



# DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

*CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025*

**DUBAI**  
RESIDENTIAL  
REIT

# DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

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# DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

## BOARD OF DIRECTORS' REPORT

### Dear Unitholders and Readers

The Board of Directors of Dubai Residential REIT (the "Fund") has the pleasure in submitting their report and the audited consolidated financial statements of the Fund and its subsidiaries (together, the "Group") for the year ended 31 December 2025.

### Board of Directors

The Board of Directors comprised of:

Chairman	Mr. Nabil Mohammad Ramadhan Alahmadi
Members	Ms. Brigitte Zammit
	Ms. Anuradha Harish
	Mr. Zuber Dehgamia
	Mr. Ahmad Ali Ahmad Meftah AlMarzooqi
	Mr. Fahed Ahmed Saeed Mohamed AlAwadhi
	Mr. Badr Yousuf Mohammad Ali AlGargawi

### Principal activities

The principal activity of the Group is leasing and management of self-owned residential properties.

### Financial highlights

For the year ended 2025, the Group achieved strong financial and operational results, supported by solid rental income growth, high occupancy rates, and a well-managed capital structure.

Revenue increased to AED 1,953 million in FY 2025, reflecting a 9% year-on-year uplift driven by sustained leasing momentum and continued rental rate improvements across the residential portfolio. Adjusted EBITDA (pre-management fees and cost recharges) rose by 15% to AED 1,492 million, supported by strong top-line growth and ongoing operational efficiencies, maintaining a solid margin of 78%.

Overall, portfolio-wide average occupancy stood 98.3% up by 1.7% from last year, and average revenue per leased area increased by 6.7% as compared to 2024 and reached AED 56.5/sqft/annum.

Net profit before changes in the fair value of investment property reached AED 1,279 million, up 15% compared to FY 2024 on the back of higher revenues and cost efficiencies. Gross asset value (GAV) stood at AED 23,538 million, reflecting a 9%

### Financial highlights (continued)

increase since December 2024. The group also maintained a conservative leverage profile with net Loan to value (LTV) ratio at 2.8% for FY 2025.

### Transactions with related parties

The audited consolidated financial statements disclose related party transactions and balances in Note 10. All transactions are carried out in compliance with applicable laws and regulations.

### Outlook 2026

Dubai's strong economic momentum is expected to remain robust through 2026, sustaining a resilient residential real estate market. The fundamentals are underpinned by steady population growth, favourable demographics, visa reforms, and a robust regulatory framework, all of which are expected to continue to strengthen the outlook for income producing rental assets.

With the growth in population and as new households emerge, there continues to be preference for quality and convenience. This is leading to sustained demand for single landlord owned professionally managed gated communities and supporting further growth and expansion of built-to-lease residential communities.

Our strategy for the coming year focusses on enhancing investor value through active asset management, driving rental growth and operational efficiencies as well as through asset acquisitions aligned with our growth plans. This will reinforce our market leadership in providing diversified, high-quality rental offerings that aligns with Dubai's continued growth.

### Valuation of Investment Properties

Throughout 2025, valuation of each investment property has been determined on a semi-annual basis by the independent external valuer. Such valuations are one of the critical component of the FY 2025 Consolidated Financial Statements.

The Board of Directors have full access to the aforesaid valuations and have notably reviewed the 31 December 2025 valuations while assessing the consolidated financial statements. The Board of Directors are satisfied that the valuations of the REIT's properties were conducted in accordance with applicable rules.

## BOARD OF DIRECTORS' REPORT

### Net asset value

The Net Asset Value ("NAV") is calculated by DHAM REIT Management LLC (the "Fund Manager") and published half yearly through the REIT's regulatory announcement service. The Board of Directors considered and was satisfied with the process of calculation and publication of the NAV.

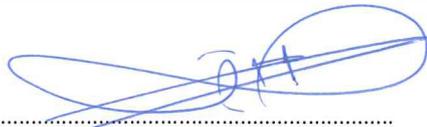
### Dividends

During 2025, the REIT paid an interim dividend of AED 550 million, equivalent to AED 0.04 per unit, in September 2025. The Board of Directors have proposed a final dividend of AED 550 million, equivalent to AED 0.04 per unit, to be paid in April 2026, subject to approval by the General Assembly.

### Auditors

The consolidated financial statements for the year ended 31 December 2025 have been audited by Deloitte & Touche (M.E.).

### For the Board of Directors:



.....  
**Nabil Mohammad Ramadhan Alahmadi**  
Chairman of the Board

## INDEPENDENT AUDITOR'S REPORT

**The Board of Directors  
Dubai Residential REIT  
Dubai  
United Arab Emirates**

### Report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of Dubai Residential REIT (the “Fund”) and its subsidiaries (together, the “Group”), which comprise the consolidated balance sheet as at 31 December 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 (IASB).

#### 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 *Auditor's 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' Codes of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of consolidated financial statements of public interest entities, together with the other ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in the United Arab Emirates, and we have 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 judgement, were of most significance in our audit of the consolidated financial statements of the current year. 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.

**INDEPENDENT AUDITOR’S REPORT**  
**to the Board of Directors of Dubai Residential REIT (continued)**

**Key audit matters (continued)**

<b>Valuation of investment properties</b>	
<b><i>Key audit matter</i></b>	<b><i>How the matter was addressed in our audit</i></b>
<p>The Group’s investment properties are carried at AED 23,538 million as at 31 December 2025 in the consolidated balance sheet. This represents 96% of the Group’s total assets.</p> <p>Investment properties are stated at fair value, with changes in fair value recognised in profit or loss. Management considers the valuation of investment properties as a critical accounting estimate since the determination of fair value involves significant judgement and estimation uncertainty related to rental rates, capitalization rates, occupancy rates, and discount rates. Accordingly, minor changes in assumptions could result in a material impact on the valuation of investment properties and the Group’s financial performance.</p> <p>The Fund Manager engages professionally qualified external valuers to assess the fair value of the Group’s investment properties.</p> <p>We, therefore, considered the valuation of investment properties to be a key audit matter due to the quantitative significance of the amount in the consolidated financial statements, the level of judgements applied, estimates made by management and the level of audit effort required.</p> <p>Refer to note 7 to the consolidated financial statements for more information on the valuation of investment properties.</p>	<p>We performed the following audit procedures, inter alia, to address the key audit matter:</p> <p>We obtained an understanding of the process adopted by management to determine the fair value of investment properties, including the key controls in this process.</p> <p>We assessed the abovementioned controls to determine if they had been appropriately designed and implemented.</p> <p>We assessed the competence, capabilities, independence and objectivity of the external valuers and reviewed the terms of their engagement with the Group to determine whether the scope of their work was appropriate for audit purposes.</p> <p>We agreed the total valuation in the reports of the external valuers to the amount reported in the consolidated balance sheet.</p> <p>We tested, on a sample basis, the information provided to the external valuers by agreeing it to the Group’s accounting records.</p> <p>With the assistance of our internal real estate valuation specialists, we evaluated whether the valuation inputs applied were in accordance with IFRS Accounting Standards.</p> <p>We assessed and challenged the key assumptions used in the valuation models, including rental rates, occupancy levels, discount rates, capitalisation rates and terminal values, by:</p> <ul style="list-style-type: none"> <li>▪ comparing them to historical performance;</li> <li>▪ benchmarking them against available market information; and</li> <li>▪ assessing their consistency with approved budgets and forecasts.</li> </ul> <p>We assessed the arithmetical accuracy of the valuation models and the mathematical integrity of the fair value calculations.</p> <p>We performed sensitivity analyses on the significant assumptions to evaluate the extent to which changes in those assumptions would impact the fair value of investment properties.</p> <p>We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.</p>

## INDEPENDENT AUDITOR'S REPORT to the Board of Directors of Dubai Residential REIT (continued)

### Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report but does not include the consolidated financial statements and our auditor's report thereon.

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 as issued by the IASB, 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.

### Auditor's 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 auditor's 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 judgement 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 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## INDEPENDENT AUDITOR'S REPORT to the Board of Directors of Dubai Residential REIT (continued)

### Auditor's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 year and are therefore the key audit matters. We describe these matters in our auditor's 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

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

- We have obtained all the information we considered necessary for the purposes of our audit;
- 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;
- The Group has maintained proper books of account;
- The financial information included in the Board of Directors' Report is consistent with the books of account of the Group;
- The Group has not purchased or invested in any shares during the financial year ended 31 December 2025;
- Note 10(c) to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- 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 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 financial position as at 31 December 2025.

### Deloitte & Touche (M.E.)



Musa Ramahi  
Registration No. 872  
02 February 2026  
Dubai  
United Arab Emirates

# DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET

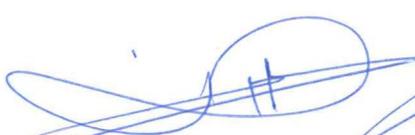
	Note	As at 31 December	
		2025 AED'000	2024 AED'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	17,335	17,822
Investment property	7	23,538,000	21,633,000
Intangible assets	6	1,311	2,528
Derivative financial instruments	8	-	19,558
		<b>23,556,646</b>	<b>21,672,908</b>
<b>Current assets</b>			
Trade and other receivables	9	70,086	68,498
Due from related parties	10(a)	1,724	23,717
Derivative financial instruments	8	4,958	-
Cash and bank balances	11	936,979	1,968,472
		<b>1,013,747</b>	<b>2,060,687</b>
<b>Total assets</b>		<b>24,570,393</b>	<b>23,733,595</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Unit capital	12	1,300,000	-
Share capital	12	-	300
Contributed capital	12	-	2,560,134
Legal reserve	13	5,750	5,750
Hedge reserve	8	4,958	19,558
Retained earnings		20,736,096	17,004,052
<b>Total equity</b>		<b>22,046,804</b>	<b>19,589,794</b>

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### CONSOLIDATED BALANCE SHEET (continued)

	Note	As at 31 December	
		2025 AED'000	2024 AED'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	14	6,316	7,003
Borrowings	15	1,585,084	2,582,247
Employees' end of service benefits	16	-	10,880
		<b>1,591,400</b>	<b>2,600,130</b>
<b>Current liabilities</b>			
Trade and other payables	14	487,497	518,056
Due to related parties	10(b)	104,355	675,453
Advances from customers		340,337	350,162
		<b>932,189</b>	<b>1,543,671</b>
<b>Total liabilities</b>		<b>2,523,589</b>	<b>4,143,801</b>
<b>Total equity and liabilities</b>		<b>24,570,393</b>	<b>23,733,595</b>
Net asset value (AED'000)		22,046,804	19,589,794
Issue units (Units'000)		13,000,000	13,000,000
<b>Net asset value per unit (AED)</b>		<b>1.70</b>	<b>1.51</b>

