Ltd and Zenith Investment LLC, and 35.7% of the equity interests in Fuze Holdings LLC – FZ (together, the "Wellness Forward Group entities") to Formative Group LLC, a Limited Liability Company – Single Owner (LLC – SO) registered with the Department of Economy and Tourism, Dubai, UAE, which is ultimately controlled by the Company's shareholders.

Contribution to the Group's results

From the acquisition date (1 January 2025) to the date of transfer (31 August 2025), the Wellness Forward Group entities contributed:

- revenue of AED 76,578,801 and
- loss after tax amounting to of AED 12,442,912

to the Group's consolidated results.

The note (iv) below summarises the carrying amounts of the assets, liabilities and equity components derecognized at the date of the transfer.

Also refer to note 32(i).

Arada Developments LLC and its subsidiaries

Notes *(continued)*

34 Internal Group Restructuring (continued)

Business Combination under Common Control (continued)

i) Transfer of Fitness & Wellness division (continued)

b) Wellfit Mind & Body LLC

On 1st September 2025, the Group transferred its 70% shareholding in the Wellfit Mind & Body LLC to Formative Group LLC, a Limited Liability Company – Single Owner (LLC – SO) registered with the Department of Economy and Tourism, Dubai, UAE, which is ultimately controlled by the Company's shareholders.

Contribution to the Group's results

From 1 January 2025 to the date of transfer (31 August 2025), the Wellfit Mind & Body LLC contributed:

- revenue of AED 65,971,346 and
- loss after tax amounting to AED 8,524,506

to the Group's consolidated results.

The note (iv) below summarises the carrying amounts of the assets, liabilities and equity components derecognized at the date of the transfer.

c) Everfit LLC FZ

On 30th July 2025, the Group transferred its 100% shareholding in the Everfit LLC FZ to Arada Medical Wellness and Fitness LLC, a Limited Liability Company – Single Owner (LLC – SO) registered with the Department of Economy and Tourism, Dubai, UAE, which is ultimately controlled by the Company's shareholders.

Contribution to the Group's results

From 1 January 2025 to the date of transfer (30 July 2025), the Everfit LLC FZ contributed:

- revenue of AED 8,322,111 and
- profit after tax amounting to AED 2,270,212

to the Group's consolidated results.

The note (iv) below summarises the carrying amounts of the assets, liabilities and equity components derecognized at the date of the transfer.

Arada Developments LLC and its subsidiaries

Notes (continued)

34 Internal Group Restructuring (continued)

Business Combination under Common Control (continued)

ii) Transfer of foreign investments in development and construction business

On 15th September 2025, the Group transferred its 100% shareholding in the Arada International Investments LLC, to Arada Group LLC, a Limited Liability Company registered with the Department of Economy and Tourism, Dubai, UAE, which is ultimately controlled by the Company's shareholders.

As at the date of transfer, Arada International Investments LLC directly or indirectly held 100% shares in Arada Holdings Australia Pty Ltd, Roberts Australia Holdings Pty Ltd, Roberts Co (NSW) Pty Ltd (also refer to note 32(ii)), R A National Management Service Pty Limited, Roberts Co Management NSW Pty Ltd, R A Finance Company Pty Limited, Roberts Co (QLD) Pty Ltd and Roberts Co Residential Pty Ltd.

Further, as at the date of transfer, Arada International Investments LLC directly or indirectly held 80% shares in Arada Dev Corp Pty Ltd, Arada Australia Pty Ltd, ACH1 Pty Ltd, Redman Belmore Holdings Pty Ltd, Canterbury TM Pty Ltd, Modena Pty Ltd, Modena Pty Ltd, Brooks Point Holdings Pty Ltd, Carrington Road Holdings Pty Ltd, Arada Treasury Pty Ltd, Arada Management Services Pty Ltd, Arada Constructions Pty Ltd, MAVPH Pty Ltd, Altitude Etela Pty Ltd, CFMS Dev Pty Ltd, NBC Dev Pty Ltd, Campsie NBC Pty Ltd, London North Pty Ltd, 10 London Development Pty Ltd, Arada Constructions Holding Pty Ltd, TM Dev Pty Ltd, and Arada Development Management Pty Ltd.

