P N C Investments L.L.C

Consolidated Financial Statements
For the year ended December 31, 2025

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For the year ended December 31, 2025

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Directors' report

The Directors are pleased to submit their report along with the audited consolidated financial statements of P N C Investments L.L.C (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended December 31, 2025.

Main business and operations

The principal activities of the Group are real estate development, investment in land and properties, security control services, general security guard services, sales development, asset holding company, capital investment, district cooling services, refrigeration and cold storage equipment trading and management of various enterprises.

Financial results

The operating results and financial position of the Group are fully set out in the attached consolidated financial statements.

The Group reported a net profit for the year amounting to AED 4,048,741 thousand (2024: AED 1,860,427 thousand).

Sukuk listing

On July 17, 2023, Sobha Sukuk Limited, (the "SPV I"), issued 300,000 five-year Sukuk Certificates with a face value of USD 1,000 each, listed on the International Securities Market of London Stock Exchange and Nasdaq Dubai (ISIN: XS2633136234), an international financial exchange in the Middle East, amounting to USD 300 million with a coupon rate of 8.75% per annum payable semi-annually from January 17, 2024.

On December 6, 2023, the Company (the obligor of Sukuk Certificates issued by Sobha Sukuk Limited or 'Sukuk Certificates' or 'Trust Certificates') repurchased and cancelled Trust Certificates with a face value of USD 15 million. Further, on May 29, 2024, the Company repurchased and cancelled Trust Certificates with a face value of USD 15 million.

On September 17, 2024, the SPV I further issued 230,000 Sukuk Certificates with a face value of USD 1,000 each, to form a single series with the remaining 270,000 Sukuk Certificates previously issued on July 17, 2023, resulting in a total of 500,000 Sukuk Certificates ("Sukuk I") being issued with a maturity date of July 17, 2028.

On May 19, 2025, Sobha Sukuk I Holding Limited (the "SPV II"), issued 500,000 45-month Sukuk Certificates ("Sukuk II") maturing on February 19, 2029, with a face value of USD 1,000 each, listed on the International Securities Market of London Stock Exchange and Nasdaq Dubai (ISIN: XS3073626601), amounting to USD 500 million with a coupon rate of 7.955% per annum payable semi-annually from November 19, 2025.

On September 11, 2025, the SPV II further issued 750,000 Sukuk Certificates ("Sukuk III"), maturing on September 11, 2030, with a face value of USD 1,000 each, listed on International Securities Market of London Stock Exchange and Nasdaq Dubai (ISIN: XS3168203019), amounting to USD 750 million with a coupon rate of 7.125% per annum payable semi-annually from March 11, 2026.

The fair values of the issued Sukuk Certificates issued as at December 31, 2025 are as follows:

	Face value in USD	Fair value per Sukuk (USD)
Sukuk I	500 million	1,043.85
Sukuk II	500 million	1,021.36
Sukuk III	750 million	1,003.37

Going concern

As at the reporting date, the Directors have considered the going concern basis of accounting in preparing the consolidated financial statements. Based on their assessment, the business of the Group is a going concern, with no material uncertainties that would prevent it from continuing its operations for the foreseeable future.

Directors

The Directors of the Company during the year were:

- Mr. Francis Alfred;
- Mr. Ravi PNC Menon;
- Mr. Mahmoud Al Burai; and
- Mr. Jyoti Kumar Agarwal (resigned on February 5, 2025)

Auditors

Grant Thornton Audit and Accounting Limited (Dubai Branch) ("Grant Thornton") were appointed as auditors of the Group for the year ended December 31, 2025. The Directors resolved to release Grant Thornton from any liabilities on auditing the consolidated financial statements for the year ended December 31, 2025. Grant Thornton being eligible, have offered themselves for re-appointment for the year ending December 31, 2026.

The Directors' Report and the consolidated financial statements for the year ended December 31, 2025 were approved by the Directors on 20 JAN 2026 and signed on their behalf by:

Mr. Ravi PNC Menon	**Mr. Francis Alfred**
Director	**Director**
Dubai, United Arab Emirates	**Dubai, United Arab Emirates**

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Independent Auditor's Report
To the Shareholders of P N C Investments L.L.C

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of P N C Investments L.L.C (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2025, and the 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 December 31, 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 *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code")*, together with other ethical requirements that are relevant to our audit of the consolidated financial statements 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 Matter

The key audit matter is the matters that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current year. This matter was 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 this matter.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matter (continued)

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition on sale of properties	
The Group recognizes revenue on sale of properties in accordance with IFRS 15 "Revenue from Contracts with Customers". The Group recognises revenue on sale of properties over time depending on the terms of contracts with its customer and the relevant laws and regulations of the jurisdiction. The Group estimates total development and infrastructure costs required to satisfy the performance obligations under the contract and recognises proportionate revenue to the extent of satisfaction of performance obligations as at the end of each reporting period. The Group recognised revenue of AED 14,147,751 thousand for property development and AED 7,743,662 thousand of property development costs for the year ended December 31, 2025. Revenue recognition on the sale of properties has been identified as a key audit matter due to the inherent complexity and significant judgment involved in: • Assessing whether the Group's performance obligations, as stipulated in the contracts with customers, are satisfied over time or at a point in time in accordance with IFRS 15 "Revenue from Contracts with Customers"; and • Estimating the total costs to complete the projects, which impacts the value and timing of revenue recognition throughout the project lifecycle.	We performed the following audit procedures: • We obtained an understanding of the Group's revenue recognition process, and evaluated its compliance with the principles outlined in IFRS 15 "Revenue from Contracts with Customers"; • We selected a sample of property sales contracts to determine the Group's performance obligations and assessed whether these obligations are satisfied over time or at a point in time, in accordance with the criteria established by IFRS 15 "Revenue from Contracts with Customers"; • We evaluated the design and implementation of relevant controls over the revenue recognition process; • We examined on a sample basis, the construction projects and assessed the appropriateness of the stage of completion. This assessment was based on the comparison of costs incurred to date against the total estimated costs; • We assessed on a sample basis, the appropriateness of the input method applied in respect of the construction of properties by validating the costs incurred until the reporting date and comparing them to the total estimated costs for the construction, where the performance obligation is satisfied over time; • For costs recognized to date, we performed tests on a sample basis for significant cost components. This involved verifying the completeness and accuracy of the costs by comparing them to relevant supporting documentation; and • We assessed the adequacy of disclosures made in the consolidated financial statements in accordance with the applicable requirements of IFRS Accounting Standards.

Grant Thornton

Independent Auditor's Report
To the Shareholders of P N C Investments L.L.C

Report on the Audit of the Consolidated Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Grant Thornton

Independent Auditor's Report
To the Shareholders of P N C Investments L.L.C

Report on the Audit of the Consolidated Financial Statements (continued)

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

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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

Further, as required by the UAE Federal Decree-Law No. (32) of 2021 (as amended), we report that:

i) We have obtained all the information we considered necessary for the purposes of our audit;

ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021 (as amended);

Independent Auditor's Report
To the Shareholders of P N C Investments L.L.C

Report on the Audit of the Consolidated Financial Statements (continued)

Report on Other Legal and Regulatory Requirements (continued)

iii) The Company has maintained proper books of account in accordance with established accounting principles;

iv) The financial information included in the Directors' report is consistent with the books of account of the Company;

v) Notes 11 and 19 to the consolidated financial statements discloses the shares purchased by the Company during the financial year ended December 31, 2025,

vi) Note 15 to the consolidated financial statements discloses material related party transactions and balances, and the terms under which they were conducted;

vii) The Company has not made any social contribution during the financial year ended December 31, 2025; and

viii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2025, any of the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021 (as amended), or of its Memorandum of Association which would materially affect its activities or its consolidated financial position as at December 31, 2025.

GRANT THORNTON UAE

S. Anand Prabhu

Grant Thornton P.O.Box: 1620 DUBAI-U.A.E. Public Accountants

Anand Prabhu
Registration No. 5567
Dubai, United Arab Emirates

January 20, 2026

P N C Investments L.L.C
Consolidated Financial Statements

Consolidated statement of financial position
As at December 31, 2025

	Notes	2025 AED '000	2024 AED '000
ASSETS			
Non-current			
Property and equipment	5	685,969	272,753
Intangible assets	6	16,345	5,314
Right-of-use assets	7	83,967	19,567
Investment properties	8	576,006	3,038,826
Investments in joint ventures	11	1,037,485	425,391
		2,399,772	3,761,851
Current			
Properties under development	9	9,403,222	2,939,949
Trade and other receivables	13	8,913,473	6,253,750
Due from related parties	15	895,530	171,666
Inventories	10	1,448	-
Cash and cash equivalents	14	6,684,924	2,825,892
		25,898,597	12,191,257
TOTAL ASSETS		28,298,369	15,953,108
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	300	300
Additional capital contribution	18	1,000,000	-
Statutory reserve	17	1,150	1,150
Retained earnings		12,038,966	9,019,362
Total equity attributable to Shareholders of the Company		13,040,416	9,020,812
Non-controlling interest	19	-	188,999
TOTAL EQUITY		13,040,416	9,209,811
LIABILITIES			
Non-current			
Employees' end of service benefits	21	23,734	16,321
Borrowings	22	9,334,713	1,941,862
Loan from shareholders	15	-	1,000,000
Finance lease liabilities	23	61,102	20,033
Trade and other payables	24	437,269	308,014
Deferred tax liability	31	2,360	38,713
		9,859,178	3,324,943
Current			
Borrowings	22	146,991	67,594
Trade and other payables	24	5,200,883	2,946,720
Finance lease liabilities	23	24,126	-
Due to related parties	15	26,775	404,040
		5,398,775	3,418,354
TOTAL LIABILITIES		15,257,953	6,743,297
TOTAL EQUITY AND LIABILITIES		28,298,369	15,953,108

Mr. Ravi PNC Menon
Director
Dubai, United Arab Emirates

Mr. Francis Alfred
Director
Dubai, United Arab Emirates

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
For the year ended December 31, 2025

	Notes	2025 AED '000	2024 AED '000
Continuing operations			
Revenue from contracts with customers	25	**14,147,751**	8,889,664
Direct costs	26	**(7,743,662)**	(5,379,245)
GROSS PROFIT		**6,404,089**	3,510,419
Other income	30	**318,561**	234,404
Administrative and general expenses	27	**(507,222)**	(197,810)
Depreciation and amortization	5,6,7	**(45,233)**	(19,996)
Selling and marketing expenses	28	**(1,488,697)**	(1,798,531)
Share of profit from investments in joint ventures	11	**234,594**	22,891
Gain on fair value of investment properties	8	**-**	545,125
Finance costs	29	**(489,992)**	(227,844)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**4,426,100**	2,068,658
Income tax expense	31	**(377,359)**	(181,285)
Profit for the year from continuing operations		**4,048,741**	1,887,373
Loss for the year after tax from discontinued operations	33	**-**	(26,946)
PROFIT FOR THE YEAR		**4,048,741**	1,860,427
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,048,741**	1,860,427
Net profit/(loss) for the year attributable to:			
Shareholders of the Company		**4,048,747**	1,860,434
Non-controlling interest		**(6)**	(7)
		4,048,741	1,860,427
Total comprehensive income/(loss) attributable to:			
Shareholders of the Company		**4,048,747**	1,860,434
Non-controlling interest		**(6)**	(7)
		4,048,741	1,860,427

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended December 31, 2025

	Share capital AED '000	Additional capital contribution AED '000	Statutory reserve AED '000	Fair value reserve AED '000	Retained earnings AED '000	Attributable to the Shareholders AED '000	Non-controlling interest AED '000	Total equity AED '000
Balance at January 1, 2024	300	-	1,150	1,500,291	8,181,372	9,683,113	315,010	9,998,123
Net profit for the year	-	-	-	-	1,860,434	1,860,434	(7)	1,860,427
Acquisition of non-controlling interest (Note 19.1)	-	-	-	-	90,987	90,987	(126,004)	(35,017)
Gain on disposal of entities under common control (Note 33)	-	-	-	-	480	480	-	480
Dividend (Note 16.1)	-	-	-	-	(602,510)	(602,510)	-	(602,510)
Transfer of non-cash asset to shareholders (Note 12)	-	-	-	-	(2,011,692)	(2,011,692)	-	(2,011,692)
Transfer of fair value reserve to retained earnings (Note 20)	-	-	-	(1,500,291)	1,500,291	-	-	-
Balance at December 31, 2024	300	-	1,150	-	9,019,362	9,020,812	188,999	9,209,811
Net profit for the year	-	-	-	-	4,048,747	4,048,747	(6)	4,048,741
Acquisition of non-controlling interest (Note 19.1)	-	-	-	-	7,642	7,642	(188,993)	(181,351)
Gain on disposal of entity under common control (Note 33)	-	-	-	-	5	5	-	5
Additional capital contribution (Note 18)	-	1,000,000	-	-	-	1,000,000	-	1,000,000
Dividend (Note 16.1)	-	-	-	-	(1,036,790)	(1,036,790)	-	(1,036,790)
Balance at December 31, 2025	**300**	**1,000,000**	**1,150**	**-**	**12,038,966**	**13,040,416**	**-**	**13,040,416**

