

**RAK Properties P.J.S.C.  
and its subsidiaries**

Independent Auditor's Report and Consolidated  
Financial Statements  
For the year ended 31 December 2025

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Dear Shareholders,

On behalf of the Board of Directors of RAK Properties, Ras Al Khaimah's leading listed developer, I am delighted to present the consolidated financial statements for the year ended 31<sup>st</sup> December 2025.

2025 has been a special year for your Company across a number of fronts. We celebrated our twentieth year since establishment as well as marking two decades of being listed on the Abu Dhabi Stock Exchange (ADX: RAKPROP). Across a number of metrics – sales, number of homes sold, revenues, development backlog, 2025 has been a record year. Underpinning our 2025 success has been our relentless commitment to better understand our customers, anticipate the direction of the market, and continually refine our approach to maximize the value of our prized land banks.

We are extremely grateful to His Highness Sheikh Saud Bin Saqr Al Qasimi, Supreme Council Member, and Ruler of Ras Al Khaimah for his unwavering commitment to the ongoing development of the Emirate into a dynamic, modern, global destination.

### **PRINCIPAL ACTIVITIES**

RAK Properties continues to invest in the development and management of real estate assets and associated activities including but not limited to sales, leasing, facility and property management, and hospitality assets.

### **FINANCIAL RESULTS**

In 2025, RAK Properties achieved revenue of AED 1.84 billion (2024: AED 1.41 billion), a net profit of AED 404.30 million (2024: AED 280.92million) with an EPS of AED 0.135 (2024 AED 0.111). Total comprehensive income for the year increased to AED 403.57 million vs AED 279.14 million in 2024.

As at 31<sup>st</sup> December 2025, the Company's total assets stood at AED 8.71 billion (2024: AED 8.01 billion), reflecting a 8.7% increase, primarily due to significant progress across our residential developments and continued investments across the hospitality sector. These investments align with RAK Properties' medium- and long-term strategy of recurring revenue generation, capital appreciation, and maintaining a robust balance sheet.

### **OPERATIONAL ACHIEVEMENTS**

RAK Properties has strengthened its internal leadership structure with new C-Suite appointments while also establishing a new Digital Transformation Office and Sales Experience Centre in Dubai to enhance our overall stakeholder offering.

The developer's team now stands 291 strong, a reflection of its expansive vision and growing capabilities. This complements the introduction of a fully digital Sales and Purchase Agreement (SPA) process earlier in the year, a key milestone in modernising our customer experience and enhancing operational agility.

The developer's proven and transparent operations have earned shareholder trust, reinforced by Arqaam Securities' appointment as liquidity provider for RAKPROP shares.

### **Residential developments:**

Over the course of 2025, RAK Properties continued to demonstrate its role as the Emirate's leading listed real estate developer. Alongside a high tempo launch campaign of new residential projects and the signing

of new strategic partnerships, your Company has made great strides in advancing the progress across a number of key projects.

Development across our residential assets has seen substantial progress throughout 2025. Several assets are nearing completion, underscoring our commitment to developing transformative projects and elevating the Emirate's urban landscape. Our progress illustrates the attractive and high-quality residential experiences our properties will offer in Mina, reinforcing its position as the leading waterfront destination for lifestyle, living and investment.

**Cape Hayat:** Located on Hayat Island and spanning 22,854 sqm, Cape Hayat is a premium beachfront development comprising 678 luxury residential apartments. Enabling, substructure and super structure works have been finalized, and overall completion is at 86.50%. Finishes are well underway at 82% completion, with MEP at 82%, and external works crossing the halfway mark at 51%.

**Quattro Del Mar:** A notable addition to the Mina masterplan, Quattro Del Mar features four interconnected towers with 12 residential floors offering a variety of layouts – from studios and one-bedroom units to expansive Sky Duplexes and Garden Townhouses. Work is in progress with development at 25% complete overall. Enabling and substructure works are fully completed with super structure progress at 64.60%. Finishes, MEP and External work have commenced.

**Bay Views:** This 344-unit development on Hayat Island is set to bring urban living to Mina's coastal setting, with construction 92.7% complete. Significant progress has been made this past year, with enabling, substructure and super structure works completed. Finishes are approaching completion at 87.70%, with MEP at 97.26%.