Contribution to the Group's results

From 1 January 2025 to the date of transfer (15 September 2025), the Arada International Investments LLC and its subsidiaries contributed:

- revenue of AED 234,150,847 and
- loss after tax amounting to AED 4,620,583

to the Group's consolidated results.

The note (iv) below summarises the carrying amounts of the assets, liabilities and equity components derecognized at the date of the transfer.

iii) Transfer of Food and beverage divisions

Arada Food & Beverage LLC S.O.C (Formerly Matajer Arada Investments L.L.C)

On 1st July 2025, the Group transferred its 100% shareholding in the Arada Food & Beverage LLC S.O.C (Formerly Matajer Arada Investments L.L.C), to Arada Hospitality and Entertainment LLC, a Limited Liability Company – Single Owner (LLC – SO) registered with the Department of Economy and Tourism, Dubai, UAE, which is ultimately controlled by the Company's shareholders.

As at the date of transfer, Arada Food & Beverage L.L.C S.O.C held a 100% shareholding in Roots Restaurant LLC SP. Also refer to note 32(iii).

From 1 January 2025 to the date of transfer (30 June 2025), the Arada Food & Beverage LLC S.O.C and its subsidiaries contributed a revenue of AED 15,726,780 and loss of AED 12,216,671 to the Group's consolidated results.

The note (iv) below summarises the carrying amounts of the assets, liabilities and equity components derecognized at the date of the transfer.

Arada Developments LLC and its subsidiaries

Notes (continued)

34 Internal Group Restructuring (continued)

Business Combination under Common Control (continued)

iv) Assets, liabilities and equity components transferred

The carrying values of the assets, liabilities and equity components of the subsidiaries transferred as at the date of transfer were:

	Wellness Forward Group entities AED	Wellfit Mind & Body LLC AED	Everfit LLC FZ AED	Arada International Investments LLC AED	Arada Food & Beverage LLC S.O.C AED	Total AED
Assets						
Property plant and equipment	119,890,799	87,123,587	882,585	1,381,812	12,823,125	222,101,908
Right-of-use assets	44,441,244	77,175,908	-	950,821	906,466	123,474,439
Goodwill on business combination	78,747,274	-	-	48,355,040	3,493,442	130,595,756
Intangible asset	39,104,351	-	-	-	-	39,104,351
Properties held for development and sale	-	-	-	790,642,488	-	790,642,488
Deferred tax asset	3,765,575	949,176	-	-	306,583	5,021,334
Loan to related parties	-	-	-	14,392,547	-	14,392,547
Due from related parties	28,903,192	4,400,689	1,700,321	-	28,867,390	63,871,592
Trade, contract and other receivables	22,260,872	13,679,426	6,477,819	82,022,530	15,194,350	139,634,997
Cash and cash equivalents	9,305,755	1,572,419	6,414,145	139,474,128	5,396,384	162,162,831
Total assets	346,419,062	184,901,205	15,474,870	1,077,219,366	66,987,740	1,691,002,243
Equity and liabilities						
Equity						
Retained Earnings	(8,388,308)	(53,295,318)	1,857,574	(16,003,328)	(10,423,396)	(86,252,776)
Currency reserve	-	-	-	8,533,453	-	8,533,453
Non-Controlling Interest	64,527,596	(25,116,855)	-	117,746,188	-	157,156,929
Total equity	56,139,288	(78,412,173)	1,857,574	110,276,313	(10,423,396)	79,437,606
Liabilities						
Borrowings	-	-	-	134,294,050	-	134,294,050
Lease liabilities	43,078,952	91,319,586	-	1,033,100	871,927	136,303,565
Employees' end of service benefits	2,408,506	2,159,136	22,893	-	341,545	4,932,080
Due to related parties	-	106,279,746	12,226,637	692,614,041	55,291,516	866,411,940
Advance from customers	25,439,103	37,036,668	184,000	-	-	62,659,771
Corporate tax payable	-	-	183,766	-	-	183,766
Trade and other payables	19,628,413	25,818,242	-	129,001,862	10,906,148	185,354,665
Total liabilities	90,554,974	262,613,378	12,617,296	956,943,053	67,411,136	1,390,139,837
Total equity and liabilities	146,694,262	184,201,205	14,474,870	1,067,219,366	56,987,740	1,469,577,443
Carrying value of capital interest held in the subsidiaries	199,724,800	700,000	1,000,000	10,000,000	10,000,000	221,424,800