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended December 31, 2025

	Notes	2025 AED '000	2024 AED '000
OPERATING ACTIVITIES			
Net profit before tax from continuing operations		**4,426,100**	2,068,658
Net loss from discontinued operations		**-**	(26,946)
Adjustments for non-cash and non-operating items	35	**313,182**	(286,926)
Operating cash flows before net changes in working capital		**4,739,282**	1,754,786
Net changes in working capital	35	**(218,603)**	2,015,726
Employees' end of service benefits paid	21	**(5,411)**	(6,572)
Income tax paid	31	**(109,697)**	-
Net cash from operating activities		**4,405,571**	3,763,940
INVESTING ACTIVITIES			
Purchase of property and equipment	5	**(434,589)**	(128,338)
Investments in joint ventures	11	**(365,000)**	(201,250)
Proceeds from disposal of property and equipment		**273**	57
Purchase of intangible assets	6	**(12,871)**	(2,928)
Acquisition of subsidiaries, net of cash	32	**-**	10
Proceeds from disposal of branch/subsidiaries, net of cash	33	**5**	2,534
Consideration paid for investment properties	24	**(5,770,799)**	(2,420,618)
Net cash used in investing activities		**(6,582,981)**	(2,750,533)
FINANCING ACTIVITIES			
Proceeds from borrowings	22	**7,888,342**	1,191,238
Repayment of borrowings	22	**(674,649)**	(708,481)
Payment of interest expense on loan from shareholders	15	**(20,000)**	(83,087)
Repayment of finance lease liabilities	23	**(29,747)**	(2,016)
Loan processing fees paid	29	**(6,387)**	(29,147)
Dividend paid	16.1	**(997,266)**	(602,510)
Acquisition of non-controlling interest	19.1, 13	**(123,851)**	(35,017)
Advances paid to minority shareholders		**-**	(25,000)
Net cash from/(used) in financing activities		**6,036,442**	(294,020)
Net change in cash and cash equivalents		**3,859,032**	719,387
Cash and cash equivalents, beginning of year		**2,825,892**	2,106,505
Cash and cash equivalents, end of year	14	**6,684,924**	2,825,892

Non-cash transaction:

	Notes	2025 AED '000	2024 AED '000
Dividend settled against amount due from shareholder	15	**39,524**	-

The accompanying notes from 1 to 41 form an integral part of these consolidated financial statements.

1 Legal status and nature of operations

P N C Investments L.L.C (the "Company") is a limited liability company incorporated in Dubai, United Arab Emirates (UAE) on November 1, 2011, under license no. 661013 issued by Department of Economic Development, Government of Dubai. The registered office of the Company is P.O. Box 125245, Dubai, UAE.

The Company and its subsidiaries are collectively referred to as the "Group".

The principal activities of the Group are real estate development, investment in land and properties, security control services, general security guard services, sales development, asset holding company, capital investment and management in various enterprises.

These consolidated financial statements for the year ended December 31, 2025, were approved by the Directors on January 20, 2026.

The following entities (including special purpose vehicle) (the "Subsidiaries") have been consolidated in these consolidated financial statements:

Name	Country of incorporation and operation	Principal activity	Ownership interest 2025	Ownership interest 2024
Sobha L.L.C (a)	UAE	Real estate development	**100%**	100%
Sobha Lifestyle City Limited (b)	UAE	Investment in land and properties	**100%**	88.89%
Sobha Capital L.L.C (c)	UAE	Capital investment and management in various enterprises	**100%**	100%
Sobha Furniture Systems L.L.C (d)	UAE	Furniture manufacturing	**100%**	100%
Sobha Energy Solutions L.L.C (e)	UAE	District cooling services, refrigeration and cold storage equipment trading	**100%**	100%
Sobha Land Investments L.L.C (f)	UAE	Investment in and management of educational, tourist, industrial, agricultural, and commercial enterprises. Investment in and development of sport and healthcare enterprises.	**100%**	-

a) Sobha L.L.C ("SLLC") is a limited liability company registered under the license number 666965 under UAE Federal Decree-Law No. (32) of 2021 (as amended).

b) Sobha Lifestyle City Limited ("SLCL") is a limited liability company under registration number 148816 in Jebel Ali Free Zone Offshore Companies Regulations of 2018. Refer Note 19.1 for the increase in the investment in SLCL made during the year.

c) Sobha Capital L.L.C is a limited liability company registered under the license number 684321 under UAE Federal Decree-Law No. (32) of 2021 (as amended).

d) Sobha Furniture Systems L.L.C is a limited liability company registered under the license number 1217823 under UAE Federal Decree-Law No. (32) of 2021 (as amended).

e) Sobha Energy Solutions L.L.C is a limited liability company registered under the license number 1045580 under UAE Federal Decree-Law No. (32) of 2021 (as amended) was acquired from a related party on November 11, 2024 (refer Note 32).

f) Sobha Land Investments L.L.C is a limited liability company registered under the license number 1555563 under UAE Federal Decree-Law No. (32) of 2021 (as amended) and was incorporated during the year.

During the current and prior years, the Group disposed of its interest in certain branch and subsidiaries. Refer note 33 for more details.

1 Legal status and nature of operations (continued)

Special purpose vehicles

- Sobha Sukuk Limited (the "SPV I") is a limited liability company incorporated in the Cayman Islands.
- Sobha Sukuk I Holding Limited (the "SPV II") is a private company incorporated in Dubai International Financial Centre (DIFC).

The SPVs were established for the specific purpose of acting as a securitisation vehicle. The Group does not hold any direct or indirect interest in the shareholding of the SPVs. The arrangement with the SPVs has been assessed by the Group in accordance with IFRS 10, considering factors such as power and control, the variability of returns related to economic activities, and the linkages between the Group and the SPVs.

Joint ventures

On July 10, 2024, the Company entered into a Joint Venture agreement with UAQ Properties to form a joint venture named Sobha Al Siniya FZC a free zone company registered under license number 010296 under Umm Al Quwain Free Trade Zone Authority.

On June 11, 2025, the Company entered into a Joint Venture agreement with UAQ Properties to form a joint venture named Sobha UAQ Properties L.L.C, a limited liability company registered under license number LIC-COM-50201 under Department of Economic Development, Government of Umm Al Quwain.

2 Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption that the Group operates on a going concern basis.

3 Standards, interpretations and amendments to existing standards

3.1 Standards, interpretations and amendments to existing standards that are effective in 2025

Standards, interpretations and amendments that are effective for the first time in 2025 (for entities with a December 31, 2025, year-end) are:

- Lack of Exchangeability (Amendments to IAS 21)

These standards, amendments and interpretations do not have a significant impact on the consolidated financial statements and therefore further disclosures have not been made.

3.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Group

Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards – Volume 11
- IFRS 19 'Subsidiaries without Public Accountability: Disclosure'
- Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosure'

These amendments are not expected to have a significant impact on the consolidated financial statements in the period of initial application and therefore no disclosures have been made.

3 Standards, interpretations and amendments to existing standards (continued)

3.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Group (continued)

The adoption of IFRS 18 'Presentation and Disclosure in Financial Statements', effective for periods commencing on or after January 1, 2027, is expected to have a material impact and therefore relevant disclosures have been made below.

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 'Presentation of Financial Statements'. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure consolidated financial statements and to provide more detailed and useful information to investors, including:

- Two new subtotals defined in the consolidated statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes.
- The classification of all income and expenses within the consolidated statement of profit or loss in one of five categories.
- A new requirement to disclose performance measures defined by management.
- An improvement in the principles related to the aggregation and disaggregation of information in the consolidated financial statements and accompanying notes.

Some of the disclosure requirements previously contained in IAS 1 have been transferred to IAS 8 without any material changes. This applies in particular to disclosures on accounting policies and sources of estimation uncertainty. As a result of these changes, IAS 8 will be renamed 'Basis of Preparation of Financial Statements'.

The publication of IFRS 18 also results in consequential amendments to other IFRS Accounting Standards, including IAS 7.

IFRS 18 is effective for annual periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 will be applied retrospectively with specific transitional provisions.

The Group is currently assessing the impact that IFRS 18 will have on the consolidated financial statements.

4 Material accounting policies

4.1 Overall considerations

The Group's consolidated financial statements have been prepared on an accruals basis and under the historical cost convention except for the revaluation of investments properties. These consolidated financial statements are presented in Arab Emirates Dirham (AED), which is the Company's functional currency and Group's presentation currency. Monetary amounts are expressed in AED currency and are rounded to the nearest thousand (AED '000).

These consolidated financial statements have been prepared using the measurement bases specified by IFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

4.2 Foreign currency

Foreign currency transactions are converted into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4 Material accounting policies (continued)

4.2 Foreign currency (continued)

The consolidated financial statements are presented in Arab Emirates Dirham (AED) and the companies within the Group have a functional currency of Arab Emirates Dirham (AED) as of the reporting date. The Group does not have major exposure in foreign currency other than the United States Dollar (USD). The risk related to the transactions denominated in USD is minimal as the AED is pegged against USD.

In the consolidated financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AED (the Group's presentation currency) are translated into AED upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AED at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve within equity.

4.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at banks including cash held in escrow accounts together with other short-term, highly liquid investments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

4.4 Investment properties

Investment properties are properties held for rental and capital appreciation.

Investment properties are initially recognised at cost. Transaction costs are included in the initial measurement. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Land held for undetermined use is classified as investment property. When the development of investment property commences, it is transferred to properties under development at the fair value on the date of the date transfer until development is complete, at which time it is transferred to the respective category.

Subsequent to initial recognition, investment properties are accounted for using the fair value model.

Investment properties are revalued periodically and at least annually and are included in the consolidated statement of financial position at their fair values. Fair value of investment properties at the year-end is based on a valuation by the independent professional valuer where market values are not readily available. Where the market values are readily available, the fair value is ascertained based on latest transacted deals in the open market.

Fair value model

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in the consolidated statement of comprehensive income.

Investment properties under development are measured at cost until either its fair value becomes reliably measurable or development is completed whichever is earlier and are not depreciated.

4 Material accounting policies (continued)

4.5 Properties under development

Properties under development include properties under construction for trade, which are stated at lower of cost and net realisable value. Cost includes the cost of purchase, construction, design and architecture, capitalised borrowing costs and other related expenditures such as professional fees, project management fees and engineering costs attributable to the project, which are accrued as and when activities that are necessary to get the assets ready for the intended use are in progress. Direct costs from start to completion of the project are accrued to development properties. Costs are matched to revenue based on the progress toward completion when revenue is recognized over time.

Completion is defined as the earlier of issuance of a certificate of practical completion, or when management considers the project as completed. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.6 Intangible assets

Intangible assets include acquired computer software used in administration that qualify for recognition as an intangible asset. They are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 4.23. The estimated useful lives of the Group's intangible assets are 5 years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Costs associated with maintaining computer software, i.e., expenditure relating to patches and other minor updates as well as their installation, is expensed as incurred.

The gain or loss arising on the disposal of an intangible asset is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in the consolidated profit or loss within other income/(expense) - net.

Intangible assets under development are measured at cost and are not amortised.

4.7 Basis of consolidation

The Group's consolidated financial statements consolidate the financial position and results of the Company and of its subsidiaries as at December 31, 2025 and December 31, 2024. Subsidiaries are all entities over which the Group has control. Control is presumed to exist when the Company:

- has power over the investee;
- is exposed, or has right, to variable return from its investment with the investee; and
- has the ability to use its power to affect the return.

