

# Al Mal Capital REIT and its subsidiary

Fund manager's report and consolidated financial statements  
*For the year ended 31 December 2025*

# Al Mal Capital REIT and its subsidiary

## Reports and consolidated financial statements

*For the year ended 31 December 2025*

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## Fund Manager's report

The Fund Manager is pleased to present its report on the performance and activities of Al Mal Capital REIT (the "Fund" or "AMCREIT") and its subsidiary (together, the "Group") for the year ended 31st December 2025.

### Overview and Market Context

During 2025, AMC REIT continued to operate in a dynamic macroeconomic environment characterized by elevated interest rates, inflationary pressures, evolving tax frameworks, and heightened geopolitical uncertainty. Within the UAE, however, underlying fundamentals for defensive real estate sectors remained resilient, supported by population growth, continued government initiatives to support sector development, and sustained demand for essential social infrastructure.

Against this backdrop, the Fund Manager remained focused on preserving income stability, strengthening portfolio fundamentals, and executing accretive acquisitions aligned with the Fund's long-term strategy.

### Portfolio and Financial Performance

As at 31 December 2025, the Group maintained a portfolio of income-generating assets primarily focused on the education and healthcare sectors, consistent with the Fund's defensive investment strategy. The portfolio remained highly occupied, with occupancy of approximately 100% and a weighted average unexpired lease term of approximately 16 years, supporting strong income visibility.

Total assets as at year end surpassed AED 1.4 billion, reflecting the completion of a capital increase and the acquisition of income-generating healthcare asset during 2025. The portfolio comprised seven income-producing assets across three emirates.

During the year, the Fund generated gross rental income of approximately AED 92.1 million, net property income of approximately AED 89.8 million, operating profit of c. AED 84.2 million, and income before taxes of approximately AED 64.5 million. Finance costs reflected reductions in borrowing costs following the successful refinancing of bank facilities relating to the Shola schools and Kent College assets. As at 31 December 2025, the Fund maintained a prudent leverage position, with total borrowings standing at AED 468 million and the loan-to-value ratio at 47.3%, within regulatory limits.

Net asset value as at 31 December 2025 amounted to approximately AED 797 million, equivalent to AED 1.14 per unit, reflecting portfolio performance, capital raising activity, and financing and valuation movements, as detailed in the audited financial statements.

### Capital Raising and Acquisition Activities

In August 2025, in line with its growth strategy, the Fund concluded a follow-on public offering of its units raising AED 206 million through the issuance of 187 million additional units at a price of AED 1.1 per unit bringing the total unitholders' capital (including premium) to AED 736 million. The proceeds from the follow-on public offering were earmarked for acquisitions aimed at driving the Fund's portfolio growth.

In September 2025, the Fund completed the acquisition of with two income-generating real estate assets namely NMC Royal Hospital and Falcon House (together, the "Assets"). The asset of NMC Royal Hospital is based on a long-term lease with the operator. The Assets are on a plot of land located in Dubai Investments Park, Dubai, United Arab Emirates, held under a long-term usufruct agreement with approximately 73 years remaining on the land lease term.

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## Fund Manager's report (continued)

The total consideration for the acquisition amounted to approximately AED 355 million. The acquisition strengthened the Fund's exposure to the healthcare sector through a long-term leased hospital asset, while Falcon House was fully leased to a diversified mix of office tenants as at the acquisition date.

### Distributions and Unitholders Returns

Consistent with its income-focused mandate, the Group maintained its distribution track record in 2025. In April 2025, the Fund distributed final dividends of AED 20.5 million (4.0 fils per unit) in respect of the financial year 2024. Together with interim distributions paid during 2024, this represented an annualized yield of approximately 7%, in line with the Fund's target yield.

During 2025, the Fund continued this trend with the distribution of an interim dividend of AED 19.3 million (3.75 fils per unit) for the period ended 30 June 2025, paid in July 2025, prior to the completion of the capital increase. While income from the acquisition of NMC Royal Hospital and Falcon House became accretive only in the final quarter of the year, the Fund delivered strong full-year profitability in 2025. The Fund Manager expects, subject to market conditions and performance, that the Fund will be able to exceed its intended distribution target of 7% for FY 2025.

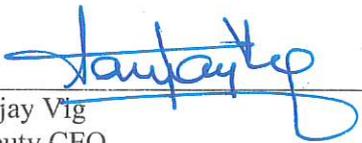
### Governance, Risk Management and Compliance

Strong governance and regulatory compliance remained central to the Fund Manager's approach during the year ended 31 December 2025. The Fund operated in accordance with the applicable Securities and Commodities Authority ("SCA") (Currently known as Capital Markets Authority or "CMA") regulations, the Fund's constitutive documents, and its approved governance framework, with oversight provided by the Investment and Oversight Committee. The acquisition of the Assets was classified as a related party transaction, which was completed following receipt of all required approvals, including approval by the Fund's Investment and Oversight Committee and unitholder approval at a duly convened Annual General Meeting, in accordance with applicable SCA regulations. Key investment, financing, and related party matters were subject to established approval processes in line with regulatory requirements. The Fund Manager maintained a disciplined approach to risk management across investment, financing, valuation, and operational risks.

In compliance with the Fund's regulations, the Group's investment properties were valued on a semi-annual and annual basis by CBRE Dubai LLC, a RERA-registered independent valuation expert, in accordance with RICS Valuation – Global Standards and applicable IFRS accounting requirements. As of 31st December 2025, the Fund recorded AED 13 million on account of unrealised gain on revaluation from existing and newly acquired assets based on the valuation report received from CBRE Dubai LLC.