v) Consideration for common control transfer

The transfer of each subsidiary has been affected at the carrying value of capital interest held in the subsidiary, which totalled to an amount of AED 221,424,800. This balance is receivable from Arada Group LLC refer Note 16 (c) (iv).

Hence, the transfer did not result in any gain or loss.

Arada Developments LLC and its subsidiaries

Notes (continued)

35 Non-controlling interest

The following table summarises the information relating to the Company's subsidiaries that have non-controlling interest at the reporting date.

	Arada Real Estate Company LLC 10%	Reformatory Investments LLC 20%	Masaar 2 Developments LLC 35%	Masaar 3 Developments LLC 40%	Total
31 December 2025					
Total assets	919,513	11,322,104	1,171,057,018	1,498,450,739	2,681,749,374
Total liabilities	(8,840,128)	(4,607,244)	(1,220,193,146)	(1,491,848,738)	(2,725,489,256)
Intra-group eliminations and adjustments	245,030	-	(8,917,689)	(44,623,720)	(53,296,379)
Net assets/ (liabilities)	(7,675,585)	6,714,860	(58,053,817)	(38,021,719)	(97,036,261)
Net assets/ (liabilities) attributable to non- controlling interest	(767,559)	1,342,972	(20,318,835)	(15,208,687)	(34,952,109)
(Loss) for the year	(2,295,061)	(1,763,027)	(50,136,127)	(3,397,999)	(57,592,214)
Intra-group eliminations and adjustments	245,030	-	(8,917,689)	(44,623,720)	(53,296,379)
(Loss) for the year after intra-group eliminations and adjustments	(2,050,031)	(1,763,027)	(59,053,816)	(48,021,719)	(110,888,593)
Other comprehensive income for the year – foreign currency translation	-	197,288	-	-	197,288
(Loss) allocated to non- controlling interest	(205,003)	(352,605)	(20,668,835)	(19,208,687)	(40,435,130)
Other comprehensive income allocated to non- controlling interest	-	39,458	-	-	39,458
Cash flows from operating activities	69,292	9,794,803	357,767,330	291,485,510	659,116,935
Cash flows from investing activities	-	(9,641,446)	-	-	(9,641,446)
Cash flows from financing activities	-	-	(346,878,324)	(268,298,918)	(615,177,242)
Net increase in cash and cash equivalents	69,292	153,357	10,889,006	23,186,592	34,298,247

Arada Developments LLC and its subsidiaries

Notes (continued)

35 Non-controlling interest (continued)

The following table summarises the information relating to the Company's subsidiaries transferred in the common control transaction during the year that has non-controlling interest