The financial statements of the subsidiaries are consolidated on a line-by-line basis from the date on which control is transferred to the Group, and they will be de-consolidated from the date that control ceases.

All transactions and balances between Group companies are eliminated in full, on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the shareholders of the Company and the non-controlling interests based on their respective ownership interests.

4 Material accounting policies (continued)

4.7 Basis of consolidation (continued)

Changes in the proportion held by non-controlling interests

The entity recognizes directly in equity any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received, and attribute it to the Shareholders of the Company.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

4.8 Property and equipment

The cost of an item of property and equipment is recognised as an asset 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.

Property and equipment are carried at acquisition cost less subsequent depreciation and impairment losses, if any.

Costs include costs incurred initially to acquire or construct an item of property and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is recognised on a straight-line basis to write down property and equipment to its residual value. The following estimated useful lives are applied:

• Buildings	5 years
• Machinery and other equipment	5 years
• Furniture and fixtures	5 years
• Vehicles	5 years
• Aircraft	10 years
• Other assets	1 - 5 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the shareholders of the Company and the non-controlling interests based on their respective ownership interests.

4 Material accounting policies (continued)

4.8 Property and equipment (continued)

The depreciation charge for each period is recognised in the consolidated profit or loss unless it is included in the carrying amount of another asset. Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the consolidated statement of comprehensive income within other income.

Cost and accumulated depreciation values of fully depreciated items of property and equipment which are still being used in operations are not removed from the accounts until these are retired or disposed of.

Capital work in progress is measured at cost and are not depreciated.

4.9 Value-Added Tax (VAT)

Revenue, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sale of goods and/or services (output VAT) exceeds VAT passed on from purchase of goods or services (input VAT), the excess is recognized as a payable in the consolidated statement of financial position. When VAT passed on from purchase of goods or services (input VAT) exceeds VAT from sale of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

4.10 Impairment testing of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduces first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.11 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset has expired, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or has expired.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs.

Financial assets and financial liabilities are measured subsequently as described on the following page.

4 Material accounting policies (continued)

4.11 Financial instruments (continued)

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified and measured at amortised cost if both of the following conditions are met:

- The asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest, if any, on the principal amount outstanding.

If the financial asset does not pass either of the conditions mentioned above, or only one of the conditions, it is measured at fair value through profit or loss ('FVTPL'). Even if both conditions are met, management may designate a financial asset at FVTPL if doing so reduces or eliminates a measurement or recognition inconsistency.

As at the reporting date, the Group's financial assets comprise trade and other receivables, due from related parties, and cash and cash equivalents. Discounting is omitted where the effect of discounting is immaterial.

All income and expenses relating to financial assets measured at amortised cost are recognised in consolidated statement of comprehensive income and presented within 'finance costs – net', except for impairment of trade receivables which is presented within 'administrative and general expenses'.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Quoted equity investments

Quoted equity investments are designated as at fair value through other comprehensive income (FVOCI). The Group elects to present in OCI changes in fair value of equity investments as they are not held for trading. The election is made on initial recognition and is irrevocable. Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in OCI.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

4 Material accounting policies (continued)

4.11 Financial instruments (continued)

Impairment of financial assets (continued)

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second and third category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include trade and other payables, due to related parties, loan from shareholders, borrowings and finance lease liabilities.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in the consolidated statement of comprehensive income.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the consolidated statement of comprehensive income are included within 'finance costs - net'.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.12 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination. Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

4.13 Employees' benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense when the employee renders services that increase their entitlement or, in the case of non-accumulating absences, when the absences occur.

Employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the U.A.E. Labour Law and is reported as separate line item under non-current liabilities.

The entitlement to end of service benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period as specified in U.A.E. Labour Law. The expected costs of these benefits are accrued over the period of employment. The provision for staff terminal benefit is based on the liability that would arise if the employment of all the employees was terminated at the end of the reporting period.

4 Material accounting policies (continued)

4.14 Leases

The Group as a lessee

For any new contracts, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which as explained below:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Lease payments not recognized as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases.

The Group assessed whether it transfers substantially all the risks and rewards of ownership. Those assets that do not transfer substantially all the risks and rewards are classified as operating leases. The Group has currently not entered into any lease that is classified as a finance lease.

Rental income is accounted for on a straight-line basis over the lease term and is included in other income due to its nature.

4 Material accounting policies (continued)

4.15 Share capital and reserves

Share capital represents the nominal value of shares that have been issued.

Statutory reserve is required to be created by UAE Federal Decree-Law No. (32) of 2021 (as amended), as described in Note 17.

Fair value reserve comprises the cumulative net change in the fair value of financial assets at FVOCI until the said financial assets are derecognised or impaired.

Retained earnings include all current and prior year profits and losses and adjustments arising as a result of acquisition of subsidiaries through common control transactions.

Additional capital contribution represents amount contributed by the shareholders which are not subject to withdrawal in the foreseeable future.

4.16 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable by the Group, excluding discounts, rebates and duty.

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 Company expects to be entitled in exchange for transferring the promised goods or 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.

Step 5 Recognise revenue when (or as) 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 completed to date.

For performance obligations where one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied. Responsibility for customer warranties on completed and transferred properties rests with the Group's contractor.

The Group allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Group's efforts or inputs to the satisfaction of the performance obligations. The Group estimates the total costs to complete the projects in order to determine the amount of revenue to be recognised.

4 Material accounting policies (continued)

4.16 Revenue recognition (continued)

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

There Group does not enter into any significant financing component with its customers as defined in the standard.

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.

4.17 Direct costs

Direct costs include the cost of land, development costs, material costs, finance costs and salaries and other benefits.

Development costs include the cost of infrastructure and construction. The cost of revenue in respect of sale of properties is recognised on the basis of per square feet average cost of construction. Per square feet average cost of construction is derived from total saleable area and total construction cost.

4.18 Operating expenses

Operating expenses are recognised in the consolidated statement of comprehensive income upon utilisation of the service or at the date of their origin.

4.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs - net', if any.

4.20 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The Subsidiaries that form part of the tax group as at the end of the reporting period are disclosed as below:

Name	Country of incorporation and operation
P N C Investments L.L.C ('Parent Company')	UAE
Sobha L.L.C (Note 1(a))	UAE
Sobha Capital L.L.C (Note 1 (c))	UAE
Sobha Furniture Systems L.L.C (Note 1 (d))	UAE
Sobha Energy Solutions L.L.C (Note 1 (e))	UAE

Current and deferred tax for entities within a tax group are determined on a consolidated basis and paid according to the tax group's current tax liability.

As per CT Law, each tax group member is jointly and severally liable for the corporate tax liability, although the tax group's Parent Company is responsible for making the payment and ensuring compliance on behalf of all members.

4 Material accounting policies (continued)

4.20 Income tax (continued)

Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date in the countries where the Group entities operate and generate taxable income, and any adjustment to tax payable in respect of previous periods. Deferred income taxes are calculated based on the balance sheet liability method.

Deferred tax

Deferred tax is recognised for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they are recovered, based on the laws that have been enacted or substantively enacted by the reporting date in the countries where the Group entities operate and generate taxable income.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions, the Group does not recognise deferred tax on temporary differences related to its investment in subsidiaries.

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

4.21 Acquisitions involving entities or businesses under common control

Management uses the following criteria to evaluate whether an acquisition has substance to apply the purchase method or the pooling of interest method where the transaction lacks substance:

- the purpose of the transaction;
- the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
- whether or not the transaction is conducted at fair value;
- the existing activities of the entities involved in the transactions;
- whether or not it is bringing entities together into a reporting entity that did not exist before; and
- where a new company is established, whether it is undertaken in connection with an IPO or spin-off or other change in control and significant change in ownership.

Accounting for acquisitions involving entities or businesses under common control is outside the scope of IFRS 3 "Business Combinations". In the case of an absence of specific guidance in IFRS, management use their judgement in developing and applying an accounting policy that is relevant and reliable. In making that judgement the management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS.

Management has adopted the pooling of interest method of accounting for acquisitions under common control. Under this method, there is no requirement to fair value the assets and liabilities of the transferred entities and hence no goodwill is created upon transfer of ownership as the balances remain at book value.

4 Material accounting policies (continued)

4.22 Investments in joint ventures

The Company's control over the joint ventures is established through a joint venture agreement.

Investments in joint ventures is accounted for using the equity method.

The carrying amount of the investments in joint ventures are increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint ventures, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Where the Group's share of losses in investments in joint ventures equals or exceeds its equity accounted interest in the entities, including any other unsecured long-term receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains and losses on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

4.23 Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements management undertakes significant judgments, estimates and assumptions in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Impairment of financial assets

The carrying amounts of the Group's financial assets are reviewed at each consolidated statement of financial position date or whenever there is any indication of impairment. If any such indication exists, the recoverable value of the financial assets is estimated. An impairment loss is recognised where the carrying amount of a financial asset exceeds its recoverable value. Impairment losses are recognised in the consolidated statement of comprehensive income.

Use of estimates and judgements - IFRS 15

Satisfaction of performance obligations

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the sale and purchase agreements entered into with customers with specific identification of unit, and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. In these circumstances, the Group recognises revenue over time.

4 Material accounting policies (continued)

4.23 Significant management judgment in applying accounting policies and estimation uncertainty (continued)

Use of estimates and judgements - IFRS 15 (continued)

Allocation of transaction price to performance obligations in contracts with customers

The Group has elected to apply the input method in allocating the transaction price to performance obligations where revenue is recognised over time. The Group considers that the use of the input method which requires revenue recognition on the basis of the Group's efforts to the satisfaction of performance obligations provides the best reference for revenue actually earned because there is a direct relationship between the Group's incurred cost (i.e., actual cost incurred in the satisfaction of the contract) and the transfer of goods to the customer. In applying the input method, the Group estimates the costs to complete the project in order to determine the amount of revenue to be recognised. The estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

Cost to complete the projects

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

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Control assessment

The Company reassesses whether or not it controls or has significant influence over an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control listed in Note 4.7. Management has reviewed its control assessments in accordance with IFRS 10 and IAS 28 and has concluded that there is no effect on the classification of any of the Company's investee held during the year or comparative periods covered by or under these consolidated financial statements.

Income tax

There are considerable estimates required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. In the event that the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could potentially impact the income tax and deferred tax provisions in the period in which such determination is made.

4 Material accounting policies (continued)

4.23 Significant management judgment in applying accounting policies and estimation uncertainty (continued)

Determination and measurement of useful lives of property and equipment and intangible assets

The Group estimates the useful lives of its property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The Group reviews annually the estimated useful lives of property and equipment and intangible assets based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives would increase the recorded depreciation expense for property and equipment and amortization expense for intangible assets and decrease the carrying value of the related assets. Residual values are not considered as they are deemed immaterial.

Net realizable value of properties under development

Management estimates the net realisable values of properties, taking into account the most reliable evidence available at each reporting date. The future realisation of these properties may be affected by future circumstances that may reduce future selling prices.

Fair value of investment properties

Investment property is stated at fair value as at the reporting date. Gain or losses arising from changes in the fair values are included in the consolidated statement of comprehensive income in the year in which they arise. The fair value of investment properties' are determined by independent real estate valuation experts using recognised valuation techniques. In some cases, the fair values are determined based on recent real estate transactions with similar characteristics and location to those of the Group's properties. When the fair value of the properties is assessed to be not significantly different from its last valuation, such properties are recorded at the value of the last valuation.

Classification of properties

In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, property and equipment or development property. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property and equipment and development property. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 40, IAS 16 and IAS 2, and in particular, the intended usage of property as determined by the management.

4.24 Estimation uncertainty

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of the reporting period.

Where market values are readily available, determining fair values of investment property is dependent on management's judgment as to what it considers as comparable units in the active market. Judgment is influenced by various criteria such as but not limited to unit type, floor area and unit location within a property. If the assumptions used under these methods are changed, the fair value may also change significantly.