### Outlook

Looking ahead, the Fund Manager remains cautiously optimistic regarding the outlook for AMC REIT. While global macroeconomic conditions may continue to present challenges, the Fund's focus on defensive sectors, long-term leased assets, and income visibility positions it well to navigate market volatility. The Fund Manager will continue to pursue selective, accretive growth opportunities, actively manage the existing portfolio, and maintain disciplined capital and risk management practices, with the objective of delivering sustainable, long-term returns to unitholders.



Sanjay Vig  
Deputy CEO

16 March 2026

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## Independent auditors' report

### To the Unitholders of Al Mal Capital REIT

#### Report on the Audit of the Consolidated Financial Statements

##### Opinion

We have audited the consolidated financial statements of Al Mal Capital REIT ("the Fund") and its subsidiary ("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, changes in unitholders' equity and cash flows 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)**

**Valuation of Investment Properties**

See Note 4 and 5 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Group's investment properties portfolio with carrying value of AED 1,359 million represents 92.79% of the total assets and comprises five school campuses, one healthcare asset and one commercial building. Determining the value of these properties is a significant judgement area and is underpinned by a number of assumptions.</p> <p>Investment properties are stated at fair value at each reporting date and valued using the income approach.</p> <p>The Group engages professionally qualified external valuers to assess the value of its properties. This process of assessment of the value involves significant judgement in estimating the underlying assumptions to be applied.</p> <p>Assessment of the value requires the Fund Manager to carefully monitor the underlying assumptions and to make significant estimates and judgements. This warrants specific audit focus in this area as any error in determining the value could have a material impact on the carrying value of the Group's properties in the consolidated financial statements. Accordingly, these were identified as a key audit matter.</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> <li>• We have evaluated the qualifications of the external valuer appointed by the Fund Manager and read the terms of the 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;</li> <li>• We involved our real estate valuation specialist, who assessed valuation methodologies used in the valuation process and challenged assumptions for key estimates of sale prices, market rents, operational costs and yields used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors;</li> <li>• Compared the source data used for determining the fair value to the underlying supporting information;</li> <li>• We have assessed if there are any significant triggers during the audit period that would have a significant impact on the value of the properties; and</li> <li>• We assessed the adequacy of the Group's disclosures in the consolidated financial statements.</li> </ul>

**Other Information**

The Fund Manager is responsible for the other information. The other information comprises the information included in the annual report (including Fund Manager's Report), but does not include the consolidated financial statements and our auditors' report thereon. We obtained the Fund Manager's Report prior to the date of this auditors' report, and we expect to obtain the remaining sections of the Annual Report after that date.

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 Fund Manager and Those Charged with Governance for the Consolidated Financial Statements**

The Fund Manager is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and for such internal control as Fund Manager 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, Fund Manager 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 Fund Manager 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Fund Manager.
- Conclude on the appropriateness of Fund Manager'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.



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

- 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.

KPMG Lower Gulf Limited

Fawzi AbuRass  
Registration No.: 968  
Dubai, United Arab Emirates

Date: **18 MAR 2026**

# Al Mal Capital REIT and its subsidiary

## Consolidated statement of financial position

As at 31 December 2025

	Notes	As at 31 December	
		2025 AED'000	2024 AED'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	5	1,358,700	993,000
<b>Current assets</b>			
Receivables and other assets	6	23,572	11,253
Short term deposits	7	13,334	26,455
Cash and cash equivalents	7	67,227	24,897
Due from related parties	10	1,453	41
		<b>105,586</b>	<b>62,646</b>
<b>Total assets</b>		<b>1,464,286</b>	<b>1,055,646</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Unitholders' capital	8	701,214	513,890
Securities premium	8	35,115	16,383
Retained earnings		61,000	49,196
<b>Total unitholders' equity</b>		<b>797,329</b>	<b>579,469</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank borrowings	9	361,191	438,738
Due to a related party	10	12,984	-
		<b>374,175</b>	<b>438,738</b>
<b>Current liabilities</b>			
Bank borrowings	9	106,619	32,838
Due to a related party	10	175,051	-
Payables and other liabilities	11	3,781	3,898
Deferred tax liability	16	4,902	-
Current tax liability	16	2,429	703
		<b>292,782</b>	<b>37,439</b>
<b>Total liabilities</b>		<b>666,957</b>	<b>476,177</b>
<b>Total equity and liabilities</b>		<b>1,464,286</b>	<b>1,055,646</b>
Net asset value (AED'000)		797,329	579,469
Issued units (Units'000)		701,214	513,890
Net asset value per unit (AED)		1.13707	1.12761

To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated statement of financial position, results of operations, and cash flows of the Group as of, and for the year ended 31 December 2025.

These consolidated financial statements were approved by the Board of Directors of Al Mal Capital PSC as the Fund Manager on 16 March 2026 and were signed on its behalf by:

  
Deputy CEO

  
Chief Financial Officer

The independent auditors' report is set out on pages 3 to 6.

The notes on pages 11 to 31 are an integral part of these consolidated financial statements.