**Granada II:** Comprising 80 two to three-bedroom townhouses, Granada II is a family-friendly community with landscaped gardens, parks, and children's play areas. This project is close to completion at 99.8%.

**Bay Residences 1:** Comprising 324 units across two towers, Bay Residences 1 has been completed and handed over.

**Bay Residences 2:** Adjacent to the InterContinental Ras Al Khaimah Resort & Spa, this twin-tower development includes 324 units. All enabling, substructure, super structure works are complete with the project close to completion at 99.61%.

**Edge:** A yacht-inspired residential tower on Raha Island, Edge features 237 premium apartments with waterfront views. Enabling works are 100% complete with substructure works nearing completion at 90%. Superstructure and MEP works have recently begun.

**Gateway 2:** Located at the entrance of Hayat Island, this eight-storey residential tower includes 146 apartments. The project has now been fully completed and handed over.

**SKAI:** A selection of curated residences – studios, one-two bedroom apartments and three -bedroom penthouses comprising 272 units. Construction on this development has begun with enabling work in progress.

**Mirasol 1:** Mirasol offers an exceptional selection of residences, from light-filled studios and spacious one- and two-bedroom apartments to luxurious penthouses, this development comprises 339 units. Construction on this development has begun with enabling work in progress.

**Hospitality developments:**

Our hospitality portfolio continues to demonstrate robust performance, contributing significantly to our revenue in 2025. Our assets strengthen our luxury segment and serve to bolster Ras Al Khaimah's status as a world-leading tourism destination in line with Vision 2030.

**Intercontinental Ras Al Khaimah Mina Al Arab Resort and Spa:** The prestigious resort, boasting 351 keys on Hayat Island, Mina, sustains high occupancy rates at 69.9%– with an increase in RevPAR by 13% YoY .

**Anantara Mina Al Arab Hotel and Resort, Ras Al Khaimah:** This 174-key property is performing ahead of target, solidifying Mina's position as a premier luxury destination. We achieved strong occupancy levels in the villa segment, reaching 70% – up from 53% the previous year. Significant increase in RevPAR by 20% YoY

**PLANNED PROJECTS**

- RAK Properties signed a landmark partnership with the Four Seasons to bring a 150 key luxury beach resort and 130 branded residences to Mina.
- All design work has now been completed on the NIKKI BEACH hotel project.
- RAK Properties announced its marquee signing with GIORGIO ARMANI to bring the legendary fashion house's first and only villas to be designed by Giorgio Armani himself to Ras Al Khaimah. The villas will be accompanied by a collection of apartments and a full suite of luxury lifestyle amenities.
- RAK Properties is in advanced negotiations with a select number of hospitality partners to bring a lifestyle driven 4-star hotel and residences to Hayat Island within Mina.
- RAK Properties is in advanced negotiations to bring a lifestyle driven 3-star hotel brand to Lagoon district within Mina.
- Made strong progress on advancing The Strand – RAK Properties' 185,759 sqm land parcel in the Marjan Beach District with the fully approved masterplan revealed, and the first homes made ready for sales launch during Q1 2026.
- RAK Properties is in advanced negotiations with the Government of Ras Al Khaimah on the proposed structure of an agreement that would position RAK Properties as the developer of a premium development plot – further reinforcing the Company's position as a leading developer of multiple destinations across the Emirate.
- RAK Properties continues to diversify its customer base, exploring new markets for entry, and building out its network of global channel partners as the Company embarks on its most ambitious year to date.

**OUTLOOK FOR 2026**

2026 will be a year that builds on the successes of 2025. Ras Al Khaimah continues to cement its position as a major destination for tourism, hospitality, MICE, and real estate investment. We remain optimistic about sustaining strong demand for luxury and branded residences, and their ability to attract high-net-worth individuals and corporate tenants. This segment, in addition to our non-branded portfolio, further

solidifies Mina as a prime location for premium, lifestyle driven properties that can be enjoyed by a wide range of occupants as the destination continues to grow, with more projects moving from construction to handover.

In 2024, the Government of Ras Al Khaimah increased its shareholding in RAK Properties from 5% to 34%. The consideration for this increase was a 185,759 sqm land parcel located in a prime position within the Marjan Beach masterplan. The launch of this new destination and its first homes during the first quarter of 2026 is a milestone for RAK Properties as your Company transitions from being a single destination developer into a developer of multiple prime destinations across the Emirate.