These consolidated financial statements were approved by the Board of Directors on 02 February 2026 and signed by:

		
<b>Nabil Mohammad Ramadhan Alahmadi</b> Chairman of the Board	<b>Ahmed Nabil Obaid Saif Alsuwaidi</b> Managing Director - DHAM REIT Management LLC	<b>Gijish Kumar</b> Vice President - Finance - DHAM REIT Management LLC

# DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF INCOME

	Note	Year ended 31 December	
		2025	2024
		AED'000	AED'000
Revenue	18	1,953,474	1,792,811
Direct costs	19	(427,301)	(521,944)
<b>Gross profit</b>		<b>1,526,173</b>	<b>1,270,867</b>
Other operating income	20	9,533	7,164
		<b>1,535,706</b>	<b>1,278,031</b>
<b>Expenses</b>			
General and administrative	21	(78,536)	(91,070)
Marketing and selling	22	(15,167)	(21,650)
Management fees	10(c)	(83,448)	-
Impairment and other gains – net		(8,123)	(7,427)
		<b>(185,274)</b>	<b>(120,147)</b>
<b>Operating profit</b>		<b>1,350,432</b>	<b>1,157,884</b>
Finance income	24	9,398	46,966
Finance costs	24	(80,991)	(88,109)
<b>Finance costs - net</b>		<b>(71,593)</b>	<b>(41,143)</b>
<b>Profit before change in fair value of investment property</b>		<b>1,278,839</b>	<b>1,116,741</b>
Gain on fair value of investment property	7	1,742,771	1,545,567
<b>Profit for the year</b>		<b>3,021,610</b>	<b>2,662,308</b>
<b>Earnings per unit attributable to the Owners of the Fund</b>			
<b>before change in fair value of investment property</b>			
<b>Basic and diluted (AED)</b>	26	<b>0.10</b>	<b>0.09</b>
<b>Earnings per unit attributable to the Owners of the Fund</b>			
<b>Basic and diluted (AED)</b>	26	<b>0.23</b>	<b>0.20</b>

# DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	2025 AED'000	2024 AED'000
<b>Profit for the year</b>		<b>3,021,610</b>	<b>2,662,308</b>
<b>Other comprehensive income</b>			
<i>Items that may be subsequently reclassified to statement of income</i>			
Fair value loss on cash flow hedges	8	(14,600)	(22,041)
<b>Other comprehensive loss for the year</b>		<b>(14,600)</b>	<b>(22,041)</b>
<b>Total comprehensive income for the year</b>		<b>3,007,010</b>	<b>2,640,267</b>

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Attributable to owners of the Fund						Total AED'000
		Unit capital AED'000	Share capital AED'000	Contributed capital AED'000	Legal reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	
<b>At 1 January 2025</b>		-	300	2,560,134	5,750	19,558	17,004,052	19,589,794
Profit for the year		-	-	-	-	-	3,021,610	3,021,610
Other comprehensive loss for the year		-	-	-	-	(14,600)	-	(14,600)
<b>Total comprehensive income the year</b>		-	-	-	-	(14,600)	3,021,610	3,007,010
<b>Transactions with owners</b>								
Issuance of unit capital	12	1,300,000	-	-	-	-	-	1,300,000
Capital reorganisation	12	-	(300)	(2,560,134)	-	-	1,260,434	(1,300,000)
Dividends paid	17	-	-	-	-	-	(550,000)	(550,000)
		<b>1,300,000</b>	<b>(300)</b>	<b>(2,560,134)</b>	-	-	<b>710,434</b>	<b>(550,000)</b>
<b>At 31 December 2025</b>		<b>1,300,000</b>	-	-	5,750	4,958	20,736,096	22,046,804

	Note	Attributable to owners of the Fund						Total AED'000
		Share capital AED'000	Contributed capital AED'000	Legal reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000		
<b>At 1 January 2024</b>			300	1,957,662	450	41,599	17,992,960	19,992,971
Profit for the year			-	-	-	-	2,662,308	2,662,308
Other comprehensive loss for the year			-	-	-	(22,041)	-	(22,041)
<b>Total comprehensive income the year</b>			-	-	-	(22,041)	2,662,308	2,640,267
<b>Transactions with owners</b>								
Transfers of legal reserve	13		-	-	5,300	-	(5,300)	-
Dividends paid	17		-	-	-	-	(1,221,000)	(1,221,000)
Additional contribution	10(c)		-	602,472	-	-	-	602,472
Group reorganisation			-	-	-	-	(2,424,916)	(2,424,916)
			-	<b>602,472</b>	<b>5,300</b>	-	<b>(3,651,216)</b>	<b>(3,043,444)</b>
<b>At 31 December 2024</b>			<b>300</b>	<b>2,560,134</b>	<b>5,750</b>	<b>19,558</b>	<b>17,004,052</b>	<b>19,589,794</b>

The notes on pages 14 to 58 are an integral part of these consolidated financial statements.

# DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASHFLOWS

	Note	Year ended 31 December	
		2025	2024
		AED'000	AED'000
<b>Cash flows from operating activities</b>			
Profit for the year		3,021,610	2,662,308
<b>Adjustments for:</b>			
Gain on fair value of investment property	7	(1,742,771)	(1,545,567)
Finance costs	24	80,991	88,109
Finance income	24	(9,398)	(46,966)
Provision for loss allowance on trade and other receivables		8,123	7,427
Depreciation and amortisation	21	2,259	4,055
Provision for employees' end of service benefits	16	385	470
Loss on disposal of property and equipment		-	39
		<b>1,361,199</b>	<b>1,169,875</b>
<b>Changes in working capital:</b>			
Trade and other receivables, before provision excluding advances to contractors		(45,677)	(9,830)
Trade and other payables, excluding project and retention payables		(20,524)	61,245
Advances from customers		(9,825)	80,948
Due from related parties		21,993	6,920,612
Due to related parties		(582,136)	(4,449,015)
		<b>725,030</b>	<b>3,773,835</b>
Payment of employees' end of service benefits	16	(227)	(352)
<b>Net cash generated from operating activities</b>		<b>724,803</b>	<b>3,773,483</b>
<b>Cash flows from investing activities</b>			
Movement in fixed deposits with maturities greater than three months		831,635	(506,635)
Payments for investment property, net of project and retention payables, and advances to contractors		(134,591)	(183,827)
Interest / profit received		15,466	40,729
Purchase of property and equipment and intangible assets	5, 6	(555)	(4,753)
Proceeds from disposal of property and equipment			1,269
<b>Net cash generated from / (used in) investing activities</b>		<b>711,955</b>	<b>(653,217)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	15	(1,000,000)	(1,360,000)
Proceeds from borrowings, net of transaction costs	15		2,581,635
Reduction in restricted cash against borrowing facilities			27,781
Dividends paid	17	(550,000)	(1,221,000)
Interest / profit paid		(86,616)	(72,777)
Net decrease as a result of group reorganisation			(2,161,477)
<b>Net cash used in financing activities</b>		<b>(1,636,616)</b>	<b>(2,205,838)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>			<b>914,428</b>
Cash and cash equivalents at beginning of the year	11	1,136,837	222,409
<b>Cash and cash equivalents at end of the year</b>	11	<b>936,979</b>	<b>1,136,837</b>

The notes on pages 14 to 58 are an integral part of these consolidated financial statements.

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## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

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### CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Significant non-cash transactions during the year include:

	Note	Year ended 31 December	
		2025	2024
		AED'000	AED'000
Unwinding of net related party balances	10(c)	-	115,705
Transfer of investment property from related parties	7,10(c)	-	224,306

# DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 1. LEGAL STATUS AND ACTIVITIES

Dubai Residential REIT (“Dubai Residential” or the “Fund”) is a Real Estate Investment Trust (“REIT”) established as shariah-compliant income-generating closed-ended fund in the Emirate of Dubai, United Arab Emirates (“UAE”). Dubai Residential was granted license by Securities and Commodities Authority (SCA) on 23 May 2025 (date of incorporation), in accordance with the Federal Law No. (32) of year 2021 concerning the Commercial Companies and the SCA Board of Directors’ Chairman Decision No. (01/RM) of 2023 Concerning the Regulations as to Investment Funds. The Fund’s registered address is P.O. Box 66000, Dubai, United Arab Emirates.

The Fund was a wholly owned subsidiary of DHAM Investments LLC (the “Parent Company”) prior to the change in capital structure on account of the initial public offering (“IPO”), as described below. DHAM LLC and Dubai Holding Commercial Operations Group LLC are intermediate parent companies (herein referred individually to as the “Intermediate Parent Company”) and Dubai Holding LLC is the ultimate parent company (the “Ultimate Parent Company”). The “Ultimate Controlling Party” of the Fund is the Government of Dubai. The Fund and its subsidiaries (as listed below) are collectively referred to as the “Group”.

DHAM REIT Management LLC (the “Fund Manager”) was appointed to act as the fund manager of Dubai Residential with effect from the establishment of Dubai Residential. The Fund Manager is owned 99% by DHAM LLC (the “Intermediate Parent Company”) and 1% by DHAM FZ-LLC.

The Fund currently consolidates the following subsidiaries, which are incorporated and operating in Dubai, United Arab Emirates:

Name of the legal entity	Principal business activity	Place of business/incorporation	Effective ownership*
Dubai Residential LLC (previously known as ‘Dubai Asset Management LLC’)	Leasing and property management	UAE	100%
Dubai Residential Assets LLC*	Leasing and property management	UAE	100%
BW Residences LLC*	Leasing and property management	UAE	100%
Al Khail Towers LLC*	Leasing and property management	UAE	100%
The Gardens Co. LLC*	Leasing and property management	UAE	100%
Nakheel Residential Properties LLC*	Leasing and property management	UAE	100%
DAM-FZ LLC ( <i>newly incorporated on 1 October 2024</i> )	Leasing and property management	UAE	100%

\* These are wholly owned subsidiaries of Dubai Residential LLC, except for a 1% shareholding by DAM-FZ LLC.

The Group is principally engaged in residential real estate leasing business.

On 28 May 2025, the Fund was admitted to be listed on the Dubai Financial Market (“DFM”) through an IPO whereby 15% of its unit capital were sold to the public.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

#### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) issued by the International Accounting Standards Board (“IASB”), interpretations issued by the IFRS Committee (“IFRIC”) applicable to companies reporting under IFRS and the applicable provisions by UAE Federal Decree-Law No. (32) of 2021, as amended (the “Companies Law”).

#### 2.2 Basis of measurement

These consolidated financial statements have been presented on the historical basis, except for the following:

- Financial assets at fair value through other comprehensive income, including derivative financial instruments, that are measured at fair value; and
- Investment properties that are measured at fair value.