# Al Mal Capital REIT and its subsidiary

## Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025

	Notes	For the year ended 31 December	
		2025 AED'000	2024 AED'000
<b>Income</b>			
Lease revenue	5	92,148	66,876
Property operating expenses		(2,375)	(1,231)
Net property income		89,773	65,645
Other income		4,683	3,901
<b>Net income</b>		<b>94,456</b>	<b>69,546</b>
<b>Expenses</b>			
Management fees	10	(8,157)	(6,387)
Performance fees	10	(1,204)	-
Other expenses	12	(939)	(1,066)
Total expenses		(10,300)	(7,453)
<b>Operating profit for the year</b>		<b>84,156</b>	<b>62,093</b>
<b>Finance income/(costs)</b>			
Finance income		2,542	3,356
Finance costs	9	(35,303)	(27,939)
Net finance costs		(32,761)	(24,583)
<b>Profit before revaluation of investment properties</b>		<b>51,395</b>	<b>37,510</b>
Unrealised gain on revaluation of investment properties	5	13,095	24,451
<b>Profit before tax for the year</b>		<b>64,490</b>	<b>61,961</b>
Income tax expense	16	(8,569)	-
<b>Profit after tax for the year</b>		<b>55,921</b>	<b>61,961</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>55,921</b>	<b>61,961</b>
<b>Earnings per unit</b>			
Basic and diluted profit per unit (AED)		<b>0.080</b>	0.121

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# Al Mal Capital REIT and its subsidiary

## Consolidated statement of changes in unitholders' equity for the year ended 31 December 2025

	Notes	Number of units Units'000	Unitholders' capital AED'000	Securities premium AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2024		350,064	350,064	-	15,795	365,859
Rights issued capital		163,826	163,826	-	-	163,826
Securities premium		-	-	16,383	-	16,383
Profit for the year		-	-	-	61,961	61,961
Transaction costs on rights issue of units		-	-	-	(891)	(891)
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	-	61,070	61,070
Dividends declared and paid	15	-	-	-	(27,669)	(27,669)
<b>At 31 December 2024</b>		<b>513,890</b>	<b>513,890</b>	<b>16,383</b>	<b>49,196</b>	<b>579,469</b>
At 1 January 2025		<b>513,890</b>	<b>513,890</b>	<b>16,383</b>	<b>49,196</b>	<b>579,469</b>
Additional capital issued		<b>187,324</b>	<b>187,324</b>	-	-	<b>187,324</b>
Securities premium		-	-	<b>18,732</b>	-	<b>18,732</b>
Profit for the year		-	-	-	<b>55,921</b>	<b>55,921</b>
Transaction costs on issue of additional units		-	-	-	<b>(4,291)</b>	<b>(4,291)</b>
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	-	<b>51,630</b>	<b>51,630</b>
Dividends declared and paid	15	-	-	-	<b>(39,826)</b>	<b>(39,826)</b>
<b>At 31 December 2025</b>		<b>701,214</b>	<b>701,214</b>	<b>35,115</b>	<b>61,000</b>	<b>797,329</b>

The independent auditors' report is set out on pages 3 to 6.

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# Al Mal Capital REIT and its subsidiary

## Consolidated statement of cash flows

For the year ended 31 December 2025

	Notes	For the year ended 31 December	
		2025 AED'000	2024 AED'000
<b>Cash flows from operating activities</b>			
Profit for the year		64,490	61,961
Adjustments for:			
Unrealised gain on revaluation of investment properties	5	(13,095)	(24,451)
Finance income		(2,542)	(3,356)
Finance cost		35,303	27,939
<b>Operating cash flows before changes in working capital</b>		<b>84,156</b>	<b>62,093</b>
<b>Changes in working capital:</b>			
Change in receivables and other assets		(12,319)	(7,768)
Change in due from related parties		(1,412)	(41)
Change in due to a related party		12,804	(3)
Change in payables and other liabilities		(117)	(11,157)
Cash generated from operations		83,112	43,124
Income tax paid	16	(1,941)	-
<b>Net cash generated from operating activities</b>		<b>81,171</b>	<b>43,124</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary, net of cash acquired	5,9	-	(163,549)
Purchase of investment properties		(177,605)	-
Movement in short term deposits		13,121	(3,893)
Finance income received		2,542	3,356
<b>Net cash used in investing activities</b>		<b>(161,942)</b>	<b>(164,086)</b>
<b>Cash flows from financing activities</b>			
Proceeds from additional capital issued		201,765	179,318
Proceeds from bank borrowings	9	367,000	-
Repayment of bank borrowings		(367,000)	-
Finance costs paid		(38,838)	(25,780)
Dividends paid to the unitholders	15	(39,826)	(27,669)
<b>Net cash generated from financing activities</b>		<b>123,101</b>	<b>125,869</b>
<b>Net increase in cash and cash equivalents</b>		<b>42,330</b>	<b>4,907</b>
Cash and cash equivalents at beginning of the year		24,897	19,990
<b>Cash and cash equivalents as at 31 December</b>	7	<b>67,227</b>	<b>24,897</b>

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# Al Mal Capital REIT and its subsidiary

## Notes to consolidated financial statements

*for the year ended 31 December 2025*

### **1 Legal status and activities**

Al Mal Capital REIT (the “Fund” or the “Parent”) is a public closed ended real estate investment fund. The Fund was incorporated in the United Arab Emirates (“UAE”) on 15 December 2020 for a period of 99 years pursuant to the provisions of the Securities and Commodities Authority (“SCA”) (currently known as Capital Markets Authority or “CMA”) Board of Directors’ Chairman Decision No. 9/R.M of 2016 (Currently, 01/RM of 2023) Concerning the Regulations as to Investment Funds (“Fund Regulations”) and the SCA Administrative Decision No. 6/RT of 2019 Concerning Real Estate Investment Fund Controls (the “REIT Regulations”).