This evolution is closely aligned to our commitment to be a place maker with purpose – enhancing lives and places. Delivery on this purpose, along with the ongoing optimization of our landbank will ensure that not only do we create exceptional value for our shareholders, but our contribution to the Emirate's growth story in line with Vision 2030 remains assured.

We proudly look ahead with great confidence in our strategic vision and capability to elevate and shape a bright future for our communities and all of Ras Al Khaimah.

#### **BOARD OF DIRECTORS**

Abdul Aziz Al Zaabi	Chairman
Mohamed Musabbeh Al Nuaimi	Deputy Chairman
Sheikh Ahmed Omar Al Qassimi	Director
Abdallah Rashed Alabdouli	Director
Mohamed Ghobash Al Marri	Director
Mouza Mohamed Majed Al Zaabi	Director
Yasir Abdulla Mohammed Alahmad	Director

#### **AUDITORS**

The consolidated financial statements for the year ended 31<sup>st</sup> December 2025 have been audited by M/s. Grant Thornton. They remain eligible for re-appointment with a different signing partner and have expressed their willingness to be re-appointed.

On behalf of the Board,

Abdul Aziz Abdullah Al Zaabi  
Chairman



## INDEPENDENT AUDITOR'S REPORT To the Shareholders of RAK Properties P.J.S.C.

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

#### Opinion

We have audited the consolidated financial statements of RAK Properties P.J.S.C. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statements 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 Group as at 31 December 2025 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), together with the 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 the requirements of IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key matters to be communicated in our report.



## INDEPENDENT AUDITOR'S REPORT To the Shareholders of RAK Properties P.J.S.C.

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

#### Key Audit Matters (continued)

##### *i) Valuation of investment properties*

As at 31 December 2025, the Group owns a portfolio of investment properties amounting to AED 1,406,611 thousand (2024: AED 1,577,216 thousand) which comprise of commercial properties, residential properties and various parcels of land. The Group recorded net fair value gain in the consolidated statement of profit or loss amounting to AED 44,765 thousand during the year ended 31 December 2025 (2024: AED 65,899 thousand) (Note 6). Determining the value of these properties is a significant judgement area and is underpinned by a number of assumptions.

These investment properties are stated at their fair values as determined by a professionally qualified independent real estate valuer engaged by the Group (the "external real estate valuer"). The valuation process involves significant judgements in determining and estimating the underlying assumptions to be applied. Assessment of the fair value requires management to make significant estimates and judgements. This, together with the inherent volatility in the property market, warrants specific audit focus in this area as any inaccuracies in determining the fair value of investment properties could have a material impact on the carrying value of the Group's investment properties in the consolidated financial statements.

Our audit procedures, among others, included:

- We obtained the property valuation assessment reports prepared by the external real estate valuer;
- We have evaluated the qualifications and competence of the external real estate valuer to determine their capability to perform the scope of their work and read the terms of the engagement of the external valuer with the Group, to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;
- We involved our real estate valuation specialist, who on a sample basis, reviewed valuation methodologies used in the valuation process and challenged assumptions used in the valuation by comparing them against historical and available industry data, taking into consideration comparability and market factors;
- We assessed whether the valuation methods used are in accordance with the established standards for valuation of the investment properties and determining the fair value;
- On sample basis, we performed audit procedures to assess whether the source data used for determining the fair value are reasonable by comparing it to the underlying supporting information;
- We have assessed if there are any significant triggers during the audit period that would have a significant impact on the value of the properties; and
- We assessed the adequacy and sufficiency of the associated disclosures in the consolidated financial statements are in accordance with the requirements of IFRS Accounting Standards.



## INDEPENDENT AUDITOR'S REPORT To the Shareholders of RAK Properties P.J.S.C.

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

#### Key Audit Matters (continued)

##### *ii) Assessment of net realisable value of trading properties and trading properties under development*

As at 31 December 2025, the Group holds trading properties amounting to AED 31,247 thousand (2024: AED 38,705 thousand) and trading properties under development amounting to AED 2,537,678 thousand (2024: AED 2,457,989 thousand) (Notes 7 and 11). Determining the value of these properties is a significant judgement area and is underpinned by a number of assumptions (Note 4.28)

Trading properties and trading properties under development are measured at the lower of cost and net realisable value ("NRV") in accordance with IAS 2 Inventories. To support the assessment of NRV for a substantial portion of these balances, the Group engaged an independent professionally qualified real estate valuer (the "external real estate valuer"). The determination of NRV requires the use of key assumptions and involves significant judgement by both management and the external valuer. Given the estimation uncertainty inherent in this process and the volatility of the property market, this area required significant audit attention, as any misstatement in the NRV assessment could materially affect the carrying amounts of these properties in the consolidated financial statements.