5 Property and equipment

	Land AED '000	Buildings AED '000	Machinery and other equipment AED '000	Furniture and fixtures AED '000	Vehicles* AED '000	Other assets AED '000	Capital work in progress (a) AED '000	Total AED '000
2025								
Cost								
Balance at January 1,	121,311	82,620	22,167	2,825	7,272	11,257	111,390	358,842
Additions	-	-	3,128	769	14,660	-	416,032	434,589
Transferred	-	20,813	2,772	-	-	-	(23,585)	-
Disposals	-	-	-	-	(1,021)	-	-	(1,021)
Balance at December 31,	**121,311**	**103,433**	**28,067**	**3,594**	**20,911**	**11,257**	**503,837**	**792,410**
Accumulated depreciation								
Balance at January 1,	-	56,820	10,200	2,110	5,702	11,257	-	86,089
Charge for the year	-	14,992	4,450	404	1,527	-	-	21,373
Disposals	-	-	-	-	(1,021)	-	-	(1,021)
Balance at December 31,	-	71,812	14,650	2,514	6,208	11,257	-	106,441
Carrying amounts at December 31,	**121,311**	**31,621**	**13,417**	**1,080**	**14,703**	**-**	**503,837**	**685,969**

(a) Capital work in progress represents the following:

- Construction and design cost for factory building which is expected to be ready for use by the end of the year 2026. As of the reporting date, the Company has a capital commitment amounting to AED 283,243 thousand (2024: AED 364,756 thousand) relating to the factory building.
- Construction and design cost for office building which is expected to be ready for use by the end of the year 2026. As of the reporting date, the Company has a capital commitment amounting to AED 335,598 thousand (2024: AED 429,815) relating to the office building.

*Vehicles with a carrying amount of AED 11,682 thousand (2024: Nil) are mortgaged with banks as of the reporting date.

5 Property and equipment (continued)

	Land AED '000	Buildings AED '000	Machinery and other equipment AED '000	Furniture and fixtures AED '000	Vehicles AED '000	Aircraft AED '000	Other assets AED '000	Capital work in progress (a) AED '000	Total AED '000
2024									
Cost									
Balance at January 1,	-	77,747	15,454	2,763	6,317	158,836	11,257	-	272,374
Additions	-	4,873	9,959	445	1,500	-	-	111,561	128,338
Transferred from investment properties (Note 8)	114,511	-	-	-	-	-	-	-	114,511
Transferred from properties under development (Note 9)	6,800	-	-	-	-	-	-	-	6,800
Disposals	-	-	-	-	(529)	-	-	-	(529)
On disposal of branch/subsidiaries (Note 33)	-	-	(3,246)	(383)	(16)	(158,836)	-	(171)	(162,652)
Balance at December 31,	121,311	82,620	22,167	2,825	7,272	-	11,257	111,390	358,842
Accumulated depreciation									
Balance at January 1,	-	41,027	10,167	2,089	6,018	17,276	10,891	-	87,468
Charge for the year*	-	15,793	2,785	321	216	14,538	366	-	34,019
Disposals	-	-	-	-	(529)	-	-	-	(529)
On disposal of branch/subsidiaries (Note 33)	-	-	(2,752)	(300)	(3)	(31,814)	-	-	(34,869)
Balance at December 31,	-	56,820	10,200	2,110	5,702	-	11,257	-	86,089
Carrying amounts at December 31,	121,311	25,800	11,967	715	1,570	-	-	111,390	272,753

*Depreciation charge of AED 14,926 thousand pertains to discontinued operations.

6 Intangible assets

	Computer software AED '000	Intangible assets under development* AED '000	Total AED '000
2025			
Cost			
January 1,	7,580	2,928	10,508
Additions	10,365	2,506	12,871
December 31,	**17,945**	**5,434**	**23,379**
Accumulated amortization			
January 1,	5,194	-	5,194
Charge for the year	1,840	-	1,840
December 31,	**7,034**	-	**7,034**
	10,911	**5,434**	**16,345**

	Computer software AED '000	Intangible assets under development AED '000	Total AED '000
2024			
Cost			
January 1,	7,940	-	7,940
Additions	-	2,928	2,928
Write-offs	(360)	-	(360)
December 31,	7,580	2,928	10,508
Accumulated amortization			
January 1,	4,768	-	4,768
Charge for the year	426	-	426
December 31,	5,194	-	5,194
	2,386	2,928	5,314

*Intangible assets under development pertain to an ERP software being developed by the Group, as of the reporting date. The ERP software is expected to be ready for use during the first half of the year 2026. As of the reporting date, the Group has a capital commitment amounting to AED 2,856 thousand (2024: AED 4,237 thousand) pertaining to the ERP software (refer Note 34).

7 Right-of-use assets

	Aircraft (a) AED '000	Land (b) AED '000	Total AED '000
2025			
Cost			
Balance at January 1,	-	20,044	20,044
Additions (Note 23)	86,420	-	86,420
Balance at December 31,	86,420	20,044	106,464
Accumulated amortization			
Balance at January 1,	-	477	477
Charge for the year	21,605	415	22,020
Balance at December 31,	21,605	892	22,497
	64,815	**19,152**	**83,967**

(a) Pertains to lease agreement with Sobha Jet Limited (a related party) for a period of 6 years.

(b) Pertains to lease agreement with Dubai Industrial City ("DIC") for a land plot for 49 years.

7 Right-of-use assets (continued)

	Aircraft AED '000	Land AED '000	Total AED '000
2024			
Cost			
Balance at January 1,	-	-	-
Additions (Note 23)	-	20,044	20,044
Balance at December 31,	-	20,044	20,044
Accumulated amortization			
Balance at January 1,	-	-	-
Charge for the year	-	477	477
Balance at December 31,	-	477	477
	-	19,567	19,567

8 Investment properties

	2025 AED '000	2024 AED '000
Opening balance	**3,038,826**	2,278,310
Fair value gain	-	545,125
Additions (Note 24)	**5,919,322**	2,752,855
Additions to investment properties under development	**73,066**	20,056
Transferred to property and equipment (a) (Note 5)	-	(114,511)
Transferred to properties under development (Note 9)	**(8,455,208)**	(2,443,009)
	576,006	3,038,826

Particulars	Location	2025 AED '000	2024 AED '000
Building	Commercial space in 'Sobha Sapphire' – Business Bay, Dubai, UAE	**24,847**	24,847
Building	Neighbourhood clubhouse, Sobha Hartland, Dubai, UAE (f)	**14,656**	14,656
Land	Plot No 194, Bukadra, Dubai (a)	**233,656**	669,627
Land	Plot 31 – 32, Sobha Hartland, Al Merkadh, Dubai, UAE (b)	**88,180**	88,180
Land	Plot No 1374, Jebel Ali Industrial First, Dubai, UAE (c)	**46,029**	46,029
Land	Plot No 11, Al Yufrah 1, Dubai, UAE (d)	**75,516**	769,475
Land	Plot No 489, Jebel Ali First Community, Dubai, UAE (e)	-	1,405,956
Under development	Sobha Mall, Sobha Hartland, Dubai, UAE (g)	**84,978**	19,617
Under development	Technicians' residence, Jebel Ali Industrial First, Dubai, UAE (h)	**8,144**	439
		576,006	3,038,826

Certain plots of land and buildings have been pledged as security for the Group's borrowings (Note 22).

8 Investment properties (continued)

(a) On May 31, 2024, and June 15, 2024, the Group transferred investment properties located at Plot No 194, Bukadra, Dubai, UAE, with a carrying amount of AED 209,935 thousand and AED 151,799 thousand, respectively, to properties under development, for the purpose of developing real estate projects on the said properties.

The Group recorded a fair value gain of AED 58,371 thousand in respect of this property, pursuant to the fair valuation exercise carried out on June 29, 2024. On July 8, 2024, October 23, 2024, and November 25, 2024, the Group transferred investment property amounting to AED 313,604 thousand, AED 160,315 thousand and AED 558,124 thousand respectively for the purpose of developing real estate projects on the said property. Further during the year 2024, the Group transferred AED 114,511 thousand to property and equipment for the construction of Global square office.

On February 10, 2025, and June 30, 2025, the Group transferred investment property amounting to AED 172,271 thousand and AED 263,700 thousand respectively, for the purpose of developing real estate projects on the said property.

(b) Plot 31 – 32, Sobha Hartland, Al Merkadh, Dubai, UAE pertains to land parcels acquired as a result of acquisition of Sobha Capital LLC, through a common control transaction on September 30, 2023 with a carrying value of AED 84,847 thousand. The Group recorded a fair value gain of AED 3,333 thousand in respect of this property, pursuant to the fair valuation exercise carried out on December 31, 2023. Further, the Group recorded a fair value gain of AED 290 thousand in respect of this property, pursuant to the fair valuation exercise carried out on June 29, 2024.

(c) On May 3, 2023, the Company purchased an investment property located at Plot No. 1374 (599-221), Jebel Ali Industrial First, Dubai, UAE for an amount of AED 46,029 thousand (including Dubai Land Department (DLD) fees).

(d) On May 31, 2024, the Company purchased an investment property located at Plot No. 11, Al Yufrah 1, Dubai, UAE for an amount of AED 634,400 thousand (including DLD fees). The Group recorded a fair value gain of AED 204,679 thousand in respect of this property, pursuant to the fair valuation exercise carried out on June 29, 2024. On August 8, 2024, the Group transferred investment property amounting to AED 69,604 thousand to properties under development, for the purpose of developing real estate projects on the said property. Further, on June 30, 2025, the Group transferred investment property amounting to AED 693,959 thousand to properties under development, for the purpose of developing real estate projects on the said property.

(e) On June 21, 2024, the Company entered into an agreement to purchase an investment property located at Plot No 489, Jebel Ali first community, Dubai, UAE for a total consideration amount of AED 1,508,000 thousand (including DLD fees), payable in instalments over 2 years. Accordingly, the cash price equivalent value of the investment property amounted to AED 1,405,956 thousand. On May 2, 2025 and December 5, 2025, the Group transferred investment property amounting to AED 1,314,990 thousand and AED 90,966 thousand to properties under development, for the purpose of developing real estate projects on the said property.

(f) During the year 2024, the Company developed a building "Neighbourhood clubhouse" located at Sobha Hartland, Dubai, UAE for an amount of AED 14,656 thousand which comprises of construction costs amounting to AED 14,087 thousand and design and supervision costs amounting to AED 569 thousand.

8 Investment properties (continued)

(g) During the year 2024, the Company started developing "Sobha Mall" located at Sobha Hartland, Dubai, UAE. The addition to investment property under development amounted to AED 19,617 thousand which comprises of construction costs amounting to AED 17,553 thousand and design and supervision costs amounting to AED 2,064 thousand. During the current year, the Company incurred further construction costs amounting to AED 59,548 thousand and design and supervision costs amounting to AED 5,813 thousand. The said investment property is expected to be ready by the end of the year 2026.

(h) During the year 2024, the Group started developing "Technicians' residence" located at Jabel Ali Industrial First, Dubai, UAE. The addition to investment under development amounted to AED 439 thousand which comprises of construction costs amounting to AED 438 thousand and design and supervising costs amounting to AED 1 thousand. During the current year, the Company incurred further construction costs amounting to AED 6,078 thousand and design and supervision costs of AED 1,627 thousand. Development is expected to be ready for use by the end of the year 2026.

(i) On February 1, 2024, the Company entered into an agreement to purchase an investment property located at Plot No. 674 – (258, 260 & 301-303), Motor City Dubai, UAE for a total consideration of AED 408,005 thousand (including DLD fees), payable in instalments over a period of 2 years. Accordingly, the cash price equivalent value of the investment property amounted to AED 377,746 thousand. The Group recorded a fair value gain of AED 167,841 thousand in respect of this property, pursuant to the fair valuation exercise carried out on March 29, 2024. On March 29, 2024, the Group transferred investment property amounting to AED 545,587 thousand to properties under development, for the purpose of developing real estate projects on the said property. On March 27, 2024, the Company purchased an investment property located at Plot No. 674 – (318 & 319), Motor City Dubai, UAE for an amount of AED 320,097 thousand (including DLD fees). The Group recorded a fair value gain of AED 113,944 thousand in respect of this property, pursuant to the fair valuation exercise carried out on June 30, 2024. On September 5, 2024, the Group transferred investment property amounting to AED 434,041 thousand to properties under development, for the purpose of developing real estate projects on the said property.