The consolidated financial statements for the year ended 31 December 2025 comprise the Fund, and its fully owned subsidiary Carnation Education LLC (the “Company”) acquired by the Fund on 27th June 2024 (collectively referred to as the “Group”). The Company incorporated in Dubai, United Arab Emirates primarily owns real estate educational assets, including freehold land and a school campus and a corresponding mortgage.

The Fund is listed and traded on the Dubai Financial Market (the “DFM”) and is primarily involved in investing in income generating real estate assets, including real estate of educational facilities, healthcare, and industrial assets across the United Arab Emirates and the Gulf Cooperation Council (“GCC”), thereby providing the Unitholders with an attractive annual return through dividend distribution. The Fund is mandatorily required as per the REIT Regulations to distribute 80% of its annual realised net profit to the Unitholders, payable annually.

Al Mal Capital PSC is the fund manager (the “Fund Manager”) that manages the Fund’s investments. The Fund Manager is a Private Stockholding Company incorporated in the United Arab Emirates. The Fund Manager is a subsidiary of Dubai Investments PJSC, a company listed on the Dubai Financial Market (the “DFM”).

Dubai Investments PJSC is the parent (the “Ultimate Parent Company”) and the controlling party of the Fund and has an effective holding of 75.99% of the Fund’s units.

The registered address of the Company is P.O. Box 119930, Dubai, UAE.

### **2 Material accounting policies**

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated.

#### **2.1 Basis of preparation**

The consolidated financial statements have been prepared on a going concern basis and is in accordance with and comply with International Financial Reporting Standards (“IFRS Accounting Standards”) as issued by the International Accounting Standards Board (IASB) and interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations).

The consolidated financial statements of the Group have been prepared on the historical cost basis, except for investment properties which are measured at fair value.

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 2 Material accounting policies (*continued*)

### 2.1 Basis of preparation (*continued*)

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Fund Manager to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or the areas where the assumption and estimate are significant to the consolidated financial statements are disclosed in Note 4.

#### (a) **Relevant new and revised IFRS applied with no material effect on the consolidated financial statements**

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2025, do not have any material impact on the Group's consolidated financial statements.

#### **New standards and significant amendments to standards applicable to the Group**

**Effective date**

##### **Amendments to IAS 21 - Lack of Exchangeability**

The amendments contain no specific requirements for estimating a spot rate. Therefore, when estimating a spot rate a company can use an observable exchange rate without adjustment or another estimation technique. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process and risks to the company because the currency is not exchangeable.

1 January 2025

#### (b) **New and revised IFRSs issued but not yet effective**

##### **Amendments to IFRS 9 and IFRS 7 - Classification of financial assets**

Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

1 January 2026

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 2 Material accounting policies (*continued*)

### 2.1 Basis of preparation (*continued*)

#### (b) New and revised IFRSs issued but not yet effective (*continued*)

#### **New standards and significant amendments to standards applicable to the Group**

#### **Effective date**

##### **IFRS 18 - Presentation and Disclosure in Financial Statements**

IFRS 18 will replace IAS 1 - 'Presentation of Financial Statements' and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following new key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management defined performance measures ("MPMs") are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

1 January 2027

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

##### **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

1 January 2027

##### **Amendment to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures relating to treatment of sale or contribution of assets between and Investor and its Associate or Joint Venture**

Effective date deferred indefinitely

The Group is currently assessing the impact of these standards, interpretations and amendments on the future consolidated financial statements and intends to adopt these, if applicable, when they become effective.

# Al Mal Capital REIT and its subsidiary

## Notes to consolidated financial statements (*continued*)

for the year ended 31 December 2025

### **2 Material accounting policies (*continued*)**

#### **2.2 Foreign currency translation**

##### *(a) Functional and presentation currency*

These consolidated financial statements are presented in United Arab Emirate Dirham (“AED”), which is the Fund’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

##### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

#### **2.3 Investment properties**

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. Investment properties also include properties that are being constructed or developed for future use as investment properties.

Investment properties are measured initially at their cost, including related transaction costs and where applicable, borrowing costs.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment properties includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalized borrowing costs.

After initial recognition, investment properties are carried at fair value.

Changes in fair values are recognised in the statement of profit or loss and other comprehensive income. Investment properties are derecognised when they have been disposed of.

Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the property) are recognised in profit or loss.

#### **2.4 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 2 Material accounting policies (*continued*)

### 2.5 Financial assets

#### (i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”), or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### *Classification of financial assets at amortised cost*

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

#### *Classification of financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income (FVOCI) represents receivables where the contractual cash flows are solely payments of principal and interest and the objective of the Group’s business model is achieved both by collecting contractual cash flows and selling financial assets.

Following are the Group’s financial assets carried at amortised cost:

- Cash and cash equivalents: Cash and cash equivalents include balances in current accounts and short-term deposits held with banks.
- Receivables and other assets: Receivables and other assets are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 2 Material accounting policies *(continued)*

### 2.5 Financial assets *(continued)*

#### (ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

#### (iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of profit or loss and other comprehensive income.

The fair values of financial assets approximate their carrying values as the impact of discounting is not significant.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### (iv) Impairment of financial assets

The Group has the following significant types of financial assets that are subject to IFRS 9 expected credit loss (“ECL”) model

- Cash and cash equivalents; and
- Receivables and other assets.

Financial assets are written-off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited against the same line item.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, however the identified impairment loss was immaterial.

The Group monitors all financial assets to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group measures the loss allowance based on lifetime expected credit loss model.

In assessing whether the credit risk on the consolidated financial statements has increased significantly since initial recognition, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information.