This is consistent with the measurement principles applied in audited special purpose carve-out financial statements of Dubai Residential LLC and its Subsidiaries (“Predecessor Business”) for the year ended 31 December 2024 issued on 28 March 2025 except for tax related policies for which the new judgment and policies described in Note 3.

#### 2.3 Common control acquisition and predecessor accounting

On 25 April 2025, the Parent Company transferred Dubai Residential LLC and its subsidiaries, as listed in Note 1, to Dubai Residential in exchange for full unit capital of Dubai Residential. The difference between the carrying value of the subsidiaries transferred and units capital issued to the Parent Company was accounted within retained earnings. This transaction represents a business combination under common control, as Dubai Residential LLC and its subsidiaries were ultimately controlled by the same Ultimate Parent Company both before and after the acquisition by the Fund.

In addition, on 18 March 2024, the ownership of Nakheel PJSC and Meydan Group LLC (“NAM”) along with their respective subsidiaries were transferred by the Ultimate Controlling Party to certain entities owned by the Ultimate Parent Company. In turn, certain NAM subsidiaries and assets were transferred on 1 July 2024 to the Predecessor Business. Moreover, certain assets and entities have been carved-out to establish the Group. These carve-ins and carve-outs together with the transfer of Dubai Residential LLC and its Subsidiaries from the Parent Company to Dubai Residential are collectively referred to as the “Group Reorganisation”.

In the absence of specific guidance in IFRS 3 Business Combinations for transactions under common control, the Group has applied the guidance in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. As the Group Reorganisation did not result in any change of economic substance and it involved transfer of entities under common control both before and after the transfer, management has determined that the predecessor method of accounting provides the most relevant and reliable information and faithfully represents the economic substance of this transaction. Accordingly, the consolidated financial statements of the Group are prepared to reflect that the Group Reorganisation is in substance a continuation of the subsidiaries engaged in real estate residential leasing business as if the Fund has always owned them since the earliest period presented in these consolidated financial statements.

As these consolidated financial statements have been prepared on the basis that the Fund has existed since the earliest reporting period, these consolidated financial statements reflect adjustments to the special purpose carve-out financial statements of the Predecessor Business to eliminate the impact of current or deferred tax expense and associated assets and liabilities reflecting the expected tax exemption of the UAE Corporate Tax Law and the undertaking by the Immediate Parent Company as described in note 3 below.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.4 Comparative information and prior common control combinations

The comparative information presented has been prepared to reflect the consolidated results and financial position of the Predecessor Business that ultimately comprise the Group as if all common control combinations had occurred at the beginning of the earliest period presented (1 January 2024).

These comparatives have been prepared on a consistent basis with the accounting policies applied in the current interim period, as detailed in Note 2 to the audited special purpose carve-out financial statements of the Predecessor Business.

#### Change in presentation of balance sheet

In accordance with IAS 1 Presentation of Financial statements, the presentation of the balance sheet has been changed from presentation based on liquidity to current/non-current classification presentation. Based on internal assessment and considering the nature of operations of the Fund, the current/non-current presentation basis of presentation provides information that is reliable and more relevant to the users of these financial statements.

#### 2.5 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognized prospectively. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

#### *New standards and interpretations effective for periods beginning on or after 1 January 2025*

In the current year, the Group has applied a number of amendments to IFRS Accounting standards and interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2025, including the amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability. Their adoption has not had any material impact on the disclosures or on the amounts reported in the consolidated financial statements of the Group.

#### *New and revised IFRS Accounting Standards in issue but not yet effective nor early adopted.*

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

<u>New and revised IFRS Accounting Standards</u>	<u>Effective for annual periods beginning on or after</u>
Classification and Measurement of Financial Instruments - 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 and Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Available for optional adoption/ effective date deferred indefinitely

None of these are expected to have a significant effect on the consolidated financial statements of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.6 Principles of consolidation

##### (a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. 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. Acquisition-related costs are expensed as incurred.

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 to fair value at the acquisition date through the consolidated statement of income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 'Financial Instruments' either in the consolidated statement of income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount 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 the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of income.

Where settlement of any part of the net identifiable assets acquired is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowings could be obtained from independent financier under comparable terms and conditions.

##### (b) Transfer of businesses under common control

Business combinations involving entities under common control do not fall under the scope of IFRS 3 'Business Combinations'. Transfer of businesses under common control is accounted for under the uniting of interest method. Under the uniting of interest method, there is no requirement to fair value the assets and liabilities of the transferred entities and hence no goodwill is created as the balances remain at book value. The results and cash flows of the entities/businesses under common control are consolidated prospectively from the date of transfer without restatement of the consolidated income statement and the consolidated balance sheet comparatives.

##### (c) Eliminations on consolidation

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.6 Principles of consolidation (continued)

##### (d) Changes in ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions; that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired from the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### (e) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of income.

#### 2.7 Foreign currency translation

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

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Group's functional and presentation currency.

##### (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 consolidated statement of income, except when deferred in other comprehensive income and accumulated in equity as qualifying cash flow hedges and qualifying net investment hedges.

Balances and transactions denominated in US dollars ("USD") have been translated into the presentation currency at a fixed rate as the exchange rate of AED to USD has been pegged since 1981.

Foreign exchange gains and losses are presented in the consolidated statement of income within 'Other operating income'.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security.

Translation differences related to changes in amortised cost are recognised in the consolidated statement of income, and other changes in carrying amount are recognised in other comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.7 Foreign currency translation (continued)

##### (b) Transactions and balances (continued)

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated statement of income as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are included in other comprehensive income.

#### 2.8 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. The cost of property and equipment is its purchase cost together with any incidental costs of acquisition. 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. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance costs are charged to the consolidated statement of income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using straight-line method, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives, as follows:

Type of assets	Years
Building interior improvements, furniture, and fixtures	3 - 10
Computer hardware	3 - 5
Motor vehicles	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'Other operating income' in the consolidated statement of income.

Capital work-in-progress is stated at cost and includes property that is being constructed or developed for future use. When completed, capital work-in-progress is transferred to appropriate classifications within property and equipment and depreciated in accordance with the Group's policy.

#### 2.9 Investment property

##### (i) Recognition and measurement

Investment properties comprises land, buildings, building interior improvements, furniture, fixtures and equipment, and infrastructure held for long-term rental yields and are not occupied by the Group. Investment properties are measured at fair value. Any changes in fair values are presented in the consolidated statement of income as "Gain / (loss) on fair value of investment property". Investment property also includes capital work-in-progress which relates to building improvements. Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance and is expensed in the period in which it is incurred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.9 Investment property (continued)

##### (ii) Reclassification

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale or becomes owner-occupied, the property is transferred to property held for development and sale or property and equipment respectively. All transfers are made at carrying value.

##### (iii) De-recognition

When investment property is sold, gains and losses on disposal are determined by reference to its carrying amount and are recognised in the consolidated statement of income.

#### 2.10 Intangible assets

##### (a) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to bring the specific software to use. These costs are amortised over their estimated useful lives of 3 to 5 years.

##### (b) Licenses and re-use rights

The total cost of acquiring the license and/or re-use right is capitalised as an intangible asset and is carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated using the straight-line method to allocate the cost over the term of the licenses or rights.

#### 2.11 Impairment of non-financial assets

Non-financial assets (or cash-generating units) that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. A reversal of an impairment loss is recognised in the consolidated statement of income so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised in prior years.

A reversal of impairment is recognised to the extent that it eliminates the impairment loss recognised in prior years. After a reversal of an impairment loss is recognised, the depreciation/amortisation charge of the asset shall be adjusted in the future period to allocate the asset's revised carrying amount, less residual value over the remaining useful life.

#### 2.12 Investments and other financial assets

##### 2.12.1 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 or through statement of income); and
- Those to be measured at amortised cost.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.12 Investments and other financial assets (continued)

##### 2.12.1 Classification (continued)

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

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of income or other comprehensive income. 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 to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt instruments only when its business model for managing those assets changes.

##### 2.12.2 Recognition and derecognition

Purchases and sales of financial assets are recognised on the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive the contractual cash flows from the asset have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the consolidated statement of income.

##### 2.12.3 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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of income.

#### (a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

##### *Amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest/profit are measured at amortised cost. Interest/profit income from these financial assets is included in finance income using the effective interest/profit rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated income statement and presented in 'Other operating income'.

Impairment losses are presented under 'Impairments and other gains - net' in the consolidated statement of income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.12 Investments and other financial assets (continued)

##### 2.12.3 Measurement (continued)

###### (a) Debt instruments (continued)

###### *Fair value through other comprehensive income*

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest/profit, are measured at fair value through other comprehensive income.

Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest/profit income and foreign exchange gains and losses which are recognised in the consolidated statement of income.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the consolidated statement of income and recognised in 'Finance costs - net'. Interest/profit income from these financial assets is included in 'Finance income' using the effective interest/profit rate method. Exchange gains and losses and impairment losses are presented in 'Impairments and other gains - net' in the consolidated statement of income.

###### *Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the consolidated statement of income.

###### (b) Equity instruments

The Group subsequently measures all equity investments at fair value. The Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income. Such gains and losses are not subsequently reclassified to profit or loss upon derecognition of the investment. Dividends from such investments continue to be recognised in consolidated statement of income as other operating income when the Group's right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the consolidated statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.12 Investments and other financial assets (continued)

##### 2.12.4 Impairment of financial assets

IFRS 9 requires the Group to record an allowance for expected credit losses ('ECLs') for all trade and unbilled receivables, contract assets, loans and other debt financial assets not held at fair value through profit or loss ('FVTPL'). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest/profit rate.

For trade and unbilled receivables and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtor's general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting day, including time value of money where appropriate.

##### (i) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor.
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### (ii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event (see (ii) above);
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.12 Investments and other financial assets (continued)

##### 2.12.4 Impairment of financial assets (continued)

###### (iii) Write-off policy

The Group writes off a financial asset considering various factors which includes but not limited to the information indicating debtor's severe financial difficulty and no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of income.

###### (iv) Measurement and recognition of expected credit losses

The measurement of ECLs is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest/profit rate. For a lease receivable, the cash flows used for determining the ECLs is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

The Group recognises an impairment gain or loss in the consolidated statement of income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the consolidated balance sheet.

#### 2.13 Financial liabilities and equity

##### (a) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### (b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.13 Financial liabilities and equity (continued)

##### (c) Financial liabilities

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of income to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in the consolidated statement of income incorporates any interest/profit paid on the financial liability and is included in the 'Finance costs-net' line item in the consolidated statement of income.

##### *Financial liabilities measured subsequently at amortised cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest/profit method.