Our audit procedures, among others, included:

- We obtained the valuation assessment report prepared by the external real estate valuer;
- We have evaluated the qualifications and competence of the external real estate to determine their capability to perform the scope of their work and read the terms of the engagement of the external valuer with the Group, to determine whether there were any matters that might have affected their objectivity or limited the scope of their work;
- We involved our real estate valuation specialist, who on a sample basis, reviewed valuation methodologies used in the valuation process and challenged assumptions used in the valuation by comparing them against historical and available industry data, taking into consideration comparability and market factors;
- On a sample basis, for additions to trading properties and trading properties under development, we have verified the underlying supporting documents;
- On sample basis, we performed audit procedures to assess whether the source data used for determining the net realizable value are reasonable by comparing it to the underlying supporting information;
- On a sample basis, we have performed sensitivity analysis on the significant assumptions to evaluate the extent of the impact of changes in the key assumptions to the conclusions reached;
- We have assessed if there are any significant triggers during the audit period that would have a significant impact on the value of the properties;
- On sample basis, we tested the net realizable value of trading properties by comparing property cost to the recent comparable sales; and
- We assessed the adequacy and sufficiency of the associated disclosures in the consolidated financial statements are in accordance with the requirements of IFRS Accounting Standards.



## INDEPENDENT AUDITOR'S REPORT To the Shareholders of RAK Properties P.J.S.C.

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

#### Key Audit Matters (continued)

##### *iii) Revenue recognition from sale of trading properties under development*

The Group recognizes revenue on sale of trading properties under development in accordance with IFRS 15 "Revenue from Contracts with Customers" For trading properties under development, revenue is recognised over time when the terms of the sale and purchase agreements indicate that control transfers to the customer as the development progresses.

Revenue recognition for these properties was considered a key audit matter due to the significant estimation uncertainty involved. The Group must estimate total development and infrastructure costs required to satisfy its performance obligations under each contract, which directly determines the measurement of progress and the timing of revenue recognition. These estimates are inherently uncertain because they depend on factors such as the accuracy of project budgets, potential design modifications, contractor performance, cost escalations, and the timing of infrastructure completion. Changes in any of these elements can materially affect the percentage of completion and, consequently, the amount of revenue recognised at each reporting date. Given the significant estimates involved and the potential impact on the consolidated financial statements, this area required significant audit attention.

Our audit procedures, among others, included:

- We assessed the appropriateness of the revenue recognition accounting policies adopted by the Group and its compliance with the requirements of IFRS Accounting Standards;
- We obtained an understanding of the process implemented by the Group for revenue recognition and measurement in respect of the sale of properties;
- We inspected a sample of contracts with customers for sale of properties and assessed management's identification of performance obligations and their determination of whether revenue should be recognised over time or at a point in time in accordance with the requirements of IFRS 15, "Revenue from Contracts with Customers" by making reference to the terms and conditions specified in the contracts;
- For sale of properties where it was determined by the Group's management to recognise revenue over a period of time, on a sample basis, we assessed the contractual arrangements with the customers and the reasonableness of the costs estimated to complete the underlying project development;
- For sale of trading properties under development, on a sample basis, we have assessed the appropriateness of percentage of completion of the underlying project development by reference to costs incurred to date compared to the estimated total costs;
- On a sample basis, we have assessed the adequacy of the total estimated cost to complete the underlying project development through the comparing these to supporting construction contracts, retrospective review of previous estimated cost of completion and other relevant information;
- For costs incurred to date, we have tested, on a sample basis, items of cost components by comparing these to the relevant supporting documents including payment certification and invoices to ascertain the occurrence and accuracy of the costs of work done;
- We assessed the disclosures made in the consolidated financial statements is in accordance with the requirements of IFRS Accounting Standards.