(j) On June 6, 2025, the Company purchased an investment property located at Plot No. C1a, Al Bahyah, Abu Dhabi City, UAE, for a total consideration of AED 1,546,077 thousand (including DLD fees and brokerage commission), payable in instalments over a period of 33 months. Accordingly, the cash price equivalent value of the investment property amounted to AED 1,430,121 thousand. On June 30, 2025, the Group transferred investment property amounting to AED 1,430,121 thousand to properties under development for the purpose of developing real estate projects on the said property.

(k) On December 10, 2025, Sobha Land Investments L.L.C purchased an investment property located at Plot No. 2, Municipality No. 915-1177, Al Yufrah 1, Dubai, UAE, for a total consideration of AED 3,876,000 thousand (including DLD fees), out of which AED 3,000,000 thousand was financed through a term loan obtained from a financial institution (refer Note 22). On December 10, 2025, Sobha Land Investments L.L.C transferred investment property amounting to AED 3,876,000 thousand to properties under development for the purpose of developing real estate projects on the said property.

(l) On September 4, 2025, the Company purchased an investment property located at Plot no. 3460107 in Business Bay, Dubai, UAE, for a total consideration of AED 613,201 thousand (including applicable DLD fees). During the year, investment property amounting to AED 613,201 thousand was transferred to properties under development for the purpose of developing real estate projects on the said property.

As of the reporting date, the Company's outstanding payables in relation to the purchase of investment properties amounted to AED 1,337,597 thousand (2024: AED 1,086,838 thousand) (refer Note 24).

8 Investment properties (continued)

As of the reporting date, the Company has capital commitments amounting to AED 129,374 thousand (2024: AED 135,038 thousand) related to the development of "Sobha Mall" and AED 62,624 thousand (2024: AED 68,656 thousand) related to the development of "Technicians' residence" (refer Note 34).

Note 37 sets out the method used for the determination of the estimated fair value of the investment properties.

9 Properties under development

	2025 AED '000	2024 AED '000
Land held for future development	**6,430,024**	-
Properties under development	**2,973,198**	2,939,949
	9,403,222	2,939,949

Movement in the properties under development during the year is as follows:

	2025 AED '000	2024 AED '000
Opening balance	**2,939,949**	2,269,535
Transferred from investment properties (Note 8)	**8,455,208**	2,443,009
Additions during the year	**5,751,727**	3,613,450
Transferred to property and equipment (Note 5)	**-**	(6,800)
Recognized as cost on sale of properties(Note 26)	**(7,743,662)**	(5,379,245)
Closing balance	**9,403,222**	2,939,949

Properties under development are located in Dubai, United Arab Emirates, and comprise the cost of land and the development cost of villas, apartments and infrastructure within the Sobha Hartland project located at Mohammed Bin Rashid Al Maktoum City, Sobha One project located at Ras Al Khor, S-Tower project located at Sheikh Zayed Road, Sobha Verde project located at Al Thanyah Fifth Community, Sobha Reserve project located at Plot No 1238 (643-8092) Wadi Al Safa Two, Sobha Sea Haven project located at Al Marsa Dubai Marina, Sobha Hartland II project located at Bukadra, Sobha Orbis project located at Motor City, Sobha Elwood project located at Al Yufrah 1, Sobha Solis project located at Motor City, Sobha Central project located at Sheikh Zayed Road, and Sobha Skyparks project located at Business Bay.

During the year, no borrowing costs were capitalized as additions to properties under development (2024: AED 77,294 thousand) (refer Note 29).

10 Inventories

	2025 AED '000	2024 AED '000
Consumables	**1,448**	-

11 Investments in joint ventures

Name of the joint venture	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Group at year end	
			2025	2024
Sobha Al Siniya FZC	United Arab Emirates	Real estate development and sales	**50%**	50%
Sobha UAQ Properties L.L.C	United Arab Emirates	Real estate development and sales	**50%**	-

On July 10, 2024, the Company entered into a Joint Venture agreement with UAQ Properties to form a joint venture, Sobha Al Siniya FZC.

On June 11, 2025, the Company entered into a Joint Venture agreement with UAQ Properties to form a joint venture, Sobha UAQ Properties L.L.C.

The Company and UAQ properties are collectively referred to as the "JV Partners".

The investment in joint ventures is accounted for using the equity method in accordance with IAS 28 - Investments in Associates and Joint Ventures.

The movement in the carrying amount of the investment in joint ventures is as follows:

	2025	2024
	AED '000	AED '000
Opening balance	**425,391**	-
Additions*	**377,500**	402,500
Share of profit for the year	**234,594**	22,891
Closing balance	**1,037,485**	425,391

*Investment amount of AED 88,750 thousand to Sobha Al Siniya FZC (2024: AED 201,250) remains payable as at the reporting date. Additional investments in joint ventures have been made by JV Partners in proportion to their existing ownership interests. Accordingly, the percentage of shareholding in these joint ventures remains unchanged.

No dividends were received from joint ventures during the year ended December 31, 2025 (2024: Nil).

11 Investment in joint ventures (continued)

Summarized financial information for the joint ventures is set out below:

	Sobha Al Siniya FZC		Sobha UAQ Properties L.L.C	
	2025	2024	2025	2024
	AED '000	AED '000	AED '000	AED '000
Non-current assets	362,318	300,495	379,495	-
Current assets*	3,945,670	1,446,626	358,315	-
Total assets	4,307,988	1,747,121	737,810	-
Non-current liabilities	-	-	281	-
Current liabilities	2,644,989	896,340	325,557	-
Total liabilities	2,644,989	896,340	325,838	-
Net assets	1,662,999	850,781	411,972	-
*Includes cash and cash equivalents	2,668,896	864,899	240,815	-
Revenue	1,002,089	113,237	27,946	-
Depreciation	324	-	-	-
Profit before tax	502,500	50,272	13,122	-
Profit and total comprehensive income for the year	457,275	45,781	11,975	-
Corporate tax expense	(45,225)	(4,491)	(1,147)	-

11 Investment in joint ventures (continued)

A reconciliation of the summarized financial information to the carrying amount of the investment in joint ventures is set out below:

	Sobha Al Siniya FZC		Sobha UAQ Properties L.L.C		Total	
	2025	2024	**2025**	2024	**2025**	2024
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
Total net assets	**1,662,999**	850,781	**411,973**	-	**2,074,971**	850,781
Proportion of ownership interests held by the Group	**50%**	50%	**50%**	-	**50%**	50%
Carrying amount of the investments	**831,499**	425,391	**205,986**	-	**1,037,485**	425,391
Investment in joint venture	**580,000**	402,500	**200,000**	-	**780,000**	402,500
Accumulated share of profits	**251,499**	22,891	**5,986**	-	**257,485**	22,891
Carrying amount of the investments	**831,499**	425,391	**205,986**	-	**1,037,485**	425,391

12 Financial asset

Movement in the financial asset is as follows:

	2025 AED '000	2024 AED '000
Opening balance	-	2,011,692
Transfer of non-cash asset to shareholders*	-	(2,011,692)
Closing balance	-	-

The shareholders (the "Declarants") of the Company, being the legal and beneficial owners of 48.58% of the shares in Sobha Limited, an entity listed in India ("Sobha Limited Shares"), had entered into a Deed of Declaration in favour of the Company, declaring to assign to the Company any sale proceeds received in the event of any sale, transfer or other similar disposal of the Sobha Limited Shares. Consequently, the Company accounted for such assignment to receive the proceeds as a financial asset and the valuation was linked to the fair value of the Sobha Limited Shares as determined with reference to the published price in the quoted market.

*On March 4, 2024, the Company and the Declarants mutually terminated the Deed of Declaration with an effective date of January 1, 2024, and accordingly, the Company no longer has the rights to proceeds from any sale, transfer or other similar disposal of the Sobha Limited Shares. Consequently, the Company has cancelled the rights to sale proceeds from Sobha Limited Shares, with the resulting impact recorded in the retained earnings of the Group. Further, the corresponding fair value reserve amounting to AED 1,500,291 thousand has been transferred to retained earnings (Note 20).

13 Trade and other receivables

	2025 AED '000	2024 AED '000
Financial assets		
Unbilled receivables	**6,068,665**	3,721,658
Trade receivables	**1,612,499**	2,087,520
Refundable deposits	**48,980**	56,994
Other receivables	**24,559**	246
	7,754,703	5,866,418
Non-financial assets		
Prepayments, advances and others*	**927,302**	264,959
Advances to minority shareholders**	**-**	57,500
VAT receivable – net	**225,503**	61,486
Staff advances	**5,965**	3,387
	1,158,770	387,332
	8,913,473	6,253,750

*Prepayments, advances and others include deferred commission paid to the brokers as of the reporting date.

**Advances represented amounts paid in advance to certain minority shareholders of Sobha Lifestyle City Limited, in relation to the purchase of certain shares of the minority shareholders. The said advances were treated as an increase in investment in subsidiary in 2025.

14 Cash and cash equivalents

	2025 AED '000	2024 AED '000
Cash on hand	**1,014**	379
Cash at banks		
- in escrow account*	**4,590,706**	2,414,257
- in current accounts	**493,998**	336,311
- Fixed deposits with maturity less than 3 months	**1,471,294**	54,420
- in DSRA/FSRA accounts	**127,912**	20,525
	6,683,910	2,825,513
	6,684,924	2,825,892

*The balance in escrow account relates to amounts collected from customers which are available for payments relating to the construction of properties under development.

15 Related parties

The Group in the normal course of business carries on business with other enterprises that fall within the definition of a related party. The Group's related parties include its Shareholders, key management personnel, joint ventures and entities controlled by such parties. Transactions with related parties normally comprise transfer of resources, services, or obligations between the parties. Transactions carried out with related parties are measured at amounts agreed by both parties.

Balances with related parties included in the consolidated statement of financial position are as follows:

	2025 AED '000	2024 AED '000
Due from related parties		
Joint ventures		
Sobha Al Siniya FZC	**90,306**	132,142
Sobha UAQ Properties L.L.C	**81,236**	-
Shareholder		
Mr. Puthan N C Menon*	**-**	39,524
Entities under common control		
Sobha Constructions L.L.C	**691,448**	-
PNC Architects L.L.C	**28,081**	-
Sobha Asset Cayman Limited	**2,794**	-
Latinem Private Limited – India	**1,645**	-
Sobha Smart Bill Services L.L.C	**20**	-
	895,530	171,666

* During the year, dividend amounting to AED 39,524 was settled against the balance due from the shareholder.

15 Related parties (continued)

	2025 AED '000	2024 AED '000
Due to related parties		
Associated undertakings		
Sobha Furniture Industries - L.L.C - O.P.C	**19,307**	527
Sobha Corporate L.L.C	**2,456**	879
Sobha Furniture Design Studio S.R.L.	**2,856**	-
Sobha & BR Aviation DWC LLC	**1,012**	102
Sobha Real Estate UK Ltd	**699**	-
Sobha Jet Limited	**445**	-
Sobha Constructions L.L.C	-	361,775
PNC Architects L.L.C	-	31,964
Latinem Facilities Management L.L.C	-	4,805
Latinem Securities L.L.C	-	1,141
Latinem Private Limited – India	-	512
Latinem Landscaping L.L.C	-	2,335
	26,775	404,040

	2025 AED '000	2024 AED '000
Loan from shareholders		
Opening balance	**1,000,000**	1,001,650
Transferred to capital contribution*	**(1,000,000)**	-
Interest expense on loan from shareholders (Note 29)	**20,000**	81,437
Repaid during the year	**(20,000)**	(83,087)
Closing balance	-	1,000,000
	-	1,000,000

*On March 31, 2025, the loan from shareholders was converted into capital contribution (refer Note 18).

Key management personnel compensation

Key management personnel of the Group are the Chairman, Co-Chairman, Group Chief Financial Officer, Chief Financial Officer, Chief Executive Officer, Directors and the Manager. During the year, the key management personnel compensation was as follows:

	2025 AED '000	2024 AED '000
Salaries and benefits	**97,756**	70,130

15 Related parties (continued)

Transactions with related parties

Significant transactions carried out with related parties are as follows:

	2025	2024
	AED '000	AED '000
Construction and development expenses for properties under development, investment properties under development and capital work in progress	**5,600,139**	3,220,768
Royalty expenses (Note 28)	**141,477**	88,897
Interest on loan from shareholders (Note 29)	**20,000**	81,437
Project design and supervision fee charged by a related party	**175,586**	193,989
Transfer of end of service benefits to a related party (Note 21)	**-**	3,360
Transfer of accrued leave salary to a related party	**-**	770
Development management fees (Note 30)	**35,169**	3,521
Marketing costs charged by related party	**7,115**	-
Finance lease liability repaid	**(29,747)**	-
Dividends (Note 16.1)	**1,036,790**	602,510

16 Share capital

The authorised, issued and fully paid-up share capital of the Company is AED 300,000 divided into 300 shares of AED 1,000 each.