NCI percentage	Wellness Forward Group entities 30%	Wellfit Mind & Body LLC 30%	Arada Australia Pty Ltd 20%	Arada Dev Corp Pty Ltd 20%	Total
Date of transfer	31-Aug-2025	31-Aug-2025	15-Sep-2025	15-Sep-2025	
Total assets	183,777,148	203,795,225	792,490,136	38,484,577	1,218,547,086
Total liabilities	(287,277,554)	(286,512,979)	(212,107,953)	(33,824,018)	(819,722,504)
Intra-group eliminations and adjustments	159,639,694	(1,005,096)	(3,723,318)	7,411,521	162,322,801
Net assets/ (liabilities)	56,139,288	(83,722,850)	576,658,865	12,072,080	561,147,383
Net assets/ (liabilities) attributable to non- controlling interest	64,527,596	(25,116,856)	115,331,773	2,414,416	157,156,929
(Loss) for the period	(12,666,001)	(7,519,408)	(2,406,290)	(11,251,496)	(33,843,195)
Intra-group eliminations and adjustments	(849,346)	(1,005,099)	-	7,411,521	5,557,076
(Loss) for the year after intra-group eliminations and adjustments	(13,515,347)	(8,524,507)	(2,406,290)	(3,839,975)	(28,286,119)
Other comprehensive income for the period – foreign currency translation	-	-	38,397,670	1,055,125	39,452,795
(Loss) allocated to non- controlling interest	(4,054,605)	(2,557,353)	(481,258)	(767,995)	(7,861,211)
Other comprehensive income allocated to non- controlling interest	-	-	7,679,534	211,025	7,890,559
Cash flows from operating activities	33,459,746	18,231,643	(9,706,816)	2,324,039	44,308,612
Cash flows from investing activities	(21,653,857)	(19,002,882)	(68,950)	(255,073)	(40,980,762)
Cash flows from financing activities	-	-	(5,229,899)	(688,351)	(5,918,250)
Net increase/(decrease) in cash and cash equivalents	11,805,889	(771,239)	(15,005,665)	1,380,615	(2,590,400)

Arada Developments LLC and its subsidiaries

Notes (continued)

35 Non-controlling interest (continued)

The following table summarises information relating to the Company's subsidiaries that were transferred in a common-control transaction and that had non-controlling interests, before intra-group eliminations, for the previous year

	Arada Real Estate Company LLC 10%	Reformatory Investments LLC 20%	Arada Australia Pty Ltd 20%	Arada Dev Corp Pty Ltd 20%	Total
31 December 2024	AED	AED	AED	AED	AED
Total assets	660,940	10,405,632	701,790,772	27,211,909	740,069,253
Total liabilities	(6,286,495)	(2,125,034)	(161,123,291)	(12,354,976)	(181,889,796)
Net assets/ (liabilities)	<u>(5,625,555)</u>	<u>8,280,598</u>	<u>540,667,481</u>	<u>14,856,933</u>	<u>558,179,457</u>
Net assets/ (liabilities) attributable to non- controlling interest	<u>(562,556)</u>	<u>1,656,120</u>	<u>108,133,496</u>	<u>2,971,387</u>	<u>112,198,447</u>
Profit / (loss) for the year	(1,865,976)	(19,264)	1,703,535	(4,283,165)	(4,464,870)
Other comprehensive income for the year	<u>-</u>	<u>(275,138)</u>	<u>(52,085,604)</u>	<u>(1,637,722)</u>	<u>(53,998,464)</u>
Profit/(loss) allocated to non-controlling interest	<u>(186,598)</u>	<u>(3,852)</u>	<u>340,707</u>	<u>(856,633)</u>	<u>(706,376)</u>
Other comprehensive (loss) allocated to non- controlling interest	<u>-</u>	<u>(55,028)</u>	<u>(10,417,121)</u>	<u>(327,544)</u>	<u>(10,799,693)</u>
Cash flows from operating activities	(511,079)	(7,666,300)	85,954,354	7,492,421	85,269,396
Cash flows from investing activities	499,269	-	967,865	(229,993)	1,237,141
Cash flows from financing activities	<u>-</u>	<u>7,666,300</u>	<u>(70,750,000)</u>	<u>(489,169)</u>	<u>(63,572,869)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(11,810)</u>	<u>-</u>	<u>16,172,219</u>	<u>6,773,259</u>	<u>22,933,668</u>

- i) During the year, the Group has incorporated Masaar 2 Developments LLC, a limited liability company in Sharjah, United Arab Emirates in which the Company owns 65% of the shareholding. Further during the year, the Group has also incorporated Masaar 3 Developments LLC, a limited liability company in Sharjah, United Arab Emirates in which the Company owns 60% of the shareholding.
- ii) During the previous year, the Group has incorporated an entity Reformatory Investments LLC, a limited liability company in Sharjah, United Arab Emirates in which the Company owns 80% of the shareholding. Pursuant to this, Reformatory Investments LLC incorporated an 100% owned overseas subsidiary in Australia, Reformatory Holding Australia Pty LTD.
- iii) Also refer to note 32, 33 and 34.