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## **2 Material accounting policies *(continued)***

### **2.6 Financial liabilities**

The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Financial liabilities are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

### **2.7 Cash and cash equivalents**

Cash and cash equivalents include short term deposits and cash held with banks.

### **2.8 Unitholders' capital**

The Fund has a limited life of 99 years from the date of establishment and being a closed ended fund, the Unitholders can trade these units on the DFM but do not have the right to withdraw or redeem their units. In accordance with the REIT regulations, the Fund is required to distribute to Unitholders not less than 80% of its annual realised net profit. Distributions to the Unitholders are recognised in the statement of changes in unitholders' equity.

### **2.9 Finance income**

Finance income is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents and short term deposits.

### **2.10 Finance cost**

Finance cost is recognised in profit or loss using the effective profit method. The effective profit rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective profit rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective profit rate includes all fees paid or received that are an integral part of the effective profit rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability. Finance cost presented in the statement of profit or loss and other comprehensive income comprise financing cost of borrowing.

### **2.11 Leases**

When the Group acts as a lessor, it determines at the lease commencement whether each lease is a finance lease or an operating lease. The Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 2 Material accounting policies (*continued*)

### 2.11 Leases (*continued*)

Lease revenue from operating leases comprises of rental income from tenants. Lease revenue from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of lease revenue.

Under sale and leaseback transaction, the Group first considers whether the initial transfer of the underlying asset from the seller-lessee to the buyer-lessor is a sale. The buyer-lessor will recognise the underlying asset and apply the lessor accounting model to the leaseback in case the initial transfer is a sale.

Lease classification is made at the inception of the lease. Lease classification is changed only if, at any time during the lease, the parties to the lease agreement agree to change the provisions of the lease in a way that it would have been classified differently at inception had the changed terms been in effect at that time. The revised agreement is considered as a new agreement and accounted for prospectively over the remaining term of the lease.

### 2.12 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. 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. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

### 2.13 Basis of consolidation – 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 ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### *Transactions eliminated on consolidation*

Intra-group balances, and transactions, and any unrealised gains or losses arising from intra- group transactions, are eliminated in preparing the consolidated financial statements.

### 2.14 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 2 Material accounting policies *(continued)*

### 2.15 Operating segment

The Group has only one operating segment in the UAE.

### 2.16 Current and deferred income tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received.

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 affect neither accounting nor taxable profit or loss and 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 self-generated goodwill.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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 the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and penalties may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Financial risk management

### 3.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

#### (a) Market risk

##### (i) Foreign exchange risk

The Group does not have any significant exposure to foreign currency risk since the majority of the transactions are denominated in AED, US Dollar or other currencies, whereby the AED or other currencies are pegged to the US Dollar.

##### (ii) Price risk

The Group has no significant exposure to price risk as it does not hold any financial instruments which are sensitive to price risk.

##### (iii) Cash flow and fair value interest rate risk

The financial assets and liabilities exposed to interest rate fluctuations are short term deposits and bank borrowings. The Group Manager's treasury ensures that deposits are maintained at the best prevailing market rate at the time of maintaining each deposit.

#### Cash flow sensitivity analysis for variable rate instruments

The profit or loss is impacted by the sensitivity in interest rate changes. If the interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the year would decrease or increase by AED 3.2 million (2024: AED 2.4 million).

#### (b) Credit risk

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

Cash and cash equivalents Rating	2025 AED'000	2024 AED'000
A1 ( <i>Moody's rating</i> )	25,318	6,546
A2 ( <i>Moody's rating</i> )	-	4
A3 ( <i>Moody's rating</i> )	1,813	2,069
A+ ( <i>Fitch's rating</i> )	3,500	-
BBB+ ( <i>Fitch's rating</i> )	36,596	16,278
	<u>67,227</u>	<u>24,897</u>

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 3 Financial risk management *(continued)*

### 3.1 Financial risk factors *(continued)*

#### *(b) Credit risk (continued)*

Short term deposits Rating	2025 AED'000	2024 AED'000
A3 <i>(Moody's rating)</i>	10,000	20,000
BBB+ <i>(Fitch's rating)</i>	3,334	6,455
	<u>13,334</u>	<u>26,455</u>

Credit risk from balances with banks and other financial institutions is managed by the Fund Manager by maintaining funds with only approved and reputable counterparties with high credit rating.

The recoverability of receivables and other assets is monitored on a regular basis. Management has performed an assessment and has determined that the impairment provision against these financial assets above would be immaterial.

#### *(c) Liquidity risk*

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Prudent liquidity risk Fund implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available as required.

The Group aims to maintain the level of cash and cash equivalents and other liquid investments at an amount in excess of expected cash outflows on financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying Value AED'000	Within 1 year AED'000	1 -5 years AED'000	Above 5 years AED'000	Total AED'000
<b>31 December 2025</b>					
<b>Non-derivative financial liabilities</b>					
Bank borrowings	467,810	131,572	403,263	-	534,835
Due to a related party	188,035	175,051	4,254	15,746	195,051
Payables and other liabilities	2,527	2,527	-	-	2,527
	<u>658,372</u>	<u>309,150</u>	<u>407,517</u>	<u>15,746</u>	<u>732,413</u>
<b>31 December 2024</b>					
Bank borrowings	471,576	67,565	357,304	183,533	608,402
Payables and other liabilities	811	811	-	-	811
	<u>472,387</u>	<u>68,376</u>	<u>357,304</u>	<u>183,533</u>	<u>609,213</u>

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements (*continued*)  
for the year ended 31 December 2025

## 3 Financial risk management (*continued*)

### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern whilst seeking to maximise benefits to the Unitholders. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Fund Manager focuses on the return on capital, which is defined as profit for the year attributable to equity holders of the Fund divided by total unitholders' equity.