The effective interest/profit method is a method of calculating the amortised cost of a financial liability and of allocating interest/profit expense over the relevant period. The effective interest/profit rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest/profit rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

##### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the consolidated statement of income.

#### 2.14 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated 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.

#### 2.15 Trade receivables

Trade receivables are amounts due from customers for lease of properties or services performed in the ordinary course of business. Trade receivables are recognised initially in accordance with IFRS 16 and subsequently measured at amortised cost using effective interest/profit method, less loss allowance for expected credit losses.

#### 2.16 Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances in current accounts, call accounts and term deposits with original maturity of three months or less with no withdrawal restrictions and which are subject to an insignificant risk of changes in value, and cash pledged against guarantees.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less from the balance sheet date (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest/profit method.

#### 2.18 Advances from customers

Advances from customers include instalments received from customers for lease of property and provision of services. These are subsequently released to the consolidated statement of income once the revenue recognition criteria are met.

#### 2.19 Borrowings

Borrowings are recognised initially 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 the consolidated statement of income over the period of the borrowings using the effective rate of return method.

Fees paid on the establishment of finance facilities are recognised as transaction costs of the finance 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 capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of income.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### 2.20 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedge) or hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.20 Derivative financial instruments and hedging activities (continued)

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Derivatives are only used by the Group for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria under IFRS, they are classified as ‘held for trading’ for accounting purposes only. The fair values of various derivative instruments used for hedging are disclosed in Note 4.3.

Movements in the hedging reserve is disclosed in the consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability when expected to be settled within 12 months; otherwise, they are classified as non-current.

The Group uses profit rate swaps for hedging, which are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of finance rates (for example, fixed rate for floating rate). No exchange of principal takes place.

The Group’s credit risk represents the potential cost to replace the interest/profit rate swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market.

#### (a) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of income within ‘Finance costs - net’.

Amounts accumulated in equity are recycled in the consolidated statement of income in the periods when the hedged item affects statement of income (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest/profit rate swaps hedging variable rate borrowings is recognised in the consolidated statement of income within ‘Finance costs - net’. However when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example fixed assets), the gains and losses previously recorded in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in direct costs.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss and deferred costs of hedging existing in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset (such as fixed assets) and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of income within ‘Finance costs - net’.

#### (b) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any of these derivative instruments are recognised immediately in the consolidated statement of income within ‘Finance income/costs’.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been 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 pre-tax 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 interest/profit expense.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

#### 2.22 Employee benefits

##### (a) End of service benefits to non-UAE nationals

Provision is made for the end of service benefits due to employees in accordance with the UAE Labour Law for their periods of service up to the balance sheet date.

##### (b) Pension and social security policy within the UAE

The Group is a member of the pension scheme operated by the Federal Pension General and Social Security Authority. Contributions for eligible UAE National employees are made and charged to the consolidated statement of income, in accordance with the provisions of Federal Law No. 7 of 1999 relating to Pension and Social Security Law. The Group has no further payment obligations once the contributions have been paid.

#### 2.23 Revenue recognition

The Group recognises revenue from contracts with customer based on five step model as outlined under IFRS 15 'Revenue from Contracts with Customers':

- Step 1 Identify the contract 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 each of those rights and obligations.
- Step 2 Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.
- Step 3 Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services 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 consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.23 Revenue recognition (continued)

Step 5 Recognise revenue as and when the Group satisfies a performance obligation.

The Group recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- 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 obligation completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance – unbilled receivables. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability – contract advances.

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

Revenue is recognised in the consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable, can be measured reliably.

#### (a) Operating lease income

Operating lease income is recognised on a straight-line basis over the lease term. When the Group provides operating lease incentives to its customers, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (b) Services income

Services revenue relates to outsourcing services provided to a government authority in relation to incorporation, government and other related services. The revenue is recognised at the point in time when the services are rendered.

#### (c) Interest / Profit income

Interest/profit income is recognised in the consolidated statement of income using the effective interest/profit method. When a financial asset is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest/profit rate of the instrument, and continues unwinding the discount as interest/profit income. Interest/profit income on impaired financial asset is recognised using the original effective interest/profit rate.

#### (d) Forfeited income

Forfeited income is an income resulting from non shariah compliant streams mainly interest income from conventional deposits, rental income from certain transactions as determined by the Internal Sharia Supervision Committee and the late payment fees by the tenants who delay in payment of their liabilities. In line with the guidance by the Internal Sharia Supervision Committee, the Group is required to identify these incomes and to set aside such amount to pay for charitable causes and activities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.24 Leases

##### (a) The Group 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 the Group for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment 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 stand-alone prices.

However, where the contract is not separable into lease and non-lease component then the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

##### Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve (12) months or leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### (b) The Group as a Lessor

The Group enters into lease arrangements as a lessor with respect to its investment property. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

##### *Operating leases*

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all the risks and rewards incidental to ownership of an investment property. In addition, the Group subleases investment property acquired under head leases with lease terms exceeding 12 months at commencement. Subleases are classified as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying investment property. All the Group's subleases are classified as operating leases.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### 2.24 Leases (continued)

##### (b) The Group as a Lessor (continued)

###### *Operating leases (continued)*

Operating lease income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of income due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the underlying asset and recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the consolidated statement of income when the right to receive them arises.

#### 2.25 Earnings per unit

The Group presents basic and diluted earnings per unit (“EPU”) data for its ordinary units. Basic earnings per unit is calculated by dividing the profit or loss attributable to ordinary unitholders of the Fund by the weighted average number of ordinary units outstanding during the year. Diluted earnings per unit is determined by adjusting the profit or loss attributable to ordinary unitholders and the weighted number of ordinary units outstanding for the effects of all dilutive potential ordinary units.

#### 2.26 Operating segments

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 reportable segments, has been identified as the Managing Director of Fund Manager and Investment Committee Chairman of the Fund that makes strategic decisions.

#### 2.27 Dividend distribution

Dividend distribution to the Fund’s unitholders is recognised as a liability in the Group’s consolidated financial statements in the period in which the dividends are approved by the Fund’s unitholders.

#### 2.28 Management fee

The Fund entered into an agreement with the Fund Manager for the provision of services following the Global Offering. As per the agreement, the Fund Manager will be entitled to receive from the Fund on a semi-annual basis, a management fee, equal to 10 percent of profit for the relevant semi-annual period before gains on fair value of investment property and after deduction of any amounts already paid by the Group to the Fund Manager or an affiliate of the Fund Manager for services provided.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the Fund Manager's management to make judgements, estimates, and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated financial statements, the significant judgements made by Fund Manager's management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited special purpose carve-out financial statements of Predecessor Business, as included in the offering memorandum, except for common cost allocations which relate only to the comparative information and the application of tax exemption which are described below.

The significant judgement in these consolidated financial statements relate to the application of the predecessor accounting method for common control acquisitions and the Group Reorganisation which is disclosed in note 2 to this consolidated financial statements.

#### Judgement on application of tax exemption

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime became effective for accounting periods beginning on or after 1 June 2023.

The standard corporate tax rate under the CT Law is 9% for mainland UAE entities, while entities qualifying under the qualifying free zone regime are subject to 0%, provided they meet the relevant conditions.

According to Article 10 and Article 4(1)(f) of the CT Law provide for an exemption available to Qualifying Investment Funds, including REITs. Further, the Wholly Owned Subsidiaries of the REITs that undertake part or whole of the activity of the exempt REIT or are engaged exclusively in holding assets or investing funds for the benefit of the exempt REIT would also be exempt under Article 4(1)(h) of the CT Law.

The Fund was incorporated on 23 May 2025 and listed on the Dubai Financial Market on 28 May 2025. In accordance with Cabinet Decision No. 34 of 2025 and Ministerial Decision No. 96 of 2025, the REIT has met the criteria to qualify for REIT exemption from 28 May 2025 and obtained confirmation of exemption from Corporate Tax effective 1 May 2025. Further, the Wholly Owned Subsidiaries of the REIT are expected to be exempt under Article 4(1)(h) of the CT Law from 28 May 2025. The Fund Manager's management believes that the approval will be granted as the Wholly Owned Subsidiaries of the REIT have met all criteria stipulated by the federal tax authority and therefore have not recorded any corporate tax related adjustments in these consolidated financial statements from the earliest period presented.

#### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may 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.

##### (a) Calculation of loss allowance

The Group assesses the impairment of its financial assets based on the ECL model. Under the ECL model, the Group accounts for ECLs and changes in those ECLs at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

#### Key sources of estimation uncertainty (continued)

##### (a) Calculation of loss allowance (continued)

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. There has been no change in the estimation techniques or significant assumptions made in assessing the ECL during the current year.

##### (b) Valuation of investment property

The Group engaged external, independent, and qualified valuers to determine the fair value of the Group's investment properties for each year end presented i.e., as at 31 December 2025 and 2024. At the end of each reporting year, management updates its assessment of the fair value of each property, taking into account the most recent independent valuations. Management determines a property's value within a range of reasonable fair value estimates.

A summary of the valuation technique adopted by the external independent valuer for determining the fair value of the investment properties have been explained and outlined in Note 7.

Management of the Group has reviewed the assumptions 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.

### 4. FINANCIAL RISK MANAGEMENT

#### 4.1 Financial risk factors

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

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

Risk management is carried out by the Risk Management function of the fund manager under policies and framework approved by the Board of Directors of the REIT. The Risk Management function, in accordance with approved ERM Policy and Framework, coordinates and facilitates risk identification and assessment processes, monitors key risks against the approved risk appetite and tolerance, and consolidates risk reporting, working in close cooperation with management of the fund manager. The Board of Directors has established written principles and policies for overall risk management and approved risk tolerance for specific risks including market, credit and liquidity related risks.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 4. FINANCIAL RISK MANAGEMENT

#### 4.1 Financial risk factors

##### (a) Market risk

###### (i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency. The Ultimate Parent Company has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. However, the Group has no significant exposure to foreign exchange risk as majority of its transactions are in the respective functional currencies of the Group companies, which is AED.

###### (ii) Price risk

Price risk arises from changes in fair value of equity instruments. The Group is not exposed to any price risk as it does not have any equity securities or similar assets.

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

The Group is exposed to interest/profit rate risk on its interest/profit bearing assets and liabilities. Borrowings at variable rates expose the Group to cash flow interest/profit rate risk.

Based on the various scenarios, the Group manages its cash flow interest/profit rate risk by using floating-to-fixed interest/profit rate swaps. Such interest/profit rate swaps have the economic effect of converting borrowings from floating to fixed rates. Under the interest/profit rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate amounts calculated by reference to the agreed notional amounts.