Arada Developments LLC and its subsidiaries

Notes (continued)

36 Dividend

During the year, the Company has declared and paid a dividend of AED 250 million (AED 138.89 per share) (2024: AED 155 million, AED 96.88 per share).

37 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that 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.

i) Valuation of investment properties

The Group follows the fair value model under IAS 40 where investment property owned for the purpose of generating rental income or capital appreciation, or both, are fair valued based on valuation carried out by an independent registered valuer.

Fair values have been determined, where relevant, having regard to recent market transactions for similar properties in the same location as the Group's investment properties. These values are adjusted for differences in key attributes such as property size.

Management of the Group has reviewed the assumption and methodology used by the independent registered valuer and in their opinion these assumptions and methodology seem reasonable as at the reporting date considering the current economic and real estate outlook in UAE.

ii) Revenue from contracts with customers

The application of revenue recognition policy in accordance with IFRS 15 requires management to make the following judgements:

Satisfaction of performance obligation

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 of recognising revenue.

Sale of properties

The Group has assessed that based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances the Group recognises revenue over time and in other cases, revenue is recognised at a point in time.

Construction Contracts

The Group has assessed that based on the agreements entered into with customer, the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, and revenue is recognised over the period.

Arada Developments LLC and its subsidiaries

Notes (continued)

37 Accounting estimates and judgements (continued)

ii) Revenue from contracts with customers (continued)

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 asset that is subject of the contract is transferred to the customer. In the case of contracts to sell real estate assets this is generally when the unit has been handed over to the customer.

Cost to complete the projects

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include the cost of design and consultancy, construction, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

iii) Write down of properties held for development and sale

The Group reviews the properties held for development and sale to assess write down, if there is an indication of write down. The Group uses valuations carried out by an independent external valuer and market sales data to ascertain the net realisable value.

iv) Useful lives and depreciation of property, plant and equipment

Management periodically reviews estimated useful lives and depreciation method to ensure that the methods and year of depreciation are consistent with the expected pattern of economic benefits from these assets.

38 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group measures segment performance based on the earnings before finance cost/income, impairment, depreciation and gain or loss arising from revaluation of any asset (“Adjusted EBITDA”). Although this is a non-IFRS measure, this will provide additional information to the users of the consolidated financial statements.

Geographical information

The Group is engaged in property development and property management in the United Arab Emirates and Australia. The carrying amount of the total assets and total liabilities located outside the United Arab Emirates as at 31 December 2025 is AED 0.9 million (2024: AED 712.5 million) and AED 0.25 million (2024: AED 129.3 million) respectively. The amount of the total revenue outside the United Arab Emirates for the year ended 31 December 2025 is AED 218.8 million (refer to note 34(ii)) (2024: AED 3.6 million).

Operating segments

For management purposes, the Group is organised into two operating segments: ‘property development’ and ‘others’. Other operations include the construction contracts, income from educational services, facility management services and gym membership fees (refer to note 5). None of these segments met the quantitative thresholds for reportable segments in 2025 or 2024.

Arada Developments LLC and its subsidiaries

Notes (continued)

38 Segment information (continued)

The following tables represent revenue and profit information and assets and liabilities information regarding the Group's operating segments for the years ended 31 December 2025 and 31 December 2024:

31 December 2025	Property development (reportable segment) AED	Others AED	Total AED
<i>Revenue:</i>			
Revenue from external customers			
Over a period of time	5,348,717,461	485,163,741	5,833,881,202
Point in time	110,136,583	46,232,613	156,369,196
Lease income	81,363,254	-	81,363,254
	<u>5,540,217,298</u>	<u>531,396,354</u>	<u>6,071,613,652</u>
Segment results:			
Adjusted EBITDA	1,645,274,831	45,512,654	1,690,787,485
Finance costs	(691,548,664)	(6,291,930)	(697,840,594)
Finance income	273,631,290	5,145	273,636,435
Depreciation	(111,121,334)	(59,193,149)	(170,314,483)
Change in fair value of investment properties	77,891,514	-	77,891,514
Impairment of property, plant and equipment	(6,075,353)	-	(6,075,353)
Impairment of due from related parties	(11,863,548)	-	(11,863,548)
	<u>1,176,188,736</u>	<u>(19,967,280)</u>	<u>1,156,221,456</u>
Profit/ (loss) for the year before tax			
31 December 2025			
Segment assets	21,217,002,209	93,858,083	21,310,860,292
Capital expenditure	285,960,726	53,192,008	339,152,734
Investment in equity accounted investees	25,051,882	-	25,051,882
	<u>21,528,014,817</u>	<u>147,050,091</u>	<u>21,675,064,908</u>
Segment liabilities	<u>(17,310,786,808)</u>	<u>(213,229,955)</u>	<u>(17,524,016,763)</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

38 Segment information (continued)

31 December 2024	Property development (reportable segment) AED	Others AED	Total AED
<i>Revenue:</i>			
Revenue from external customers			
Over a period of time	3,556,379,053	152,067,917	3,708,446,970
Point in time	148,446,817	22,957,145	171,403,962
Lease income	64,624,253	-	64,624,253
	-----	-----	-----
Total revenue	<u>3,769,450,123</u>	<u>175,025,062</u>	<u>3,944,475,185</u>
<i>Segment results:</i>			
Adjusted EBITDA	907,882,097	28,080,622	935,962,719
Finance costs	(506,816,739)	(29,193,156)	(536,009,895)
Finance income	132,836,738	-	132,836,738
Depreciation	(67,598,422)	(66,960,553)	(134,558,975)
Change in fair value of investment properties	124,256,903	-	124,256,903
Gain on remeasurement of properties held for development and sale on transfer to investment properties	47,698,189	-	47,698,189
	-----	-----	-----
Profit/ (loss) for the year before tax	<u>638,258,766</u>	<u>(68,073,087)</u>	<u>570,185,679</u>
31 December 2024			
Segment assets	14,673,396,563	380,855,597	15,054,252,160
Capital expenditure	247,605,168	42,742,587	290,347,755
Investment in equity accounted investees	28,396,015	-	28,396,015
	-----	-----	-----
Segment liabilities	<u>(11,888,556,073)</u>	<u>(351,917,402)</u>	<u>(12,240,473,475)</u>

39 Income tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ('the CT Law') to enact a Federal corporate tax ('CT') regime in the UAE. The CT Law is effective for financial years beginning on or after 1 June 2023. Decision No. 116 of 2022 specifies the threshold of income (as AED 375,000) over which a corporate tax of 9% would apply. For the Group, current tax is accounted for as appropriate in the consolidated financial statements for the period beginning 1 January 2024. In accordance with IAS 12 Income Taxes, the related deferred tax accounting impact for the UAE incorporated entities has been considered for the consolidated financial statement for the year ended 31 December 2025.

a) Global Minimum Top-up Tax

The United Arab Emirates has implemented the Domestic Minimum Top-up Tax (DMTT) under Cabinet Decision No. 142 of 2024 within the scope of the OECD Pillar Two Model Rules, which introduce a global minimum effective tax rate of 15% on multinational enterprise groups. Accordingly, the Group has recognised a Pillar Two top-up tax expense of AED 33,434,296 in the consolidated statement of profit or loss. This primarily relates to the profits derived in the United Arab Emirates.