The Fund Manager seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

### 3.3 Fair value estimation

The fair values of financial assets and financial liabilities measured at amortised cost at 31 December 2025 and 31 December 2024 are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the financial assets and liabilities are short-term in nature.

## 4 Use of estimates and judgments

The preparation of consolidated financial statements requires the Fund Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The areas involving a higher degree of judgment or complexity, or area where assumptions and estimates are significant to the consolidated financial statements are disclosed below:

### 4.1 Valuation of investment properties

For the determination of fair value of investment properties, the best evidence of fair value is normally given by current prices in an active market for similar property in the same location and condition and subject to similar lease and other contracts or bid prices for these properties. Alternatively, fair value can be determined based on the income approach (term and reversion), which derives value from the capitalisation of a property's net income.

The Group recognises properties initially at cost, including related transaction costs. In accordance with IAS 40 'Investment Property', the Group has elected to measure properties thereafter at the fair value, as determined by the independent valuers. The independent valuers used are not related to the Group and they hold recognised and relevant professional qualifications and experience in the location and category of the investment properties being valued.

The different levels for fair values of non-financial assets have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - 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 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 4 Use of estimates and judgments *(continued)*

### 4.1 Valuation of investment properties *(continued)*

The table below analyses non-financial assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised.

	<b>Level 1</b> <b>AED'000</b>	<b>Level 2</b> <b>AED'000</b>	<b>Level 3</b> <b>AED'000</b>	<b>Total</b> <b>AED'000</b>
<b>31 December 2025</b>				
Investment properties	<u>-</u>	<u>-</u>	<u>1,358,700</u>	<u>1,358,700</u>
<b>31 December 2024</b>				
Investment properties	<u>-</u>	<u>-</u>	<u>993,000</u>	<u>993,000</u>

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between fair value levels during the year.

The potential impact on the fair valuation of the investment property should there be any changes in the values of key unobservable inputs used by the valuer is disclosed in Note 5.

### 4.2 Taxes

The Group is subject to corporate taxes in the jurisdictions where it is implemented. The total provision for current and deferred taxes has been computed in accordance with the provisions of the applicable legislation. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 5 Investment properties

	2025 AED'000	2024 AED'000
Opening balance	993,000	578,000
Additions to investment properties during the year*	352,605	390,549
Unrealised gain on revaluation of investment properties	13,095	24,451
Balance at 31 December	<u>1,358,700</u>	<u>993,000</u>

Investment properties comprise of two school campuses in Ajman, UAE (Al Shola Private School and Al Shola American Private School) and two school campuses in Sharjah, UAE (Wesgreen International Schools: Muwailah Campus and Al Qaraïen Campus), one school campus in Dubai, UAE (Kent College), one hospital in Dubai, UAE (NMC Royal Hospital) & one commercial building in Dubai, UAE (Falcon House) (the "Properties").

\*On 30 September 2025 the Fund acquired a plot in Dubai Investment Park, which primarily holds land, two healthcare buildings and one commercial building consisting of thirty offices with a total plot area of 192 thousand square feet. The Company has leased the land and two healthcare building to NMC Royal Hospital for a 20-year period (initially commenced in February 2023) with agreed lease rentals while the land and commercial building has been leased to various companies under annual and multi-year lease agreements.

Lease revenue of AED 92 million has been recognised during the year (2024: AED 67 million).

Note 14 sets out a maturity analysis of the lease payments, showing the undiscounted lease payments to be received after the reporting date.

### *Valuation process*

The properties were valued by an independent registered valuer (CBRE Dubai LLC) in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors taking into account requirements of IFRS 13 'Fair Value Measurement'. For all investment properties, their current use equates to the highest and best use. Senior management review the valuations performed by the independent valuers for financial reporting purposes.

### *Valuation techniques underlying the Fund Manager's estimation of fair value:*

The valuation was determined using the investment method (term and reversion), which derives value from the capitalisation of a property's net income.

Significant unobservable inputs include:	2025	2024
Initial yield	5.97% - 7.25%	6.94% - 7.74%
Reversionary yield	5.97% - 7.50%	5.99% - 7.92%
Equivalent yield	7.47% - 7.75%	7.46% - 7.65%

If the equivalent yield was 0.5% higher/lower, the valuation would have been AED 81 million lower / AED 95 million higher (2024: AED 63 million lower / AED 64 million higher).

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 6 Receivables and other assets

	2025 AED'000	2024 AED'000
Rent receivable	22,768	10,773
Prepayments	85	189
Accrued income	326	290
Other receivables	393	1
	<u>23,572</u>	<u>11,253</u>

## 7 Short term deposits and cash and cash equivalents

	2025 AED'000	2024 AED'000
<b>Short term deposits</b>		
Deposits with bank under lien (more than 3 months maturity)	10,000	20,000
Other deposit under lien	3,334	6,455
	<u>13,334</u>	<u>26,455</u>

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

### Cash and cash equivalents

Cash at bank	33,727	9,740
Deposits with bank (3 months maturity and less)	33,500	15,157
	<u>67,227</u>	<u>24,897</u>

The effective interest rate for deposits with banks ranges from 3.4% to 4.6% (2024: 3.8% to 5.3%) per annum. At 31 December 2025 and 2024, bank balances were placed with local banks and a branch of an international bank.