At 31 December 2025, if interest/profit rates on interest/profit bearing financial assets had been 200 basis points (2024: 200 basis points) higher/lower with all other variables held constant, profit for the year would have been AED 14,063,000 (2024: AED 11,123,000) higher/lower, mainly as a result of higher/lower interest/profit income.

In addition, at 31 December 2025 had the Group not entered in any interest/profit rate swap agreements, if interest/profit rates on borrowings had been 200 basis points (2024: 200 basis points) higher/lower with all other variables held constant, profit for the year would have been AED 31,702,000 (2024: AED 30,597,000) lower/higher, mainly as a result of higher/lower interest/profit expense.

##### (b) Credit risk

The Group is exposed to credit risk in relation to its monetary assets, mainly trade receivables and other receivables, derivatives, due from related parties and bank balances.

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. When such an event happens it is considered as a default event. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has established policies under which each new customer is analysed for creditworthiness before Group's standard payment and service delivery terms and conditions are offered.

The credit review can include customer reputation, customer segmentation, business plans, bank references and external credit worthiness databases when available.

# DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 4. FINANCIAL RISK MANAGEMENT (continued)

#### 4.1 Financial risk factors (continued)

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

Derivative financial instruments and bank deposits are limited to high-credit-quality financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

The credit quality of cash and bank balances at the balance sheet date can be assessed by reference to external credit ratings as illustrated in the table below:

Rating	2025 AED'000	2024 AED'000
A1	697,856	860,317
A2	96,590	645,230
A3	142,533	462,925
	<b>936,979</b>	<b>1,968,472</b>

With respect to the credit risk arising from other financial assets of the Group, which comprise due from related parties, other receivables and deposits and financial assets at fair value through other comprehensive income, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these assets. The Group's exposure to credit risk arising from trade and other receivables is disclosed in Note 9.

##### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available. Management reviews cash flows at regular intervals.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 3 months AED'000	Between 3 months and 1 year AED'000	Between 1 year and 5 years AED'000	More than 5 years AED'000
<b>At 31 December 2025</b>				
Borrowings	17,053	54,636	1,823,332	-
Trade and other payables	487,497	-	6,316	-
Due to related parties	104,355	-	-	-
<b>At 31 December 2024</b>				
Borrowings	33,272	105,171	3,139,242	-
Trade and other payables	518,056	-	7,003	-
Due to related parties	675,453	-	-	-

# DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 4. FINANCIAL RISK MANAGEMENT (continued)

#### 4.2 Capital risk management

Under the term of a major borrowing facility, the Group is required to comply with certain covenants. Below are major financial covenants as required by the terms of the Group's facilities:

- i Leverage for each relevant period not to exceed 5:1;
- ii Ratio of adjusted EBITDA to net finance charges in respect of any relevant period is at least 2:1;
- iii Minimum Tangible Net Worth in respect of any relevant period is at least AED 2,000,000,000; and
- iv The aggregate revenue, aggregate earnings before interest/profit, tax, depreciation and amortization (calculated on the same basis as EBITDA), and aggregate gross assets of the Guarantors at all times exceeds 80% of consolidated revenue, 80% of the adjusted EBITDA, and 80% consolidated gross assets, respectively, of the Group.

The Group has complied with these covenants in line with the borrowing facility agreement at each reporting date.

The Group's gearing ratio is as follows:

	2025 AED'000	2024 AED'000
Total borrowings	1,585,084	2,582,247
Less: Cash and bank balances	(936,979)	(1,968,472)
	<b>648,105</b>	<b>613,775</b>
Total equity	22,046,804	19,589,794
<b>Total capital</b>	<b>22,694,909</b>	<b>20,203,569</b>
<b>Gearing ratio</b>	<b>3%</b>	<b>3%</b>

#### 4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. 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).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price and are included in level 1. The Group did not hold any Level 1 financial instruments as at 31 December 2025 and 2024.

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

#### 4. FINANCIAL RISK MANAGEMENT (continued)

##### 4.3 Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market is based on valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, these instruments are included in level 2. All derivative financial instruments held by the Group have been categorised as level 2 as shown below, where the fair valuation of such instruments has been determined based on discounting future cash flows using observable discount factors. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. There is no change in the valuation technique in comparison to prior years.

If one or more of the significant inputs is not based on observable market data, these instruments are included in level 3.

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2025 and 2024:

	Note	Level 2 AED'000	Level 3 AED'000
<b>As at 31 December 2025</b>			
<b>Assets</b>			
Investment property	7	-	23,538,000
Derivatives designated as cash flow hedges	8	4,958	-
<b>As at 31 December 2024</b>			
<b>Assets</b>			
Investment property	7	-	21,633,000
Derivatives designated as cash flow hedges	8	19,558	-

There were no transfers between the levels for recurring fair value measured during the year.

The carrying value of trade receivables and other receivables, due from related parties, cash and bank balances, trade and other payables, borrowings and due to related parties are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest/profit rate that is available to the Group for similar financial instruments.

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

#### 5. PROPERTY AND EQUIPMENT

	Note	Building interior improvements, furniture and fixtures AED'000	Computer hardware AED'000	Capital work in progress AED'000	Total AED'000
<b>At 31 December 2025</b>					
Cost		16,634	2,287	2,151	21,072
Accumulated depreciation		(2,718)	(1,019)	-	(3,737)
<b>Net book amount</b>		<b>13,916</b>	<b>1,268</b>	<b>2,151</b>	<b>17,335</b>
<b>Movement in net book amount</b>					
<b>At 1 January 2025</b>		<b>14,398</b>	<b>1,400</b>	<b>2,024</b>	<b>17,822</b>
Additions		428	-	127	555
Charge for the year	21	(910)	(132)	-	(1,042)
<b>At 31 December 2025</b>		<b>13,916</b>	<b>1,268</b>	<b>2,151</b>	<b>17,335</b>

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

#### 5. PROPERTY AND EQUIPMENT (continued)

	Note	Building interior improvements, furniture and fixtures AED'000	Computer hardware AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
<b>At 31 December 2024</b>						
Cost		16,206	2,287	218	2,024	20,735
Accumulated depreciation		(1,808)	(887)	(218)	-	(2,913)
<b>Net book amount</b>		<b>14,398</b>	<b>1,400</b>	<b>-</b>	<b>2,024</b>	<b>17,822</b>
<b>Movement in net book amount</b>						
<b>At 1 January 2024</b>						
At 1 January 2024		16,251	2,075	445	1,285	20,056
Additions		687	1,330	-	739	2,756
Charge for the year	21	(784)	(268)	-	-	(1,052)
Cost adjustment		(1,240)	-	-	-	(1,240)
Transfer to intangible assets - net	7	-	(1,390)	-	-	(1,390)
Disposal		(516)	(347)	(445)	-	(1,308)
<b>At 31 December 2024</b>		<b>14,398</b>	<b>1,400</b>	<b>-</b>	<b>2,024</b>	<b>17,822</b>

The depreciation charge for the year is recognised under general and administrative expenses amounting to AED 1,042,000 (2024: AED 1,052,000) (Note 21).

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

#### 6. INTANGIBLE ASSETS

	Note	Computer software AED'000	Others AED'000	Total AED'000
<b>At 31 December 2025</b>				
Cost		15,973	5,773	21,746
Accumulated amortisation		(15,973)	(4,462)	(20,435)
<b>Net book amount</b>		<b>-</b>	<b>1,311</b>	<b>1,311</b>
<b>Movement in net book amount</b>				
<b>At 1 January 2025</b>		<b>-</b>	<b>2,528</b>	<b>2,528</b>
Charge for the year	21	-	(1,217)	(1,217)
<b>At 31 December 2025</b>		<b>-</b>	<b>1,311</b>	<b>1,311</b>

	Note	Computer software AED'000	Others AED'000	Total AED'000
<b>At 31 December 2024</b>				
Cost		15,973	5,773	21,746
Accumulated amortisation		(15,973)	(3,245)	(19,218)
<b>Net book amount</b>		<b>-</b>	<b>2,528</b>	<b>2,528</b>
<b>Movement in net book amount</b>				
<b>At 1 January 2024</b>		<b>-</b>	<b>2,144</b>	<b>2,144</b>
Additions		120	1,877	1,997
Transfers from / (to) property and equipment	5	1,409	(19)	1,390
Charge for the year	21	(1,529)	(1,474)	(3,003)
<b>At 31 December 2024</b>		<b>-</b>	<b>2,528</b>	<b>2,528</b>

The amortisation charge for the year is recognised under general and administrative expenses amounting to AED 1,217,000 (2024: AED 3,003,000) (Note 21).

#### 7. INVESTMENT PROPERTY

	Note	AED'000
<b>At 1 January 2025</b>		
Additions		162,229
Net gain on fair valuations		1,742,771
<b>At 31 December 2025</b>		<b>23,538,000</b>
<b>At 1 January 2024</b>		
*Transfer of investment property from related parties	10(c)	224,306
Additions		183,827
Net gain on fair valuations		1,545,567
<b>At 31 December 2024</b>		<b>21,633,000</b>

\*This includes AED 223,329,000 relating to investment property transferred from Meydan.

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 7. INVESTMENT PROPERTY (continued)

##### Nature, type, segment classification, occupancy rates and fair value of real estate assets and investments:

All investment properties presented below are located within Dubai, United Arab Emirates, and comprise land and buildings held to generate rental income. The table below summarises the segment classification, occupancy rates and fair values.