	2025	2024
	AED '000	AED '000
Authorised, issued and fully paid-up share capital (300 shares)	**300**	300

The shareholding is as follows:

		2025			2024	
		No. of			No. of	
	%	**shares**	**AED'000**	%	shares	AED'000
Mr. Puthan N C Menon	**53%**	**159**	**159**	53%	159	159
Mrs. Sobha Menon Raghavan Nair	**47%**	**141**	**141**	47%	141	141
	100%	**300**	**300**	100%	300	300

16.1 Dividends

On February 5, 2025, the board of directors approved the consolidated financial statements of the Group for the year ended December 31, 2024, and declared a dividend of AED 125,290 thousand based on the financial results of the Group. Further, on April 23, 2025, August 5, 2025, and October 16, 2025, the Company declared and paid interim dividends amounting to AED 176,500 thousand, AED 205,000 thousand and, AED 530,000 thousand, respectively (2024: AED 602,510 thousand). Dividend per share during the year amounted to AED 3,456 thousand per share (2024: AED 2,008 thousand per share).

17 Statutory reserve

In accordance with the Articles of Association of the Company and Article 103 of the Federal Decree-Law No. (32) of 2021 (as amended), a minimum of 5% of the net profit are required to be allocated every year. Such transfers are required to be made until the balance on the statutory reserve equals one half of the Company and its subsidiaries' paid-up share capital.

18 Additional capital contribution

On March 31, 2025, the shareholders of the Company resolved to convert the outstanding loan balance amounting to AED 1,000,000 thousand into capital contribution. The additional capital contribution is not subject to withdrawal in the foreseeable future and repayment is at the sole discretion of the Company.

19 Non-controlling interest (NCI)

	2025	2024
	AED '000	AED '000
Sobha Lifestyle City Limited (a)	-	188,999

(a) This represented purchase of 11.11% interest held by various shareholders in Sobha Lifestyle City Limited acquired by the Company during the year, making the subsidiary wholly owned as at December 31, 2025 (2024: 88.89%).

The movement in NCI is as follows:

	Sobha Lifestyle City Limited
2025	**AED '000**
Balance at January 1, 2025	**188,999**
Acquisition of non-controlling interest	**(188,993)**
Share of loss for the year	**(6)**
Balance at December 31, 2025	**-**
2024	AED '000
Balance at January 1, 2024	315,010
Increase of investment in a subsidiary	(126,004)
Share of loss for the year	(7)
Balance at December 31, 2024	188,999

Notes to the consolidated financial statements (continued)
For the year ended December 31, 2025

19 Non-controlling interest (NCI) (continued)

19.1 Subsidiary with material non-controlling interests

The Group's consolidated financial statements include following subsidiary, with material non-controlling interests (NCI):

Name	Proportion of ownership interests held by the NCI		Loss allocated to NCI		Principal activity and principal place of business
	2025	2024	2025	2024	
			AED '000	AED '000	
Sobha Lifestyle City Limited	-	11.11%	6	7	Investment in land and properties approved by JAFZA or any other free hold property in the United Arab Emirates

Summarised financial information for the subsidiary in which material non-controlling interests has been identified before intragroup eliminations, is set out below:

	Sobha Lifestyle City Limited	
	2025	2024
	AED '000	AED '000
Non-current	-	-
Current assets	2,019,703	2,019,767
Total assets	**2,019,703**	2,019,767
Non-current	-	-
Current liabilities	318,762	318,771
Total liabilities	**318,762**	318,771
Equity attributable to Shareholders of the Company	**1,700,941**	1,511,997
Non-controlling interests	-	188,999

19 Non-controlling interest (NCI) (continued)

19.1 Subsidiary with material non-controlling interests (continued)

	Sobha Lifestyle City Limited	
	2025	2024
	AED '000	AED '000
Revenue	**-**	-
Loss for the year attributable to Shareholders of the Company	**(45)**	(54)
Loss for the year attributable to NCI	**(6)**	(7)
Net loss for the year	**(51)**	(61)
Net cash used in operating activities	**-**	-
Net cash from investing activities	**-**	-
Net cash from financing activities	**-**	-
Net cash outflow	**-**	-

The increase in investment in the subsidiary was affected as follows:

	Sobha Lifestyle City Limited	
	2025	2024
	AED '000	AED '000
Consideration for purchase of additional interests	**181,351**	35,017
Carrying value of the additional interests acquired	**(188,993)**	(126,004)
Recognised in retained earnings	**(7,642)**	(90,987)

20 Fair value reserve

The carrying value of fair value reserve as at the reporting date and the movement during the year can be analysed as follows:

	2025 AED '000	2024 AED '000
Opening balance	-	1,500,291
Transfer to retained earnings on transfer of non-cash asset to shareholders (Note 12)	-	(1,500,291)
Closing balance	-	-

21 Employees' end of service benefits

	2025 AED '000	2024 AED '000
Opening balance	16,321	15,212
Charge for the year	12,824	11,279
On disposal of subsidiary	-	(238)
Transferred to a related party (Note 15)	-	(3,360)
Payments made during the year	(5,411)	(6,572)
Closing balance	23,734	16,321

22 Borrowings

	2025			2024		
	Current AED '000	Non-current AED '000	Total AED '000	Current AED '000	Non-current AED '000	Total AED '000
Sukuk Certificates	-	6,268,532	6,268,532	-	1,840,563	1,840,563
Loans from financial institutions						
Term finance	144,819	3,057,495	3,202,314	67,594	101,299	168,893
Vehicle loan	2,172	8,686	10,858	-	-	-
	146,991	9,334,713	9,481,704	67,594	1,941,862	2,009,456

The movement in borrowings is as follows:

	2025 AED '000	2024 AED '000
Opening balance	2,009,456	1,527,125
Proceeds during the year	7,888,342	1,191,238
On disposal of subsidiary (Note 33)	-	(89,868)
Interest expense on borrowings	258,555	89,442
Repayments during the year	(674,649)	(708,481)
Closing balance	9,481,704	2,009,456

22 Borrowings (continued)

Sukuk Certificates

On July 17, 2023, Sobha Sukuk Limited (the "SPV I"), issued 300,000 five-year Sukuk Certificates with a face value of USD 1,000 each, listed on the London Stock Exchange and Nasdaq Dubai (ISIN: XS2633136234), an international financial exchange in the Middle East, amounting to USD 300 million with a coupon rate of 8.75% per annum payable semi-annually from January 17, 2024.

On December 6, 2023, P N C Investments L.L.C (the obligor of Sukuk Certificates issued by Sobha Sukuk Limited) repurchased and cancelled Sukuk Certificates with a face value of USD 15 million. Further, on May 29, 2024, the Company repurchased and cancelled Sukuk Certificates with a face value of USD 15 million.

On September 17, 2024, the SPV I further issued 230,000 Sukuk Certificates with a face value of USD 1,000 each, to form a single series with the 300,000 Sukuk Certificates previously issued on July 17, 2023, resulting in a total of 500,000 Sukuk Certificates ("Sukuk I") being issued with a maturity date of July 17, 2028.

On May 19, 2025, Sobha Sukuk I Holding Limited (the "SPV II"), issued 500,000 45-month Sukuk Certificates ("Sukuk II"), maturing on February 19, 2029, with a face value of USD 1,000 each, listed on the London Stock Exchange and Nasdaq Dubai (ISIN: XS3073626601), amounting to USD 500 million with a coupon rate of 7.955% per annum payable semi-annually from November 19, 2025.

On September 11, 2025, the SPV II further issued 750,000 60-month Sukuk Certificates ("Sukuk III"), maturing on September 11, 2030, with a face value of USD 1,000 each, listed on the London Stock Exchange and Nasdaq Dubai (ISIN: XS3168203019), amounting to USD 750 million with a coupon rate of 7.125% per annum payable semi-annually from March 11, 2026.

During the year, the Company purchased Sukuk Certificates issued by SPV I and SPV II, amounting to AED 93,357 thousand. As a result, the net amount of AED 93,357 thousand purchased by the Company as of the reporting date has been offset against the outstanding amount of Sukuk Certificates in issues.

As at the reporting date, the following are details of Sukuk Certificates that remain issued:

	Face value in (USD)	Fair value per Sukuk (USD)
Sukuk I	500 million	1,043.85
Sukuk II	500 million	1,021.36
Sukuk III	750 million	1,003.37

Loans from financial institutions

Loans from financial institutions represent term finance and vehicle loans obtained from financial institutions.

1) Term finance:

During the year 2021, SLLC availed a term loan facility ("Facility 1") from a financial institution with a sanctioned limit of AED 735 million, of which SLLC received an amount of AED 105 million during 2022. In the year 2023, SLLC received an additional amount of AED 208 million from the financial institution. The total principal balance outstanding on this loan as of December 31, 2023 amounted to AED 200 million. In January 2024, the loan was settled in full by SLLC.

Sobha Jet Limited entered into a new term loan facility amounting to USD 30 million ("Facility 2") on December 21, 2023, in respect of the purchase of an aircraft. The loan is to be repaid in 60 equal monthly instalments commencing January 2024. As a result of the disposal of Sobha Jet Limited, the outstanding amount of USD 24 million (AED 90 million) as of December 24, 2024, was transferred to a related party (refer Note 33).

22 Borrowings (continued)

Loan from financial institutions (continued)

1) Term finance (continued):

On June 24, 2024, the Company entered into a new term loan facility ("Facility 3") amounting to AED 400 million of which the Company withdrew AED 205 million during the prior year. The loan is to be repaid in 12 quarterly equal instalments. The term finance facility carries a variable profit rate at the prevailing market rates. In March 2025, the Company withdrew the remaining amount of AED 195 million. The principal outstanding loan as of December 31, 2025, amounted to AED 217 million (2024: AED 169 million).

On October 23, 2025, the Company entered into a new term loan facility ("Facility 4") amounting to AED 3,000 million, which the Company received during the year. The loan is for the purpose of purchasing investment property located at Plot No. 2, Municipality No. 915-1177, Al Yufrah 1, Dubai, UAE (refer Note 8 (k)). The loan matures in 5 years from the date of draw down and carries a profit rate of EIBOR + 2% per annum. The loan is repayable in 8 semi-annual instalments in arrears starting after the end of the moratorium period, which is one year after the date of draw down. The principal outstanding loan as of December 31, 2025, amounted to AED 2,985 million.

2) Short term finance:

On November 1, 2023, the Company entered into a new short-term working capital loan facility ("Facility 5") with a financial institution carrying an interest rate of SOFR + 3.6% per annum. During the year ended December 31, 2023, the loan amounting to USD 50 million (AED 181 million) was settled in full by the Company. Further, on June 7, 2024, the Company availed an additional amount of USD 20 million (AED 74 million). Further, during the previous year, the outstanding loan amounting to USD 20 million (AED 74 million) was settled in full by the Company.

On May 8, 2025, the Company entered into a new short-term loan facility ("Facility 6") with a financial institution amounting to USD 22 million (AED 81 million), carrying an interest rate of 1 Month SOFR + 2.70%. The loan was settled in full by the Company during the year.

On May 6, 2025, the Company entered into a new short-term loan facility ("Facility 7") with a financial institution amounting to USD 15 million of which the Company received USD 10 million (AED 36.7 million) during the current year. The facility carried an interest rate of 12 Month SOFR + 0.85%. The loan was for a period of one year. The loan was settled in full by the Company during the year.

3) Vehicle loan:

On March 14, 2025, the Company entered into asset financing agreements ("Facility 8") with a financial institution totalling to AED 11,682 thousand. The loans are repayable in instalments over a tenure of 60 months. As of the reporting date, the principal outstanding loan amounted to AED 10,858 thousand (2024: Nil).