## 8 Unitholders' capital and Securities premium

Unitholders' capital comprises of 701,214 thousand units of AED 1 each as at 31 December 2025 (2024: 513,890 thousand units of AED 1 each). On 7<sup>th</sup> August 2025, the Fund allotted 187,324 thousand units of AED 1 each at a premium of AED 0.1 fils per unit aggregating to AED 206 million pursuant to a Follow-on Offering.

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 9 Bank borrowings

	2025 AED'000	2024 AED'000
Opening balance	471,576	242,417
Islamic financing received during the year*	367,000	-
Islamic finance paid/transferred*	(367,000)	-
Islamic finance acquired**	-	227,000
Transaction costs on financing	(5,695)	-
Net interest accrued	(1,106)	376
Amortisation of transaction cost	3,035	1,783
Balance at 31 December	<u>467,810</u>	<u>471,576</u>
Less: Current portion	<u>106,619</u>	<u>(32,838)</u>
Non-current	<u>361,191</u>	<u>438,738</u>

Bank borrowings include three Islamic financing facilities (Corporate Ijarah) with an amount AED 140 million, AED 105 million and AED 227 million for a term of 3 years (inclusive of moratorium period of 3 years) with a profit rate of 3-month EIBOR plus a fixed margin rate for each facility. These facilities are secured by first degree mortgage against the investment properties, assignment of lease proceeds and insurance on the investment properties.

Islamic financing facilities of AED 140 million and AED 227 million were refinanced during the year, successfully lowering finance costs through reduced profit rates and deferring principal repayments.

\*This represents refinancing of existing facilities that did not result in any net increase in total borrowings.

\*\*Islamic finance acquired represents the Islamic financing facilities of the subsidiary acquired during the prior year.

## 10 Related party transactions and balances

Related parties comprise of the parent company, the Fund Manager and key management personnel and businesses which are controlled directly or indirectly, by the parent company, the Fund Manager or key management personnel. Related party transactions are entered at mutually agreed terms.

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 10 Related party transactions and balances *(continued)*

The aggregate value of significant transactions with related parties during the year was as follows:

### 10.1 Related party transactions

	2025	2024
	AED'000	AED'000
<b>Transactions with the Fund Manager</b>		
Management fees	8,157	6,387
Debt arrangement fee paid	3,670	-
Asset acquisition fee paid for investment properties	3,550	3,950
Advisory fee on Follow On Public Offering	3,664	-
Performance fee	1,204	-

As per the prospectus and the Fund management agreement, the Fund Manager is entitled to the following:

- Management fees: yearly management fees of 1.25% based on the last reported NAV, calculated and paid every three months.
- Acquisition or disposition fee: 1% of the acquisition or disposition value of the assets acquired or disposed of by the Fund.
- Arrangement advisory fee: 1% of the debt or loan value for advising on loan and debt arrangements.

In all cases, the annual fees (the total of the above three fees) during the fiscal year shall not exceed 2.25% of the last reported NAV of the Fund calculated in the same fiscal year and before deduction of management fees.

The Fund Manager is also entitled to a Performance fee which is calculated as 10% of the annual increase in NAV per unit above a 7% hurdle rate, subject to a High-Water Mark mechanism.

	2025	2024
	AED'000	AED'000
<b>Transactions with Entity Under Common Control</b>		
Acquisition*	355,000	-
Finance Cost*	2,499	-
Other expense	22	-

\*This represents the acquisition of an investment property (Note 5) on 30 September 2025 from Dubai Investments Park Development Co. LLC, an entity under common control. The purchase consideration comprised a short-term payable of AED 175 million bearing interest at 3-month EIBOR plus a fixed margin, and a long-term payable of AED 20 million (discounted to AED 12.8 million using the same interest rate of the short-term payable) payable in two equal instalments maturing in 2031 and 2036. This transaction was carried out in the ordinary course of business and was conducted on arm's length terms in accordance with the requirements of IAS 24 Related Party Disclosures.

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 10 Related party transactions and balances *(continued)*

### 10.2 Related party balances

	2025 AED'000	2024 AED'000
<b>Due to a related party</b>		
Entity Under Common Control*	188,035	-
<b>Due from related parties</b>		
Fund Manager	2	41
Entity Under Common Control	1,451	-

\* AED 175m was subsequently settled at the beginning of 2026 through the drawdown of an Islamic financing facility obtained from a commercial bank.

## 11 Payables and other liabilities

	2025 AED'000	2024 AED'000
Unearned rental income	-	2,362
Accrued expenses	2,192	811
Security deposits	323	-
Other payables	1,266	725
	<u>3,781</u>	<u>3,898</u>

## 12 Other expenses

	2025 AED'000	2024 AED'000
Professional fees	592	348
Fund services fee	132	132
License and registration fees	123	45
Miscellaneous expenses	92	541
	<u>939</u>	<u>1,066</u>

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 13 Financial instruments by category

The table below sets out the Group's classification of financial assets and liabilities and their carrying amounts as at 31 December 2025 and 2024.