##### a) Premium segment:

Property name	Fair value		Year-to-date average occupancy rate	
	2025	2024	2025	2024
	AED'000	AED'000	%	%
Bluewaters	938,000	784,000	95.0	89.1
Citywalk	1,294,500	1,181,000	98.5	98.1
Nad Al Sheba Villas	1,370,000	1,269,000	99.4	95.6
	<b>3,602,500</b>	<b>3,234,000</b>	<b>98.4</b>	<b>95.4</b>

##### b) Community segment:

Property name	Fair value		Year-to-date average occupancy rate	
	2025	2024	2025	2024
	AED'000	AED'000	%	%
Al Barsha	214,000	207,000	100	98.9
Badrah	287,000	223,000	98.8	97.7
Dubai Wharf 1	220,000	188,000	100	100
Dubai Wharf 2 and 3	108,000	93,000	98.6	100
Dubai Wharf 4	144,000	124,000	100	100
Garden Apartments	760,000	643,000	96.0	88.7
Garden View Villas	1,090,000	1,006,000	99.4	98.4
Ghoroob	1,846,000	1,752,000	99.8	99.9
Ghoroob External	44,000	46,000	100	100
Layan	881,000	826,000	99.6	99.8
Manazel Al Khor	216,000	197,000	98.7	92.4
Meydan Heights - Residential	17,000	15,000	95.5	95.5
Meydan Residence 1	205,000	194,000	98.5	97.5
Remraam	979,000	904,000	99.8	99.9
Shoroob	2,202,000	2,140,000	99.7	99.9
The Gardens	3,287,000	2,816,000	94.9	98.5
	<b>12,500,000</b>	<b>11,374,000</b>	<b>98.3</b>	<b>99.0</b>

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 7. INVESTMENT PROPERTY (continued)

Nature, type, segment classification, occupancy rates and fair value of real estate assets and investments:  
(continued)

##### c) Affordable segment:

Property name	Fair value		Year-to-date average occupancy rate	
	2025	2024	2025	2024
	AED'000	AED'000	%	%
Al Khail Gate Internal	106,000	97,000	100	100
Al Khail Gate 1	1,406,000	1,333,000	98.7	98.8
Al Khail Gate 2	2,409,000	2,244,000	99.3	92.9
Al Khail Tower	29,000	28,000	100	84.2
International City	1,904,000	1,699,000	99.1	97.4
	<b>5,854,000</b>	<b>5,401,000</b>	<b>99.1</b>	<b>96.2</b>

##### d) Corporate housing segment:

Property name	Fair value		Year-to-date average occupancy rate	
	2025	2024	2025	2024
	AED'000	AED'000	%	%
Al Qouz New	93,000	75,000	97.6	63.3
Al Qouz North	94,500	78,000	99.9	100
Al Qouz South	88,500	73,000	99.9	100
Nuzul	180,000	135,000	99.9	99.5
	<b>456,000</b>	<b>361,000</b>	<b>99.5</b>	<b>93.1</b>

##### e) Others segment:

Property name	Fair value		Year-to-date average occupancy rate	
	2025	2024	2025	2024
	AED'000	AED'000	%	%
Bluewaters SA 2 Retail	34,000	43,000	-	-
Citywalk Retail	28,500	27,000	100	82.4
Garden Apartments – Retail*	46,000	59,000	100	100
International City – Retail*	924,000	1,058,000	88.7	95.2
Layan -Retail*	6,000	4,000	100	100
Meydan – Retail 1*	24,000	20,000	82.2	82.1
Meydan Heights Retail Centre*	46,000	46,000	74.9	75.7
North Camp Retail*	7,500	-	97.3	-
Shorooq – Retail*	6,000	6,000	95.0	100
South Camp Retail*	3,500	-	94.0	-
	<b>1,125,500</b>	<b>1,263,000</b>	<b>88.4</b>	<b>94.3</b>

\*These properties do not have separate title deeds and therefore the values are provided as an apportionment of the market value.

North Camp Retail and South Camp Retail are included in portfolio effective 1 January 2025.

# DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 7. INVESTMENT PROPERTY (continued)

The following amounts have been recognised in the consolidated statement of income in respect of investment property:

	Note	2025 AED'000	2024 AED'000
Operating lease income	18	1,943,815	1,781,867
Direct costs arising from investment property that generated rental income (excluding payroll and related costs)	19	(404,496)	(486,989)
Net gain on fair valuation		1,742,771	1,545,567

### Valuation techniques underlying management's estimation of fair value

The following is a summary of the valuation technique adopted by the external independent valuer for determining the fair value of the investment properties:

Property category	Valuation method	Significant unobservable inputs
Buildings/Compounds	Income approach or Discounted Cash Flows (DCF) approach: The property is valued by discounting the expected future net income for a holding period at an appropriate discount rate to produce a Present Value (PV) of expected cash flows. This method includes discounting the forecast disposal price/exit value at the end of the cash flow period, by applying an exit yield to the forecast 6th year income, after a 5-year holding period. The sum of these discounted income streams is the fair market value.  RERA rental caps, market rents and market rental growth rates are projected over the 5-year holding period and applied to the income stream whenever current leases end. Vacant units are leased at market rents in accordance with the market.	Estimated rental rates, Let-up period, Growth rates, Project discount rate and Capitalisation rate/yield
Individual units / Unit titles	Market approach or Comparable approach: This approach entails benchmarking and analysis of comparable transactions, bids and asking prices, where available, for similar apartments, villas, townhouses and land plots. These values are adjusted for differences in key attributes such as size, gross floor area and location.	Discount applied in the market for tenanted properties

The valuation method adopted for these land plots fall under level 3. There were no changes to the valuation techniques during the year.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Buildings / Compounds – Estimated rental rates, Let-up period, Growth rates, Project discount rate and capitalization rate / yield are estimated by the independent valuers based on comparable transactions and industry data.
- Individual units / Unit titles – Discount applied in the market for tenanted properties is estimated by the independent valuers based on comparable transactions and industry data.

There were no changes to the valuation techniques during the periods presented.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 7. INVESTMENT PROPERTY (continued)

#### Valuation techniques underlying management's estimation of fair value (continued)

For all investment properties valued under income approach or DCF approach, their current use approximately equates to the highest and best use. However, for investment properties valued under the market approach, their current use does not necessarily equate to the highest and best use.

The fair value measurement of investment properties valued using the income approach or DCF approach is sensitive to changes in:

- Estimated rental rates (an increase in the input will increase fair value);
- Let-up period (an increase in the input will decrease fair value);
- Growth rates (an increase in the input will increase fair value);
- Project discount rate (an increase in the input will decrease fair value); and
- Capitalisation rate/yield (an increase in the input will decrease fair value).

For the income approach, there are interrelationships between the estimated rental rates, let-up period, growth rates, project discount rate, and capitalisation rate/yield. For example, an increase in the estimated rental rates may lead to a decrease in the capitalisation rate, and vice versa. An increase in the let-up period may lead to an increase in the project discount rate, and vice versa. An increase in the growth rates may lead to a decrease in the capitalisation rate, and vice versa. An increase in the project discount rate may lead to an increase in the capitalisation rate, and vice versa. These interrelationships may magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement.

In terms of investment properties valued using the comparable approach, the fair value measurement is sensitive to changes in the discounts applied in the market for tenanted properties derived from comparables. An increase in the discount applied would lead to a decrease in fair value.

As at 31 December 2025, there were no (2024: nil) investment properties that were pledged as securities against loans obtained by Group or any of its related parties.

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 8. DERIVATIVE FINANCIAL INSTRUMENTS

	Notional amount AED '000	Assets AED '000
<b>At 31 December 2025</b>		
<b>Designated as cash flow hedges</b>		
Interest/profit rate swap contracts	360,000	4,958
		<b>4,958</b>
Less: non-current portion		-
<b>Current portion</b>		<b>4,958</b>

	Notional amount AED '000	Assets AED '000
<b>At 31 December 2024</b>		
<b>Designated as cash flow hedges</b>		
Interest/profit rate swap contracts	600,000	19,558
		<b>19,558</b>
Less: non-current portion		(19,558)
<b>Current portion</b>		<b>-</b>

Interest/profit rate swaps are commitments to exchange one set of cash flows for another. The swaps result in an economic exchange of interest/profit rates, no exchange of principal takes place.

These swap transactions entitle the Group to receive or pay amounts derived from interest/profit rate differentials between an agreed fixed interest/profit rate and the applicable floating rate prevailing at the beginning of each interest/profit period.

At 31 December 2025, the fixed interest/profit rates is 1.21% per annum (2024: 1.21% per annum). The floating rates are linked to Emirates Interbank Offered Rate (“EIBOR”). Changes in the fair market values of interest/profit rate swaps that are considered effective and designated as cash flow hedges are recognised in the hedge reserve in other comprehensive income. Amounts are reclassified to consolidated statement of income when the associated hedged transaction affects consolidated statement of income. There was no ineffectiveness to be recorded from the cash flow hedges in the current year. The change in fair values of interest/profit rate swaps designated as cash flow hedges for the year ended 31 December 2025 amounted to a loss of AED 14,600,000 (2024: loss of AED 22,041,000).

During the current year, the interest/profit income on derivatives recognised in ‘Finance costs - net’ amounts to AED 14,984,000 (2024: AED 29,815,000) (Note 24).

As at 31 December 2025, derivative financial instruments include interest/profit rate swaps entered into with a related party financial institution with a fair value of AED 2,538,000 (2024: AED 7,302,000).

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 9. TRADE AND OTHER RECEIVABLES

	2025 AED'000	2024 AED'000
Trade receivables	306,087	265,510
Less: loss allowance	(256,549)	(249,886)
	<b>49,538</b>	<b>15,624</b>
Unbilled receivables	10,480	5,114
Less: loss allowance	(4,609)	(4,609)
	<b>5,871</b>	<b>505</b>
Advances to contractors	4,265	34,163
Prepayments	5,935	6,222
Other receivables	4,477	11,984
	<b>70,086</b>	<b>68,498</b>
Less: non-current portion	-	-
<b>Current portion</b>	<b>70,086</b>	<b>68,498</b>

The fair values of trade and other receivables approximate their carrying amounts. The fair values are within level 3 of the fair value hierarchy.

Unbilled receivables arise on revenue recognition based on straight lining which is mainly driven by rent free periods and rent escalation as per the contracts.

The Group has a broad base of customers with no concentration of credit risk within trade receivables at 31 December 2025 and 2024.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

	2025 AED'000	2024 AED'000
<b>Trade receivables and unbilled receivables</b>		
Not past due	10,480	5,114
Up to 3 months	57,804	20,390
3 to 6 months	9,277	16,744
Over 6 months	239,006	228,376
	<b>316,567</b>	<b>270,624</b>
	2025 AED'000	2024 AED'000
<b>Loss allowance against trade receivables and unbilled receivables</b>		
Not past due	4,609	4,609
Up to 3 months	10,655	13,244
3 to 6 months	7,017	8,266
Over 6 months	238,877	228,376
	<b>261,158</b>	<b>254,495</b>

# DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 9. TRADE AND OTHER RECEIVABLES (continued)

The provision against not past due receivables reflect loss allowance against specific customers considered having a higher probability of default.

The movement in the Group's loss allowance on trade and unbilled receivables is as follows:

	Note	2025 AED'000	2024 AED'000
<b>At 1 January</b>		254,495	247,064
Charge for loss allowance on trade and unbilled receivables		7,722	7,427
Transfer (to) / from related party	10(c)	(1,059)	4
<b>At 31 December</b>		<b>261,158</b>	<b>254,495</b>

During the current year, the Group recognised provision for loss allowance on other receivables amounting to AED 400,000 (2024: Nil).

The creation and release of the loss allowance on receivables have been included in the consolidated statement of income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The Group's trade and other receivables are denominated in AED.

### 10. RELATED PARTY BALANCES AND TRASACTIONS

Related parties include the Ultimate Parent Company, Parent Company, key management personnel, and other subsidiaries of the Parent Company (fellow subsidiaries) and businesses, which are controlled directly by key management personnel. The related party transactions and balances arise in the normal course of business primarily on sale and purchase of goods and services and loan and treasury arrangements.