While the Group is within the scope of the UAE Domestic Minimum Top Up Tax regime, the accounting effective tax rate is calculated based on accounting profit before tax and reflects the application of various exemptions and adjustments as follows:

Arada Developments LLC and its subsidiaries

Notes (continued)

39 Income tax (continued)

a) Global Minimum Top-up Tax (continued)

- i. The Group has applied the Ministerial Decision 120 of 2023 on the Adjustment Under Transitional Rules for the Purpose of Federal Decree Law No. 47 of 2022 on Taxation of Corporation and Businesses ('MD 120 of 2023'), to exclude the gain or loss attributable to the pre-corporate tax ownership period of the immovable properties in the UAE. Article 2 of Ministerial Decision No. 120 of 2023 provides that a taxable person may elect when submitting its first tax return to adjust its taxable Income in respect of any gains arising on disposal (or deemed disposal) of a Qualifying Immovable Property in the first tax period or subsequent tax periods to exclude the portion of the gain (and not a loss) attributable to the pre-corporate tax ownership period. The election is irrevocable except under exceptional circumstances and pursuant to the approval by the Federal Tax Authority ("FTA"). The Group has made abovementioned election while submission of its first tax return and adjusted taxable income in respect of gain arising on disposal (or deemed disposal) of a Qualifying Immovable Property in UAE.
- ii. Substance based income exclusions under the DMTT that reduces the amount of income subject to top-up tax by excluding a portion of income considered attributable to real economic substance.

Given the complexity and evolving nature of the applicable tax framework, the calculation of the top-up tax involves a degree of judgment. Management has exercised judgment in determining the treatment of transitional rules relief of MD 120 for final GloBE income in the context of the Domestic Minimum Top-up Tax (DMTT) calculation. Specifically, management has elected to include the benefit of transitional rules relief in the DMTT computation (refer below), based on its interpretation of the applicable framework. The current estimate has been determined by management using available financial information, applicable tax regulations, and current interpretations of relevant legislation as per management. Any differences between the estimated provision and the final liability will be recognized in the period in which such differences are identified.

Due to the above adjustments and exemptions, the accounting effective tax rate of 6.7% differs from the global minimum effective tax rate of 15%. (Refer note 39 (d) for reconciliation of the effective tax rate without the effect of adjustments and exemptions).

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

b) Amounts recognised in statement of profit or loss

	2025 AED	2024 AED
Current tax expense		
Corporate income tax	67,861,741	37,583,278
Global minimum top-up tax (refer to note (a) above)	33,434,296	-
Change in estimate related to prior year*	(22,199,009)	-
Total current tax	79,097,028	37,583,278
Deferred tax (income)/expense (refer to note (f))	(1,234,651)	15,994,531
Income tax expense	77,862,377	53,577,809

*Previous tax adjustments relate to the benefit from transition exemption specified in Ministerial Decision No.120 for the year ended 31 December 2024.

Arada Developments LLC and its subsidiaries

Notes (continued)

39 Income tax (continued)

c) Amounts recognised in statement of other comprehensive income

	2025 AED	2024 AED
Deferred tax expense	<u>2,777,196</u>	<u>-</u>

d) Reconciliation of effective tax rate

	2025 AED	2024 AED
Profit before tax	1,156,221,456	570,185,679
Loss not subject to tax	12,022,804	10,605,882
	<u>1,168,244,260</u>	<u>580,791,561</u>
Accounting profit subject to income tax, net		
Benefit from transition exemption specified in Ministerial Decision No.120 for FY 2025	(407,077,905)	-
Benefit from transition exemption specified in Ministerial Decision No.120 for FY 2024	(256,761,892)	-
Non-deductible expenses	1,854,421	14,892,417
Basic Tax exemption	(750,000)	(375,000)
	<u>505,508,884</u>	<u>595,308,978</u>
Taxable profit		
Income tax expense	<u>77,862,377</u>	<u>53,577,809</u>
Effective tax rate	<u>6.7%</u>	<u>9.4%</u>

A reconciliation of the ETR without the effect of adjustments and exemptions is presented below:

	2025 AED
Income tax expense	77,862,377
Transition exemption specified in Ministerial Decision No.120 considered for final GloBE income	56,296,104
Ministerial Decision No.120 adjustment related to previous year	22,199,009
Substance based income exclusion (SBIE)	20,339,013
	<u>176,696,503</u>
Adjusted expense (without application of transitional relief & SBIE exclusions)	
Accounting profit subject to income tax	1,168,244,260
Adjusted Effective tax rate	<u>15.12%</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

39 Income tax (continued)

e) Tax loss carried forward

Tax loss for which deferred tax asset was recognized expire as follows:

	2025	2024
	AED	AED
Tax losses carried forward	<u>5,294,584</u>	<u>-</u>

In 2025, the Group's subsidiaries in the United Arab Emirates, Masaar 2 Developments LLC and Masaar 3 Developments LLC, incurred a combined tax loss of AED 58,828,709, resulting in a cumulative tax impact of AED 5,294,584. The Group has recognized a deferred tax asset in respect of these cumulative losses, based on management's assessment that it is probable that sufficient future taxable profits will be available against which the losses can be utilized.