<i>At amortised cost</i>	<b>2025</b>	2024
	<b>AED'000</b>	AED'000
<b>Financial assets</b>		
Receivables and other assets	23,462	11,064
Due from related parties	1,453	41
Short term deposits	13,334	26,455
Cash and cash equivalents	67,227	24,897
	<u>105,476</u>	<u>62,457</u>
 <i>At amortised cost</i>	 <b>2025</b>	 2024
	<b>AED'000</b>	AED'000
<b>Financial liabilities</b>		
Bank borrowings	467,810	471,576
Due to a related party	188,035	-
Payables and other liabilities	2,527	811
	<u>658,372</u>	<u>472,387</u>

## 14 Lease rentals

The Group leases out its investment properties under operating lease and the future minimum lease payments receivable under operating leases are as follows:

	<b>2025</b>	2024
	<b>AED'000</b>	AED'000
Within one year	92,104	69,247
After one year but not more than five years	389,662	338,563
More than five years	1,381,234	1,023,880
	<u>1,863,000</u>	<u>1,431,690</u>

## 15 Dividend

On April 2025, The Fund manager distributed the final dividend of AED 0.040 per unit (2024: AED 0.035 per unit) amounting to AED 20.55 million (2024: AED 12.25 million) for the financial year 2024, which together with the interim dividend of AED 15.42 million (AED 0.030 per unit) paid in financial year 2024 represents 96% (2024: 99%) of the Fund's annual realised profit for the financial year 2024.

On July 2025, the Fund manager distributed AED 19.27 million (AED 0.0375 per unit) as the Interim dividend representing 40% of the annual realised profit for the year 2025. The Fund manager will propose a final dividend before end of March 2026 which, together with the above interim dividend, will represent at least 80% of the Fund's annual realized profit for the financial year 2025 in order to comply with the profit distribution requirements of the REIT regulations.

The above dividend distributions comply with the minimum profit distribution requirements of the REIT regulations.

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 16 Taxation

The Group implemented the Corporate Tax (“CT”) in UAE from 1 January 2024 following the introduction of CT regime via Federal Decree-Law No. 47 of 2022 on the Taxation of corporations and Businesses.

For FY 2024, the Fund was granted exemption available to a Qualifying Investment Fund under Article 10 of the UAE Corporate Tax Law and, accordingly, no corporate tax was paid on the profits generated by the Fund. As the Fund acquired the subsidiary during FY 2024, rather than at the beginning of the financial year, which is a prerequisite for the exemption, the exemption application submitted under Article 4(1)(h) of the Corporate Tax Law for its wholly owned subsidiary was not accepted by the Federal Tax Authority (“FTA”) in FY 2025. Consequently, the wholly owned subsidiary paid corporate tax for FY 2024 in FY 2025.

On 27 March 2025, the FTA issued Cabinet Decision No. 34 of 2025 on Qualifying Investment Funds and Qualifying Limited Partnerships for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, this introduced new conditions for REITs to be treated as tax transparent starting from the financial year 2025. The Group conducted an initial assessment and concluded that the Fund and its subsidiary do not meet certain conditions to claim the tax exemption for FY 2025. Accordingly, the Group decided to create provision for current and deferred tax under the normal provisions of the CT law for FY 2025. The Fund Manager continues to liaise with the concerned authorities for transitional relief to implement the revised conditions to reinstate the exemption for the Group.

### Current tax liability

	2025 AED’000	2024 AED’000
Opening balance	703	-
Current tax liability acquired*	-	703
Charged during the year	3,667	-
Income tax paid	(1,941)	-
Closing balance	<u>2,429</u>	<u>703</u>

\*Current tax liability acquired represents the tax liability of the subsidiary acquired in the prior year.

### Deferred Tax Liability

	2025 AED’000	2024 AED’000
Opening balance	-	-
Charged during the year	4,902	-
Closing balance	<u>4,902</u>	<u>-</u>

# Al Mal Capital REIT and its subsidiary

Notes to consolidated financial statements *(continued)*  
for the year ended 31 December 2025

## 16 Taxation *(continued)*

### Income tax expense

	2025 AED'000	2024 AED'000
Current tax expense	3,667	-
Deferred tax expense	4,902	-
	<u>8,569</u>	<u>-</u>

The effective tax rate (“ETR”) for the year ended 2025 is 8.3%.

On 11 February 2025, the Ministry of Finance (MoF) of the UAE released Cabinet Decision No. 142 of 2024 on the Imposition of Top-Up Tax on Multinational Enterprises (Cabinet Decision), introducing a Domestic Minimum Top-Up Tax (DMTT) on multinational enterprises (MNEs). Effective from fiscal years starting on or after 1 January 2025, the DMTT imposes a top-up tax on low-taxed UAE entities, ensuring a minimum effective tax rate (ETR) of 15% in the UAE.

The Ultimate Parent is headquartered in the UAE and is within the scope of the OECD BEPS Pillar Two Global Anti-Base Erosion Model Rules (GloBE Rules). Based on the impact assessment performed by the Ultimate Parent Company, it may be able to meet conditions to benefit from certain reliefs and may not be required to pay top-up taxes for the current year under these tax rules in UAE. The anticipated reliefs include a transitional DMTT exclusion for the early phase international activity, where the UAE DMTT liability would be reduced to nil for the first 5 years subject to meeting certain conditions.

Further, it is unclear whether the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate must be used to measure deferred taxes. In response to this uncertainty, on 23 May 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 12 ‘Income taxes’ introducing a mandatory temporary exception to the requirements of IAS 12 under which an entity does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules.

The Ultimate Parent has applied this mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes.

## 17 Subsequent events

Subsequent to reporting period, geopolitical tensions in the region have increased uncertainty in the operating environment in the United Arab Emirates. These developments are considered non-adjusting events for the consolidated financial statements for the year ended 31 December 2025. The Group continues to monitor the situation closely; however, the potential impact on the Group’s operations cannot currently be estimated.