#### (a) Due from related parties

The receivables are classified as current, receivable on demand, unsecured in nature and bear no interest/profit. The maximum exposure to credit risk at the reporting date is the carrying value of each of the amount receivable from related parties.

The fair values of due from related parties approximate their carrying amounts and are fully performing at 31 December 2025 and 2024.

Due from and due to related party balances are offset and the net amount is reported in the consolidated 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 due from and due to balances simultaneously.

	2025 AED'000	2024 AED'000
Fellow subsidiaries	1,055	23,717
Others	669	-
	<b>1,724</b>	<b>23,717</b>

# DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 10. RELATED PARTY BALANCES AND TRASACTIONS (continued)

#### (b) Due to related parties

The payables to related parties are classified as current, payable as per contract and unsecured in nature. These arise mainly from purchase of services and are non-interest/profit bearing.

	2025 AED'000	2024 AED'000
Fellow subsidiaries	99,355	674,059
Ultimate Parent Company	2,269	-
Others	2,731	1,394
	<b>104,355</b>	<b>675,453</b>

#### (c) Related party transactions

##### Transactions with related party entities

During the year, the Group entered into the following significant transactions with related parties:

	Note	2025 AED'000	2024 AED'000
<b>Fellow subsidiaries</b>			
Operation and maintenance costs		89,964	55,509
Management fee expense		83,448	-
Cost recharges from fellow subsidiaries		56,040	128,089
Operating lease income		44,486	48,870
Expenses recharged by fellow subsidiaries		20,287	37,031
Transfer of end of service benefits (to) / from related parties	16	(11,038)	2,366
Transfer of loss allowance (to) / from related party	9	(1,059)	4
Office rent	21	927	-
Funds transferred from a related party		-	635,838
Transfer of investment property from fellow subsidiaries	7	-	224,306
Unwinding of net related party balances		-	115,705
<b>Other related parties</b>			
Operation and maintenance costs		35,427	79,856
Finance income from derivative financial instruments		5,784	11,459
Operating lease income		733	800
Finance income from cash and bank balances		-	16,545
Finance cost and other bank charges on bank borrowings		-	31,880

During the previous year, the Group settled net payable balances with related parties in the form of capital contribution from the Parent Company amounting to AED 602,472,000.

During the previous year, an amount of AED 1,221,000,000 receivable from the Parent Company was settled through dividend (Note 17).

The Group is managed by the Parent Company and accordingly, no remuneration is paid to key management personnel.

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 11. CASH AND BANK BALANCES

	2025 AED'000	2024 AED'000
Cash at bank		
- Current account	233,817	988,837
- Fixed deposits	703,162	979,635
	<b>936,979</b>	<b>1,968,472</b>

Cash and cash equivalents include the following for the purposes of consolidated statement of cash flows:

	2025 AED'000	2024 AED'000
Cash and bank balances	936,979	1,968,472
Less: fixed deposits with maturities greater than three months	-	(831,635)
	<b>936,979</b>	<b>1,136,837</b>

Bank accounts are held with locally incorporated banks. Fixed deposits carry interest/profit in the range of 3.35% to 4.15% per annum (2024: 4.5% to 5.35% per annum). At 31 December 2025, cash and bank balances include AED 37,231,000 (2024: AED 640,263,000) held with a related party financial institution.

#### 12. UNIT CAPITAL

On 23 May 2025, the total recognised and issued unit capital of the Fund is 13,000,000,000 units of AED 0.1 each. All units were fully paid-up. As part of capital reorganisation, share capital and contributed capital amounting to AED 300,000 and AED 2,560,134,000, respectively, were derecognised and net impact was realised by transferring the same to the retained earnings of the Group amounting to AED 1,260,434,000.

#### 13. LEGAL RESERVE

In accordance with the Companies Law and Articles of Association, 5% of the profit for the year of each UAE limited liability registered company are transferred to a legal reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid-up share capital of the respective subsidiaries of the Fund since there is no requirement to maintain legal reserve for the Fund.

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 14. TRADE AND OTHER PAYABLES

	2025 AED'000	2024 AED'000
Trade payables	26,629	71,766
Accrued expenses	212,767	212,392
Refundable deposits	144,028	143,344
Retentions payable	34,747	52,068
Project payables	26,332	11,271
Other payables	49,310	34,218
	<b>493,813</b>	<b>525,059</b>
Less: non-current portion	(6,316)	(7,003)
<b>Current portion</b>	<b>487,497</b>	<b>518,056</b>

#### 15. BORROWINGS

	2025 AED'000	2024 AED'000
Bank borrowings	1,600,000	2,600,000
Unamortised transaction costs	(14,916)	(17,753)
<b>Carrying amount</b>	<b>1,585,084</b>	<b>2,582,247</b>

As at 31 December 2025, all bank borrowings are due after more than twelve months and are therefore, classified as non-current liabilities.

The movement in the Group's borrowings is as follows:

	2025 AED'000	2024 AED'000
<b>At 1 January</b>	<b>2,582,247</b>	<b>1,345,280</b>
Repayments	(1,000,000)	(1,360,000)
Capitalization of transaction costs	(1,091)	(18,365)
Amortisation of transaction costs	3,928	15,332
Proceeds from borrowings	-	2,600,000
<b>At 31 December</b>	<b>1,585,084</b>	<b>2,582,247</b>

The Group has not had any defaults of principal, interest/profit or redemption amounts during the years on bank financing and has complied with the covenants required under the terms of the facilities. During the year, finance rates on the above bank borrowings ranged from 4.57% to 5.38% (2024: 5.38% to 6.99%) per annum.

On 8 November 2024, Dubai Residential LLC, a subsidiary of the Group entered into a five-year revolving facility financing agreement with Abu Dhabi Commercial Bank PJSC, Dubai Islamic Bank PJSC, and Mashreq Bank PJSC (the "Financing Agreement") to refinance a facility that was previously entered into by Dubai Residential LLC on 26 June 2019 with Emirates NBD Capital Limited and Dubai Islamic Bank PJSC.

# DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

### 15. BORROWINGS (continued)

In accordance with the Financing Agreement, Dubai Residential LLC utilized the facility under the new agreement to pay in full the outstanding amount owed under the previous facility agreement, in addition to fees, costs and expenses incurred and due from the Group to the respective banks before the effective date of the Financing Agreement. The remaining balance is intended to be used for general corporate purposes.

The new facilities comprise an:

- AED 2,423,000,000 conventional revolving credit facility for a term of 5 years provided by a syndicate of commercial banks, with a floating interest rate based on EIBOR plus 80 basis points, repayable in a lump sum on maturity; and
- AED 1,250,000,000 Islamic financing facility for a term of 5 years subject to a floating profit rate based on EIBOR plus 80 basis points, repayable in full on maturity.

On account of the refinancing, the Group derecognised the existing liability which resulted in the release of unamortised issue costs of AED 14,720,000 in finance cost in previous year. The unamortised issue costs incurred on the new facility, amounting to AED 19,456,000 are amortised over the term of the new facility, of which the unamortised portion as of 31 December 2025 is AED 14,916,000 (2024: AED 17,753,000).

As at 31 December 2025, the Group has undrawn floating rate borrowing amounting to AED 2,073,000,000 (2024: AED 1,073,000,000) from the above facilities.

The Group has sufficient headroom to enable it to conform to covenants on its existing borrowings and sufficient working capital and undrawn financing facilities to service its operating activities and ongoing investments as at 31 December 2025.

Total borrowings of AED 1,600,000,000 (2024: AED 2,600,000,000) are subject to re-pricing within three months of the reporting date.

The maturity profile of the borrowings is as follows:

	2025 AED'000	2024 AED'000
Within one year	-	-
After one year but not more than five years	1,600,000	2,600,000
More than five years	-	-
	<b>1,600,000</b>	<b>2,600,000</b>

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The borrowings is denominated in AED.

As at 31 December 2025, the Group had no borrowings obtained from related party financial institutions (2024: Nil).

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 16. EMPLOYEES' END OF SERVICE BENEFITS

The movement in provisions for employees' end of service benefits is as follows:

	Note	2025 AED'000	2024 AED'000
<b>At 1 January</b>		<b>10,880</b>	<b>8,396</b>
Charge during the year	23	385	470
Transfer (to) / from related parties	10(c)	(11,038)	2,366
Payments during the year		(227)	(352)
<b>At 31 December</b>		<b>-</b>	<b>10,880</b>

#### 17. DIVIDENDS

On 5 August 2025, the Board of Directors has approved an interim cash dividends of AED 550,000,000 (AED 0.04 per unit) which had been paid in September 2025. During the previous year, dividends amounting to AED 1,221,000,000 (AED 0.09 per unit) were approved by the shareholders of the Company and have been adjusted against the balance receivable from the Parent Company [Note 10(c)].

#### 18. REVENUE

	2025 AED'000	2024 AED'000
Operating lease income	1,943,815	1,781,867
<b>Revenue from contracts with customers</b>		
Service charges	9,659	10,944
	<b>1,953,474</b>	<b>1,792,811</b>

Operating lease income and service charges are presented net of forfeited income amounting to AED 4,502,000 and AED 20,000, respectively, in accordance with the guidance provided by the Internal Sharia Supervision Committee.

#### 19. DIRECT COSTS

	Note	2025 AED'000	2024 AED'000
Operation and maintenance costs		404,496	424,338
Payroll and related costs	23	22,805	34,955
Cost recharges		-	62,651
		<b>427,301</b>	<b>521,944</b>

#### 20. OTHER OPERATING INCOME

	2025 AED'000	2024 AED'000
Miscellaneous fees and charges	9,533	7,164

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 21. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2025 AED'000	2024 AED'000
Payroll and related costs	23	24,624	44,223
Cost recharges		16,202	30,970
Information technology expenses		15,449	352
Legal and professional fees		5,350	1,498
Consultancy		4,625	3,292
Depreciation and amortization	5, 6	2,259	4,055
Rent	10(c)	927	-
Other administrative expenses		9,100	6,680
		<b>78,536</b>	<b>91,070</b>

#### 22. MARKETING AND SELLING EXPENSES

	Note	2025 AED'000	2024 AED'000
Advertising		4,739	11,520
Payroll and related costs	23	2,777	5,245
Cost recharges		1,054	2,249
Other marketing expenses		6,597	2,636
		<b>15,167</b>	<b>21,650</b>

#### 23. PAYROLL AND RELATED COSTS

	Note	2025 AED'000	2024 AED'000
Salaries and allowances		49,821	83,953
End of service benefits	16	385	470
		<b>50,206</b>	<b>84,423</b>
Payroll and related costs are split as follows:			
Direct costs	19	22,805	34,955
General and administrative expenses	21	24,624	44,223
Marketing and selling expenses	22	2,777	5,245
		<b>50,206</b>	<b>84,423</b>

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 24. FINANCE COSTS - NET

	Note	2025 AED'000	2024 AED'000
<b>Finance costs on:</b>			
Bank borrowings		(95,975)	(117,924)
Derivative financial instruments	8	14,984	29,815
<b>Total finance costs</b>		<b>(80,991)</b>	<b>(88,109)</b>
<b>Finance income from:</b>			
Short-term bank deposits		8,629	20,370
Bank balances		769	26,596
<b>Total finance income</b>		<b>9,398</b>	<b>46,966</b>
<b>Finance costs-net</b>		<b>(71,593)</b>	<b>(41,143)</b>

Finance income from short term bank deposits and bank balances are presented net of forfeited income amounting to AED 8,100,000 and AED 13,819,000 respectively, in accordance with the guidance provided by the Internal Sharia Supervision Committee.