Arada Developments LLC and its subsidiaries

Notes (continued)

39 Income tax (continued)

f) Deferred Tax

Deferred tax related to following:

	Balance at 1 January			Transferred in common control transaction AED	Balance at 31 December		
	Deferred tax liability AED	Recognized in profit or loss AED	Recognized in OCI AED		Net AED	Deferred tax asset AED	Deferred tax liability AED
Change in fair value of investment properties	(11,183,121)	(7,010,236)	-	-	(18,193,357)	-	(18,193,357)
Gain on remeasurement of properties held for development and sale on transfer to investment properties	(4,292,837)	-	-	-	(4,292,837)	-	(4,292,837)
Fair value on derivative financial instrument	(518,573)	404,367	-	-	(114,206)	-	(114,206)
Gain on revaluation of property, plant and equipment on transfer to investment properties	-	-	(2,777,196)	-	(2,777,196)	-	(2,777,196)
Tax allowance on depreciation deduction on investment properties	-	(1,961,427)	-	-	(1,961,427)	-	(1,961,427)
Impairment on Property, plant and equipment	-	546,782	-	-	546,782	546,782	-
Allowance for impairment on loan to related parties	-	384,580	-	-	384,580	384,580	-
Allowance for impairment on due from related parties	-	1,067,719	-	-	1,067,719	1,067,719	-
Tax losses carried forward	-	7,802,866	-	(2,508,282)	5,294,584	5,294,584	-
	<u>(15,994,531)</u>	<u>1,234,651</u>	<u>(2,777,196)</u>	<u>(2,508,282)</u>	<u>(20,045,358)</u>	<u>7,293,665</u>	<u>(27,339,023)</u>

Arada Developments LLC and its subsidiaries

Notes (continued)

39 Income tax (continued)

g) Corporate tax payable

	2025 AED	2024 AED
At 31 December	101,112,272	37,583,278
Less: after 12 months	(33,434,296)	-
Within 12 months	<u>67,677,976</u>	<u>37,583,278</u>

40 Investment in shares

During the Current year, Group has invested in shares of Fit N Glam Ladies Gym LLC, Fitcode Gym LLC, Platform 3 Fitness LLC, Platform Fitness DHM Gym LLC, The Platform 3 Fitness Ltd and Zenith Investment LLC, Fuze Holdings LLC – FZ, Roberts Co Australia Pty Ltd, R A Australian Pty Ltd, R A Finance company Pty Limited, R A Management NSW Pty Limited, R A National Management Service Pty Limited, R A Development Management Pty Limited, Masaar 2 Developments LLC and Masaar 3 Developments LLC. (2024: Reformatory investment LLC, Reformatory Holding Australia Pty and Everfit LLC FZ).

41 Comparative figures

The comparative information of the previous year has been reclassified where necessary, in order to conform to the current year's presentation. Such reclassifications do not affect the previously reported profit, net assets or equity of the Company as at the reporting date and for prior years.

42 Subsequent events

Subsequent to the reporting date, geopolitical tensions in the Middle East have escalated. As these developments occurred after the reporting date, they are considered non-adjusting events in accordance with IAS 10 Events after the Reporting Period and, accordingly, do not result in any adjustments to the amounts recognised in these consolidated financial statements.

The Group operates primarily in the real estate development sector within the United Arab Emirates. Management has considered the potential implications of these events on the Group's operating environment, including possible effects on market conditions, customer demand, access to financing and broader economic activity. However, it is not currently possible to reliably estimate the financial impact, if any, on the Group.