The above outstanding borrowing facilities are secured by way of:

- First degree mortgage over Plot No. 2, Al Yufrah 1, Dubai, UAE cover 125% of funded exposure.
- Pledge by way of mortgage on Plot No. MS 7, MS 8 and 347-924 located in Hartland, Dubai, UAE, Plot No. MA 01, MC 01, CH 1, CH 2 and SG 01 located in Hartland II, Dubai, UAE, Plot No. 599-0221 in Jabel Ali, Dubai, UAE, and Plot No. 346-611 located in Business Bay, Dubai, UAE.
- Pledge of 'Facility Service Reserve Account' / 'Debt Service Reserve Account.';
- Assignment of insurance policies to respective financial institutions, as per the agreed terms;
- Pledge of vehicles by way of mortgage (Note 5).

The Group remained in compliance with all borrowing-related covenants as of the reporting date.

22 Borrowings (continued)

The table below analyses the borrowings into relevant maturity groupings based on the contractual maturity date.

	Within one year AED '000	More than one year AED '000	Total AED '000
December 31, 2025	**146,991**	**9,334,713**	**9,481,704**
December 31, 2024	67,594	1,941,862	2,009,456

23 Finance lease liabilities

Finance lease liabilities recognised in the consolidated statement of financial position can be analysed as follows:

	2025		2024	
	Current AED '000	**Non-current AED '000**	Current AED '000	Non-current AED '000
Finance lease liabilities	**24,126**	**61,102**	-	20,033

The movement in the finance lease liabilities is as follows:

	2025 AED'000	2024 AED'000
Opening balance	**20,033**	-
Addition (Note 7)	**86,420**	20,044
Finance cost (Note 29)	**8,522**	2,005
Repayments	**(29,747)**	(2,016)
Closing balance	**85,228**	20,033

Future minimum finance lease payments at the end of each reporting period were as follows:

	Minimum lease payments due		
	Within 1 year	**More than 1 year**	**Total**
December 31, 2025	**AED '000**	**AED '000**	**AED '000**
Lease payments	**27,791**	**138,593**	**166,384**
Finance charges	**(3,665)**	**(77,491)**	**(81,156)**
Net present value	**24,126**	**61,102**	**85,228**
December 31, 2024			
Lease payments	-	94,547	94,547
Finance charges	-	(74,514)	(74,514)
Net present value	-	20,033	20,033

24 Trade and other payables

	2025 AED '000	2024 AED '000
Financial liabilities		
Trade payables*	**1,646,266**	1,200,598
Accruals	**341,908**	417,893
Interest accrued on Sukuk Certificates	**169,860**	77,080
Staff payables	**705**	234
Other	**13,161**	6,603
	2,171,900	1,702,408
Non-financial liabilities		
Provision for corporate tax (Note 31)	**446,587**	142,572
Advance from customers**	**2,758,229**	1,281,448
Excess billings**	**261,436**	128,306
	3,466,252	1,552,326
	5,638,152	3,254,734
Less: current portion	**(5,200,883)**	(2,946,720)
Non-current portion**	**437,269**	308,014

*Trade payables as of the reporting date include AED 1,337,597 thousand (2024: AED 1,086,838 thousand) payable in relation to the purchase of investment properties (refer Note 8).

The movement in consideration payable with respect to investment property is as follows:

	2025 AED '000	2024 AED '000
Opening balance	**1,086,838**	691,425
Purchase of investment properties (Note 8)	**5,919,322**	2,752,855
Unwinding impact (Note 29)	**102,236**	63,176
Repayments during the year	**(5,770,799)**	(2,420,618)
Closing balance	**1,337,597**	1,086,838
Less: current portion	**(900,328)**	(778,824)
Non-current portion	**437,269**	308,014

The table below analyses the consideration payable in respect of investment property purchases into the relevant maturity groupings based on the contractual maturity date.

	Within one year AED '000	More than one year AED '000	Total AED '000
December 31, 2025			
Payments	**958,734**	**461,710**	**1,420,444**
Finance charges	**(58,406)**	**(24,441)**	**(82,847)**
Net present value	**900,328**	**437,269**	**1,337,597**
December 31, 2024			
Payments	840,100	315,866	1,155,966
Finance charges	(61,276)	(7,852)	(69,128)
Net present value	778,824	308,014	1,086,838

24 Trade and other payables (continued)

**Advance from customers substantially represent amounts received from customers in relation to the sale of properties in accordance with the payment schedule stated in the sale and purchase agreements with customers. Movement in advances from customers and excess billings is as follows:

	2025	2024
	AED '000	AED '000
Opening balance	1,409,754	504,988
Additions during the year	7,241,662	3,788,187
Revenue recognized during the year	(5,631,751)	(2,883,421)
Closing balance	3,019,665	1,409,754

25 Revenue from contracts with customers

	2025	2024
Recognized over time	AED '000	AED '000
Revenue from sale of apartments and villas	14,190,700	8,963,895
Less: units cancelled during the year*	(42,949)	(74,231)
	14,147,751	8,889,664

*As a result of customer defaults, sales and purchase agreements with customers for 39 units (2024: 48 units) have been cancelled and the Group has reinstated these units.

The Group's revenue is generated within United Arab Emirates.

Management has identified a single reportable segment as of the reporting date, representing the sale of residential units.

26 Direct costs

	2025	2024
	AED '000	AED '000
Construction cost	5,119,034	2,981,219
Land cost	1,963,783	1,844,497
Infrastructure cost	358,062	216,097
Design cost	185,980	128,978
Finance cost	70,368	102,050
Overheads	70,352	148,198
Less: cost of units cancelled during the year	(23,917)	(41,794)
	7,743,662	5,379,245

27 Administrative and general expenses

	2025 AED '000	2024 AED '000
Salaries and other benefits	**225,361**	79,564
Charity and donation	**124,000**	18,000
Communication expense	**34,748**	19,084
Legal and professional	**29,433**	19,319
Repairs and maintenance	**21,899**	17,498
Aircraft management fees	**16,379**	11,278
Bank charges	**7,424**	3,319
Utilities	**3,664**	1,522
Rent*	**2,646**	958
Printing and stationary	**1,580**	2,282
Other	**40,088**	24,986
	507,222	197,810

*The Group has elected not to recognize a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets as per the practical expedients available under IFRS 16. Payments under such leases are expensed on a straight-line basis.

28 Selling and marketing expenses

	2025 AED '000	2024 AED '000
Salaries and other benefits	**231,431**	150,717
Commission expense	**722,469**	1,054,436
Advertisement, marketing and business promotion	**393,320**	504,481
Royalty expense (Note 15)*	**141,477**	88,897
	1,488,697	1,798,531

*Royalty expense relates to 1% of Sobha LLC's revenue payable to Sobha Corporate LLC for use of trademarks.

29 Finance costs

	2025 AED '000	2024 AED '000
Interest on borrowings*	**352,847**	136,115
Interest capitalised to properties under development (Note 9)	**-**	(77,294)
Net interest on borrowings	**352,847**	58,821
Interest on borrowings pertaining to discontinued operations	**-**	(6,742)
Net interest on borrowings from continuing operations	**352,847**	52,079
Unwinding impact on consideration payable (Note 24)	**102,236**	63,176
Interest on loan from shareholders (Note 15)	**20,000**	81,437
Interest on finance lease liability (Note 23)	**8,522**	2,005
Loan processing fees	**6,387**	29,147
	489,992	227,844

*Interest on borrowings include interest accrued on Sukuk Certificates.

30 Other income

	2025	2024
	AED '000	AED '000
Interest income on deposits	182,336	92,205
Late payment charges	61,759	125,956
Development management fees (Note 15)	35,169	3,521
Lease rental	1,377	-
Gain on sale of properties and equipment	273	57
Other	37,647	12,665
	318,561	234,404

31 Income tax

Tax expense recognised in consolidated statement of comprehensive income comprises the sum of deferred tax and current tax expense not recognised in other comprehensive income or directly in equity.

The calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income.

Furthermore, the income tax expense relates to Group's operations in the United Arab Emirates during the year which is subject to an effective tax rate of 9%. In the previous year, the income tax expense related to Group's operations in the United Arab Emirates is subject to an effective tax rate of 9% (2024: United Kingdom with an effective tax rate of 19%).

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Income tax expense comprises of the following:

	2025	2024
	AED '000	AED '000
Current tax expense		
Current income tax charge	377,359	142,572
Deferred tax expense		
Temporary differences	-	38,713
Income tax expense reported in profit or loss	377,359	181,285

Movement in the income tax payable is as follows:

	2025	2024
	AED '000	AED '000
Opening	142,572	-
Provided during the year	377,359	142,572
Movement in deferred tax liability	36,353	-
Paid during the year	(109,697)	-
Closing balance	446,587	142,572

31 Income tax (continued)

Reconciliation of effective tax rate is as follows:

	2025 AED '000	2024 AED '000
Profit before tax from continuing operations	4,426,100	2,041,712
Share of profit from equity accounted investments (Note 11)	(234,594)	(22,891)
Loss on non- taxable entities	-	233
Profit on non-taxable entity	51	(5,656)
Basic exemption	(375)	(375)
	4,191,182	2,013,023

	2025 AED '000	2024 AED '000
Tax using the domestic tax rate of 9%	377,206	181,172
Effect of inadmissible income	-	(38,713)
Effect of inadmissible expense	152	113
	377,359	142,572

Deferred tax liability attributable to the following item has been recognised:

		2025	
	Assets AED '000	Liabilities AED '000	Net AED '000
Fair value gain on investment properties	-	2,360	2,360
	-	2,360	2,360

		2024	
	Assets AED '000	Liabilities AED '000	Net AED '000
Fair value gain on investment properties	-	38,713	38,713
	-	38,713	38,713

Movement recognized in deferred tax liabilities during the year:

	Balance as at January 1, 2025 AED '000	Movement during the year AED '000	Balance as at December 31, 2025 AED '000
Fair value gain on investment properties	38,713	(36,353)	2,360
	38,713	(36,353)	2,360

	Balance as at January 1, 2024 AED '000	Movement during the year AED '000	Balance as at December 31, 2024 AED '000
Fair value gain on investment properties	-	38,713	38,713
	-	38,713	38,713

31 Income tax (continued)

Movement recognised in deferred tax asset during the year:

	Balance as at January 1, 2025 AED '000	Movement during the year AED '000	Balance as at December 31, 2025 AED '000
Property and equipment	-	-	-
	-	-	-

	Balance as at January 1, 2024 AED '000	On disposal of subsidiary AED '000	Balance as at December 31, 2024 AED '000
Property and equipment	83	(83)	-
	83	(83)	-

International Tax Reform – Pillar Two (Global Minimum Tax)

The Organization for Economic Co-operation and Development (OECD) has issued the Global Anti-Base Erosion (GloBE) Model Rules ("Pillar Two"), which introduce a global minimum effective tax rate of 15% applicable to multinational enterprise groups that meet the prescribed consolidated revenue threshold.

Management has assessed the potential applicability of Pillar Two to the Group, including the Sukuk structure, taking into consideration the Group's legal form, operational substance, governance framework, and allocation of risks and obligations.

Based on this assessment, management has concluded that Pillar Two is not applicable to the Group for the reporting period, for the following reasons:

- The Sukuk vehicle Sobha Sukuk Limited does not operate as an independent economic enterprise and does not undertake substantive business activities on a standalone basis.
- All operational, strategic, and administrative matters relating to the Sukuk are controlled and executed by the Parent Company, and the Sukuk functions solely as an extension of the Group's local activities.
- All substantive obligations to Sukuk holders, including the payment of profit (interest) and repayment of principal, rest with the Parent Company, which also bears the associated financial and economic risks.

Accordingly, the Sukuk structure does not give rise to a separate constituent entity or additional jurisdictional exposure for the purposes of the Pillar Two GloBE framework.

The Group continues to monitor developments relating to the implementation of Pillar Two, including any legislation or guidance issued by the Ministry of Finance or the Federal Tax Authority. As at the reporting date, no enacted or substantively enacted legislation applicable to the Group has resulted in a current or deferred tax impact arising from Pillar Two.

Management will continue to monitor international and local developments in relation to Pillar Two and will reassess the applicability and potential financial statement impact should there be changes in legislation, regulatory interpretation, or the Group's structure, operations, or risk profile.