## **INDEPENDENT AUDITOR'S REPORT To the Shareholders of RAK Properties P.J.S.C.**

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

#### **Other Information**

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information 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, their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 (as amended) and Articles of Association, 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.

The Board of Directors 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.
- 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.



## **INDEPENDENT AUDITOR'S REPORT To the Shareholders of RAK Properties P.J.S.C.**

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidenced 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 disclosure 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 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 consolidated 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 to those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated to 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 and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on other Legal and Regulatory Requirements**

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

- i) We have obtained all the information we considered necessary for the purposes of our audit;
- ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 (as amended);
- iii) The Group has maintained proper books of accounts in accordance with established accounting principles;
- iv) The financial information included in the Board of Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;



## INDEPENDENT AUDITOR'S REPORT To the Shareholders of RAK Properties P.J.S.C.

### Report on other Legal and Regulatory Requirements (continued)

- v) Note 8 and Note 9 to the consolidated financial statements discloses investment in securities by the Group during the financial year ended 31 December 2025;
- vi) Note 25 to the consolidated financial statements discloses material related party transactions and balances, and the terms under which they were conducted;
- vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 (as amended), or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2025; and
- viii) Note 21 to these consolidated financial statements discloses social contributions during the financial year ended 31 December 2025.

### GRANT THORNTON UAE

  
Farouk Mohamed  
Registration No: 86  
Sharjah, United Arab Emirates



5 February 2026

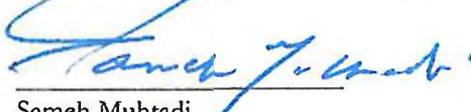
## RAK Properties P.J.S.C. and its subsidiaries

### Consolidated statement of financial position As at 31 December 2025

ASSETS	Notes	2025 AED '000	2024 AED '000
<b>Non-current assets</b>			
Property and equipment	5	1,884,425	1,822,861
Investment properties	6	1,406,611	1,577,216
Trading properties under development	7	2,291,964	2,403,580
Investments at fair value through other comprehensive income	8	17,440	18,176
Investment in joint ventures	9	99,936	77,045
Trade and other receivables	10	687,654	559,866
<b>Total non-current assets</b>		<b>6,388,030</b>	<b>6,458,744</b>
<b>Current assets</b>			
Trading properties under development	7	245,714	54,409
Trading properties	11	33,829	41,115
Trade and other receivables	10	1,520,686	995,131
Bank balances and cash	12	517,909	462,590
<b>Total current assets</b>		<b>2,318,138</b>	<b>1,553,245</b>
<b>TOTAL ASSETS</b>		<b>8,706,168</b>	<b>8,011,989</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	3,000,000	3,000,000
Share premium	13	114,120	114,120
Treasury shares	13	(3,208)	(22,615)
Statutory reserve	14	1,068,522	1,028,092
Other reserves	15	724,662	722,571
Retained earnings		1,037,874	684,829
<b>Total equity</b>		<b>5,941,970</b>	<b>5,526,997</b>
<b>Non-current liabilities</b>			
Deferred government grants	6	333,694	347,538
Employees' end-of-service benefits	16	10,239	8,003
Bank borrowings	17	569,003	742,175
Deferred tax liability	23	10,139	5,478
Trade payable, accruals and other liabilities	18	700,314	354,434
<b>Total non-current liabilities</b>		<b>1,623,389</b>	<b>1,457,628</b>
<b>Current liabilities</b>			
Bank borrowings	17	441,962	519,884
Provision for income tax	23	35,743	21,762
Trade payable, accruals and other liabilities	18	663,104	485,718
<b>Total current liabilities</b>		<b>1,140,809</b>	<b>1,027,364</b>
<b>Total liabilities</b>		<b>2,764,198</b>	<b>2,484,992</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,706,168</b>	<b>8,011,989</b>

These consolidated financial statements for the year ended 31 December 2025, were approved by the Board of Directors and authorised for issuance on 5 February 2026 and signed on their behalf by:

  
Abdul Aziz Abdullah Al Zaabi  
Chairman

  
Sameh Muhtadi  
Chief Executive Officer

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

## RAK Properties P.J.S.C. and its subsidiaries

### Consolidated statement of profit or loss For the year ended 31 December 2025

	Notes	2025 AED '000	2024 AED '000
Revenue	19	1,837,449	1,406,318
Cost of revenue	20	(1,129,628)	(863,398)
<b>GROSS PROFIT</b>		<b>707,821</b>	<b>542,920</b>
Selling, marketing and administrative expenses	21	(294,826)	(252,323)
Net change in fair value of investment properties	6	44,765	65,899
Share of profit in joint ventures	9	6,074	8,976
Gain on sale of investment properties	6	5,909	-
Other income	19	30,133	7,908
<b>OPERATING PROFIT</b>		<b>499,876</b>	<b>373,380</b>
Finance costs	22	(74,359)	(89,580)
Finance income	22	18,314	27,605
Net change in fair value of investments through profit or loss	8	-	(3,249)
<b>PROFIT FOR THE YEAR BEFORE TAX</b>		<b>443,831</b>	<b>308,156</b>
Income tax expense	23	(39,529)	(27,240)
<b>NET PROFIT FOR THE YEAR AFTER TAX</b>		<b>404,302</b>	<b>280,916</b>
Earnings per share for the year – basic and diluted (AED)	24	<b>0.135</b>	0.111

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

## RAK Properties P.J.S.C. and its subsidiaries

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

		2025 AED '000	2024 AED '000
<b>NET PROFIT FOR THE YEAR AFTER TAX</b>	Note	404,302	280,916
<b>Other comprehensive loss:</b>			
<i>Items that will not be reclassified to profit or loss in subsequent years:</i>			
Net change in fair value of investments at fair value through other comprehensive income	8	(736)	(1,779)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>403,566</u>	<u>279,137</u>

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

## RAK Properties P.J.S.C. and its subsidiaries

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

	Share capital AED '000	Share premium AED '000	Statutory reserve AED '000	Treasury shares AED '000	Retained earnings AED '000	Other reserves AED '000	Total equity AED '000
Balance at 1 January 2024	2,000,000	-	1,000,000	-	589,778	714,577	4,304,355
Profit for the year after tax	-	-	-	-	280,916	-	280,916
Other comprehensive loss for the year	-	-	-	-	-	(1,779)	(1,779)
Total comprehensive income for the year	-	-	-	-	280,916	(1,779)	279,137
Issuance of stock dividend (Note 13)	80,000	-	-	-	(80,000)	-	-
Dividends (Note 13)	-	-	-	-	(60,000)	-	(60,000)
Additional capital issued (Note 13)	920,000	114,120	-	-	-	-	1,034,120
Treasury shares (Note 13)	-	-	-	(22,615)	-	-	(22,615)
Board of Directors' remuneration (Note 25)	-	-	-	-	(8,000)	-	(8,000)
Transfer to retained earnings on disposal of investments designated at FVOCI	-	-	-	-	(5,984)	5,984	-
Transfer to statutory reserve (Note 14)	-	-	28,092	-	(28,092)	-	-
Transfer to other reserves (Note 15)	-	-	-	-	(3,789)	3,789	-
Balance at 31 December 2024	3,000,000	114,120	1,028,092	(22,615)	684,829	722,571	5,526,997
Profit for the year after tax	-	-	-	-	404,302	-	404,302
Other comprehensive loss for the year	-	-	-	-	-	(736)	(736)
Total comprehensive income for the year	-	-	-	-	404,302	(736)	403,566
Treasury shares (Note 13)	-	-	-	19,407	-	-	19,407
Board of Directors' remuneration (Note 25)	-	-	-	-	(8,000)	-	(8,000)
Transfer to statutory reserve (Note 14)	-	-	40,430	-	(40,430)	-	-
Transfer to other reserves (Note 15)	-	-	-	-	(2,827)	2,827	-
Balance at 31 December 2025	3,000,000	114,120	1,068,522	(3,208)	1,037,874	724,662	5,941,970