#### 25. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	Financial assets at amortised cost AED'000	Financial assets at fair value through other comprehensive income AED'000	Total AED'000
<b>At 31 December 2025</b>				
<b>Assets as per balance sheet</b>				
Derivative financial instruments	8	-	4,958	4,958
Trade and other receivables	9	59,886	-	59,886
Due from related parties	10(a)	1,724	-	1,724
Cash and bank balances	11	936,979	-	936,979
<b>Total</b>		<b>998,589</b>	<b>4,958</b>	<b>1,003,547</b>
<b>At 31 December 2024</b>				
<b>Assets as per balance sheet</b>				
Derivative financial instruments	8	-	19,558	19,558
Trade and other receivables	9	28,113	-	28,113
Due from related parties	10(a)	23,717	-	23,717
Cash and bank balances	11	1,968,472	-	1,968,472
<b>Total</b>		<b>2,020,302</b>	<b>19,558</b>	<b>2,039,860</b>

Note: Trade and other receivables exclude advances to suppliers and prepayments.

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 25. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

	Note	Financial liabilities at amortised cost AED'000	Total AED'000
<b>At 31 December 2025</b>			
<b>Liabilities as per balance sheet</b>			
Borrowings	15	1,585,084	1,585,084
Trade and other payables	14	491,682	491,682
Due to related parties	10(b)	104,355	104,355
<b>Total</b>		<b>2,181,121</b>	<b>2,181,121</b>
<b>At 31 December 2024</b>			
<b>Liabilities as per balance sheet</b>			
Borrowings	15	2,582,247	2,582,247
Trade and other payables	14	524,750	524,750
Due to related parties	10(b)	675,453	675,453
<b>Total</b>		<b>3,782,450</b>	<b>3,782,450</b>

Note: Trade and other payables exclude value added tax payables.

#### 26. EARNINGS PER UNIT

Basic earnings per unit amounts are calculated by dividing profit for the year attributable to ordinary unit holders of the Fund by the weighted average number of ordinary units outstanding during the year. As there are no dilutive instruments outstanding, basic and diluted earnings per unit are identical. The calculation of basic and diluted earnings per unit attributable to the owners of the Fund before change in fair value of investment property, and basic and diluted earnings per unit attributable to the owners of the Fund are based on the following data:

	Year ended 31 December	
	2025	2024
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per unit before change in fair value of investment property (profit for the year attributable to owners of the Fund before change in fair value of investment property) rounded to the nearest AED'000	1,278,839	1,116,741
<b>Weighted average number of units:</b>		
Weighted average number of ordinary units for the purpose of basic and diluted earnings per unit rounded to the nearest thousands	13,000,000	13,000,000
<b>Basic and diluted earnings per unit attributable to Owners of the Fund before change in fair value of investment property rounded to the nearest AED</b>	<b>0.10</b>	<b>0.09</b>

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 26. EARNINGS PER UNIT (continued)

	Year ended 31 December	
	2025	2024
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per unit (profit for the year attributable to owners of the Fund) rounded to the nearest AED'000	3,021,610	2,662,308
<b>Weighted average number of units:</b>		
Weighted average number of ordinary units for the purpose of basic and diluted earnings per unit rounded to the nearest thousands	13,000,000	13,000,000
<b>Basic and diluted earnings per unit attributable to Owners of the Fund rounded to the nearest Fils</b>	<b>0.23</b>	<b>0.20</b>

Since the Fund is incorporated on 23 May 2025 with 13,000,000,000 ordinary units, and application of predecessor accounting, the same have been considered as weighted average number of units for the purpose of earning per unit calculation for the year ended 31 December 2025 and 31 December 2024.

#### 27. COMMITMENTS

##### (a) Capital commitments

The Group has capital commitments of AED 151,100,000 as at 31 December 2025 (2024: AED 68,163,000) for capital work related to building improvements included within investment property and Nil as at 31 December 2025 for property and equipment (2024: AED 90,000). These commitments represent the value of contracts issued as of 31 December 2025 and 31 December 2024, net of invoices received and accruals made at that date.

##### (b) Operating lease arrangements - the Group as lessor

Operating non-cancellable leases relate to the investment properties owned by the Group with lease terms of between one to six years.

Future minimum rentals receivable under non-cancellable operating leases as at reporting date are as follows:

	2025	2024
	AED'000	AED'000
Within one year	999,170	750,138
After one year but not more than five years	131,569	179,827
More than five years	795	63
	<b>1,131,534</b>	<b>930,028</b>

#### 28. SEGMENT REPORTING

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reportable segments, has been identified as the Managing Director of Fund Manager and Investment Committee Chairman of the Fund that makes strategic decisions.

Management has determined the operating segments based on the reports reviewed by the Managing Director of Fund Manager and Investment Committee Chairman in making strategic decisions. Information reported to the Managing Director of Fund Manager and Investment Committee Chairman, as the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the financial performance of each business

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 28. SEGMENT REPORTING (continued)

segment only. No information that includes the segments' assets and liabilities are reported to the Managing Director of Fund Manager and Investment Committee Chairman.

The Group is organised into the following reportable segments based on the type of the leasing property: (i) Premium, (ii) Community, (iii) Affordable, (iv) Corporate Housing and (v) Others. The following describes the types of properties, products or services that fall within each of the reportable segments defined above:

- i. **Premium:** It includes premium developments in prime areas and lifestyle destinations, offering superior amenities and attractions.
- ii. **Community:** It includes family-friendly gated communities with specialized local retail centers and leisure / fitness facilities.
- iii. **Affordable:** It includes cost effective housing, providing value and accessibility.
- iv. **Corporate Housing:** It includes purpose-built properties for corporate and industrial staff.
- v. **Others:** It includes businesses that individually do not meet the criteria of a reportable segment.

The operating segments derive their revenue primarily from operating lease income. The Group operates only in Dubai, United Arab Emirates and accordingly no further geographical analysis of revenues, profit, assets and liabilities is given. Segment revenue reported represents revenue generated from external customers and there was no intersegment revenue.

Segment results represent the profit earned by each segment before interest/profit, and depreciation and amortisation.

The segment information for the operating segments for the year ended 31 December 2025 is as follows:

	Premium AED'000	Community AED'000	Affordable AED'000	Corporate Housing AED'000	Others AED'000	Total AED'000
Revenue	164,964	929,879	678,724	90,438	89,469	1,953,474
Direct costs*	(28,162)	(183,420)	(137,544)	(36,652)	(18,718)	(404,496)
Other operating income	528	7,299	2,830	(1,430)	306	9,533
Payroll and related costs	(4,194)	(23,866)	(18,674)	(2,352)	(1,120)	(50,206)
General and administrative*	(4,237)	(25,339)	(17,912)	(2,262)	(1,903)	(51,653)
Marketing and selling*	(777)	(6,792)	(4,001)	(476)	(344)	(12,390)
Management fee	(6,973)	(39,635)	(29,257)	(3,803)	(3,780)	(83,448)
Impairments and other gains - net	1,758	627	(4,078)	598	(7,028)	(8,123)
<b>Segment results before interest/profit and depreciation and amortisation</b>	<b>122,907</b>	<b>658,753</b>	<b>470,088</b>	<b>44,061</b>	<b>56,882</b>	<b>1,352,691</b>
Depreciation and amortisation	(155)	(1,059)	(880)	(82)	(83)	(2,259)
Finance costs	-	-	-	-	(80,991)	(80,991)
Finance income	42	-	98	-	9,258	9,398
	<b>122,794</b>	<b>657,694</b>	<b>469,306</b>	<b>43,979</b>	<b>(14,934)</b>	<b>1,278,839</b>
Unallocated gain on fair value of investment property						1,742,771
<b>Profit for the year</b>						<b>3,021,610</b>

## DUBAI RESIDENTIAL REIT AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

#### 28. SEGMENT REPORTING (continued)

The segment information for the operating segments for the year ended 31 December 2024 is as follows:

	Premium	Community	Affordable	Corporate Housing	Others	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Revenue	144,828	854,791	626,643	81,857	84,692	1,792,811
Direct costs*	(38,844)	(221,445)	(160,758)	(41,736)	(24,206)	(486,989)
Other operating income	449	4,078	3,559	(922)	-	7,164
Payroll and related costs	(6,151)	(37,527)	(32,802)	(6,197)	(1,746)	(84,423)
General and administrative*	(2,641)	(19,839)	(15,217)	(2,390)	(2,705)	(42,792)
Marketing and selling*	(1,486)	(8,311)	(5,583)	(993)	(32)	(16,405)
Impairments and other gains - net	(542)	(182)	(8,608)	95	1,810	(7,427)
<b>Segment results before interest/profit and depreciation and amortisation</b>	<b>95,613</b>	<b>571,565</b>	<b>407,234</b>	<b>29,714</b>	<b>57,813</b>	<b>1,161,939</b>
Depreciation and amortisation	(297)	(2,008)	(1,464)	(286)	-	(4,055)
Finance costs	-	-	-	-	(88,109)	(88,109)
Finance income	3,176	3,550	4,444	-	35,796	46,966
	<b>98,492</b>	<b>573,107</b>	<b>410,214</b>	<b>29,428</b>	<b>5,500</b>	<b>1,116,741</b>
Unallocated gain on fair value of investment property						1,545,567
<b>Profit for the year</b>						<b>2,662,308</b>

\*Direct costs, general and administrative, and marketing and selling excludes payroll and related costs.

#### 29. Subsequent event

On 2 February 2026, the Board of Directors of the Fund proposed a final dividend for the year ended 31 December 2025 amounting to AED 550,000,000 (AED 0.04 per unit) to be approved by General Assembly.