32 Acquisition involving entities under common control

On November 11, 2024, the Company acquired the business of Sobha Energy Solutions L.L.C, a related party for AED 39 thousand. The net assets recognized on acquisition involving entity under common control can be analysed as follows:

	Sobha Energy Solutions L.L.C November 11, 2024 AED '000
ASSETS	
Due from related parties	300
Cash and bank balance	10
	310
LIABILITIES	
Trade and other payables	229
Due to related parties	42
	271
Net asset value on acquisition of Sobha Energy Solutions L.L.C	39

	2024 AED '000
Net asset value on acquisition	39
Consideration payable	39
Gain/(loss) on acquisition (recognized in retained earnings)	-

The net cash inflow on acquisition of subsidiary through common control transactions can be analysed as follows:

	2024 AED '000
Cash acquired on acquisition of subsidiary	10
Consideration paid during the year	-
Net cash inflow on acquisition of subsidiary	10

33 Discontinued operations

During the year ended December 31, 2025, Sobha L.L.C, a subsidiary of the Group, disposed of its branch, Sobha Technical Works LLC SOC (Branch of Sobha L.L.C) (the "Branch"), to Sobha Constructions L.L.C for a consideration of AED 5 thousand under a common a control transaction. At the date of disposal, the Branch's net assets were nil. Accordingly, the entire consideration of AED 5 thousand has been recognized as a gain on disposal within retained earnings as of result of common control transaction.

During the previous year, the Company disposed of the following entities to related parties as disclosed below:

- Latinem Securities (Br of P N C Investments L.L.C) (the "Branch") ("LSL"), to Sobha Constructions L.L.C, for AED 3,890 thousand on January 1, 2024;
- Sobha Furniture Design Studio S.R.L ("SFSRL") to PNC Architects, for AED 239 thousand on December 4, 2024;
- Sobha Real Estate UK Limited. ("SRUKL") to Sobha Corporate L.L.C, for AED 5 on December 20, 2024; and
- Sobha Jet Limited ("SJL") to Mr. Puthan N C Menon for AED 43,692 thousand on December 24, 2024.

Accordingly, a gain of AED 480 thousand has been recognized on disposal within retained earnings as of result of common control transaction.

33 Discontinued operations (continued)

The financial performance of the discontinued operations for the period to the date of disposal is set out below:

	LSL January 1, 2024 AED '000	SFSRL December 4, 2024 AED '000	SRUKL December 20, 2024 AED '000	SJL December 24, 2024 AED '000	Total AED '000
Administrative and general expenses	-	(2,790)	(332)	(2,156)	(5,278)
Depreciation and amortization	-	(388)	-	(14,538)	(14,926)
Operating loss	-	(3,178)	(332)	(16,694)	(20,204)
Finance costs – net	-	-	-	(6,742)	(6,742)
Loss for the year from discontinued operations	-	(3,178)	(332)	(23,436)	(26,946)

The carrying amounts of assets and liabilities disposed of were as follows:

	LSL January 1, 2024 AED '000	SFSRL December 4, 2024 AED '000	SRUKL December 20, 2024 AED '000	SJL December 24, 2024 AED '000	Total AED '000
ASSETS					
Property and equipment	13	173	576	127,021	127,783
Deferred tax asset	-	-	83	-	83
Trade and other receivables	5,488	31	1,704	7,178	14,401
Due from related parties	6,720	-	-	-	6,720
Cash and bank balances	696	43	383	234	1,356
	12,917	247	2,746	134,433	150,343
LIABILITIES					
Trade and other payables	1,840	8	57	11	1,916
Employees' end of service benefits	238	-	-	-	238
Borrowings	-	-	-	89,868	89,868
Due to related parties	10,118	-	-	862	10,980
	12,196	8	57	90,741	103,002
Net assets (A)	721	239	2,689	43,692	47,341
Sale consideration (B)	3,890	239	-	43,692	47,821
Gain/(loss) on disposal (recognized in retained earnings) [(B)-(A)]	3,169	-	(2,689)	-	480

The net cash inflow on discontinued operations can be analysed as follows:

	AED '000
Consideration received during the year	3,890
Cash balance on date of disposal	(1,356)
Net cash inflow on discontinued operations	2,534

34 Contingencies, guarantees and capital commitments

	2025 AED '000	2024 AED '000
Capital commitments for properties under development	**22,066,517**	18,267,476
Performance guarantees	**287,607**	173,607
Capital commitment for capital work in progress	**618,841**	803,345
Capital commitment for investment properties under development (Note 8)	**191,998**	203,694
Capital commitment for intangible assets under development (Note 6)	**2,856**	4,237
Commitment towards Mohammed Bin Rashid Al Maktoum Global Initiatives	**300,000**	400,000
Letter of credit	**34,024**	-

There are considerable estimates required in determining the provision for income taxes (Note 31). However, due to the novelty of CT Law, there may be transactions for which the ultimate tax liability may not be ascertained during the tax assessment period. The final tax impact on such transactions if any, will be assessed and recorded in the period in which the probability of such tax liabilities' settlement would be more likely than not.

35 Cash flow adjustments and changes in working capital

The following non-cash flow adjustments and adjustments for changes in working capital have been made to net profit to arrive at operating cash flow:

	Notes	2025 AED '000	2024 AED '000
Adjustments for:			
Depreciation and amortization	5,6,7	**45,233**	34,922
Gain on fair value of investment properties	8	**-**	(545,125)
Loan processing fees	29	**6,387**	29,147
Net interest expense on borrowings	29	**352,847**	58,821
Unwinding impact on consideration payable	29	**102,236**	63,176
Interest expense on loan from shareholders	29	**20,000**	81,437
Interest expense on finance lease liabilities	29	**8,522**	2,005
Gain on sale of properties and equipment	30	**(273)**	(57)
Profit share from investment in joint venture	11	**(234,594)**	(22,891)
Intangible assets written-off	6	**-**	360
Provision for employees' end of service benefits	21	**12,824**	11,279
		313,182	(286,926)
Net changes in working capital			
Trade and other receivables		**(2,717,223)**	(652,602)
Inventories		**(1,448)**	-
Due from related parties		**(848,955)**	(358,122)
Due to related parties		**(377,265)**	166,562
Trade and other payables		**1,734,353**	1,016,799
Properties under development		**1,991,935**	1,843,089
		(218,603)	2,015,726

36 Financial instruments risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated by the key management personnel and Shareholders; and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed to are described as follows.

36.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which results from both its operating and investing activities.

Foreign exchange risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group mainly operates in United Arab Emirates and is not exposed to foreign currency risk arising from foreign currency exposures as of the reporting date.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk with respect to its borrowings.

The following table illustrates the sensitivity of profit/(losses) and equity to a reasonably possible change in interest rates of +/- 1% (2024: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates and all other variables are held constant.

	(Loss)/profit for the year		Equity	
	AED '000	AED '000	AED '000	AED '000
	+1%	-1%	+1%	-1%
December 31, 2025	**(32,023)**	**32,023**	**(32,023)**	**32,023**
December 31, 2024	(11,689)	11,689	(11,689)	11,689

Price risk

Price risk is the risk that the value of a financial instrument would fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The Group is not exposed to price risk as of the reporting date.

36 Financial instruments risk (continued)

36.2 Credit risk analysis

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date as summarised below:

	Notes	2025 AED '000	2024 AED '000
Trade and other receivables	13	**7,754,703**	5,866,418
Due from related parties	15	**895,530**	171,666
Cash at banks	14	**6,683,910**	2,825,513
		15,334,143	8,863,597

Trade and other receivables

The Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good. The Group's exposure to trade receivables' credit risk is mainly influenced by the individual characteristics of the customers; however, the Group's policy is to collect the advance from the customers on a periodical basis and the handover of properties to the customers will take place only after final settlement of all dues by them.

The ageing of trade and unbilled receivables as of the reporting date can be analysed as follows:

		Days overdue			
Trade receivables	**Unbilled (current but not due) AED '000**	**0-90 AED '000**	**91-180 AED '000**	**Over 180 AED '000**	**Total AED '000**
December 31, 2025	**6,068,665**	**683,470**	**337,945**	**591,084**	**7,681,164**
December 31, 2024	3,721,658	1,482,294	452,020	153,206	5,809,178

Cash at banks

The Group seeks to limit its credit risk with respect to bank balances and other financial assets held with banks by dealing only with reputable banks and continuously monitoring outstanding balances.

Due from related parties

The management of the Group is directly involved in the Group's operations and reviews and approves all transactions with related parties. The receivable balances are reconciled periodically with the related parties through intercompany reconciliations and confirmations. The credit risk in relation to the amounts due from related parties is minimized by ensuring that the collection of the outstanding balances is made on a timely basis, through periodic follow-ups by management. Based on the historical information and the latest financial position and performance of the related parties, management considers the credit quality of the related parties to be good.

36.3 Liquidity risk analysis

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

36 Financial instruments risk (continued)

36.3 Liquidity risk analysis (continued)

The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis. Long-term liquidity needs are identified monthly.

The Group's undiscounted financial liabilities as at the reporting date are summarised below:

	Within 1 year	Between 1 and 5 years	Total
December 31, 2025	**AED '000**	**AED '000**	**AED '000**
Borrowings (Note 22)	**146,991**	**9,334,713**	**9,481,704**
Due to related parties (Note 15)	**26,775**	-	**26,775**
Trade and other payables (Note 24)	**1,793,037**	**461,710**	**2,254,747**
Finance lease liabilities (Note 23)	**27,791**	**138,593**	**166,384**
Total	**1,994,594**	**9,935,016**	**11,929,610**

	Within 1 year	Between 1 and 5 years	Total
December 31, 2024	AED '000	AED '000	AED '000
Borrowings (Note 22)	67,594	1,941,862	2,009,456
Due to related parties (Note 15)	404,040	-	404,040
Trade and other payables (Note 24)	1,455,670	315,866	1,771,536
Finance lease liabilities (Note 23)	-	94,547	94,547
Loan from shareholders (Note 15)	-	1,000,000	1,000,000
Total	1,927,304	3,352,275	5,279,579

37 Fair value measurement

Assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

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

The following table shows the levels within the hierarchy of financial and non-financial asset measured at fair value:

	Note	Level 1	Level 2	Level 3	Total
		AED '000	**AED '000**	**AED '000**	**AED '000**
December 31, 2025					
Investment properties (Note 8)	(i)	-	**576,006**	-	**576,006**
December 31, 2024					
Investment properties (Note 8)	(i)	-	3,038,826	-	3,038,826

37 Fair value measurement (continued)

(i) Investment properties

Fair value of the investment property is estimated based on an appraisal performed by independent, professionally qualified property valuers. The significant inputs and assumptions are developed in close consultation with the management. The valuation processes and fair value changes are reviewed by the management at each reporting date.

The valuation was carried out towards the end of the reporting period by the valuers using a market approach considering the Gross Floor Area (GFA) of the plot of land and units of commercial space in the building. In determining the fair value, the valuers considered the sales comparison method. The significant unobservable input in the fair value estimation is an adjustment to reflect recent market transactions and factors specific to the subject properties. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

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

38 Capital management policies and procedures

Capital includes equity attributable to the equity holders of the Group. The Group's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the Group's business.

The management of the Group currently monitors the leverage on a periodic basis to ensure that the overall leverage is at manageable levels and that adequate profitability is being retained in the business to ensure a healthy capital structure.

The Group's capital management objectives are to maintain a strong credit rating and healthy ratios in order to support its business; to provide adequate returns to and maximise shareholder value; and to maintain an optimal capital structure to reduce the cost of capital.

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2025, and 2024.

The Group's capital structure follows:

	2025	2024
	AED '000	AED '000
Equity attributable to the shareholders of the Company	**13,040,416**	9,020,812
Cash and cash equivalents	**6,684,924**	2,825,892
	19,725,340	11,846,704

39 Comparative figures

Certain comparative figures have been reclassified in order to conform to the current year's presentation. These reclassifications did not have any impact on the previously reported results and net assets of the Group.

40 Operating lease - Group as a lessor

The Group has entered into a 49-year lease agreement for an investment property during the year ended December 31, 2025. The future minimum rentals receivable under non-cancellable operating leases are as follows:

Time frame	2025	2024
	AED '000	AED '000
Within one year	-	-
After one year but not more than five years	16,817,196	-
More than five years	792,730,651	-
Total	809,547,847	-

41 Event after the reporting period

There have been no adjusting or non-adjusting subsequent events requiring disclosures to the consolidated financial statements up to the date of approval of these consolidated financial statements.