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

## RAK Properties P.J.S.C. and its subsidiaries

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

	Notes	2025 AED '000	2024 AED '000
<b>Cash flows from operating activities</b>			
Profit before tax for the year		443,831	308,156
<i>Adjustments for:</i>			
Depreciation	5	70,370	71,758
Provision for employees' end-of-service benefits	16	3,569	3,206
Dividend income		-	(296)
Net change in fair value of investments at fair value through profit or loss	8	-	3,249
Net change in fair value of investment properties	6	(44,765)	(65,899)
Gain on sale of investment properties	6	(5,909)	-
Expected credit losses on trade, contract and other receivables	10	7,785	3,091
Share of profit in joint ventures	9	(6,074)	(8,976)
Amortisation of government grant	6	(13,844)	(22,124)
Gain on disposal of property and equipment		-	(90)
Finance income		(18,314)	(27,605)
Finance costs	22	74,359	89,580
<b>Cash from operations before working capital changes</b>		<b>511,008</b>	<b>354,050</b>
Trading properties		5,870	19,191
Trading properties under development		(76,644)	34,335
Trade and other receivables		(708,262)	(465,632)
Trade payable, accruals and other liabilities		521,457	300,236
<b>Net cash flows from operations</b>		<b>253,429</b>	<b>242,180</b>
Employees end of service benefits paid	16	(1,333)	(838)
Income tax paid		(20,887)	-
<b>Net cash flows generated from operating activities</b>		<b>231,209</b>	<b>241,342</b>
<b>Cash flows from investing activities</b>			
Additions to property and equipment	5	(72,487)	(74,540)
Additions to investment properties		(220)	(20,015)
Interest received		18,895	14,875
Dividend received		-	296
Proceed from sale of property and equipment		-	90
Proceeds from disposal of investment		-	315
Proceeds from disposal of investment properties	6	146,483	-
<b>Net cash flows generated from/(used in) investing activities</b>		<b>92,671</b>	<b>(78,979)</b>
<b>Cash flows from financing activities</b>			
Dividend paid	27	(6)	(60,000)
Net movement of treasury shares (net)		62,531	(22,615)
Bank borrowings availed	17	24,550	203,689
Bank borrowings repaid	17	(211,355)	(165,752)
Interest paid		(71,986)	(95,813)
Board of directors' remuneration paid	25	(8,000)	(8,000)
<b>Net cash flows used in financing activities</b>		<b>(204,266)</b>	<b>(148,491)</b>
<b>Net change in cash and cash equivalents</b>		<b>119,614</b>	<b>13,872</b>
Cash and cash equivalents at the beginning of the year		115,889	102,017
<b>Cash and cash equivalents at the end of the year</b>	12	<b>235,503</b>	<b>115,889</b>

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

# RAK Properties P.J.S.C. and its subsidiaries

## Notes to the consolidated financial statements For the year ended 31 December 2025

### 1 Corporate information

RAK Properties P.J.S.C. (the "Company") is a public joint stock company established under Emiree Decree No. 5 issued by the Ruler of the Emirate of Ras Al Khaimah on 16 February 2005 and commenced its operations on 2 June 2005. The Company is listed in the Abu Dhabi Securities Exchange, United Arab Emirates ("UAE"). The registered office of the Company is P.O. Box 31113, Ras Al Khaimah, UAE.

The consolidated financial statements as at and for the year ended 31 December 2025 comprises the Company and its subsidiaries (collectively referred to as "the Group").

The principal activities of the Group are investment in and development of properties, property management, hotel operations, marina management and related services.

The consolidated financial statements were authorised for issue on 5 February 2026.

### 2 Basis of preparation

#### (a) Statement of compliance

These consolidated financial statements of the Group have been prepared on going concern basis in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), applicable provision of the Articles of Association of the Company and UAE Federal Decree Law No. 32 of 2021(as amended).

#### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and investments, which are carried at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### (c) Functional and presentational currency

These consolidated financial statements are prepared in Arab Emirates Dirhams ("AED"), which is the functional currency of the Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

#### (d) Basis of consolidation

The consolidated financial statements incorporate the financial results of the Company and the below Subsidiaries.

Subsidiary	Country of incorporation	Ownership %	
		31 December 2025	31 December 2024
RAK Properties International Limited	UAE	100%	100%
Lagoon Marina Ship Management & Operation LLC	UAE	100%	100%
RAK Properties Tanzania Limited	Tanzania	100%	100%
Dolphin Marina Limited	Tanzania	100%	100%
Intercontinental RAK Mina Al Arab Resorts & Spa L.L.C	UAE	100%	100%
RAK Properties Gayreimenkul Pazarlama Anonim Sirketi	Turkey	100%	100%
Anantara Mina Al Arab Ras Al Khaimah Resort LLC	UAE	100%	100%
MINA Management Supervision Services for Owners Associations LLC OPC *	UAE	100%	-

\* Incorporated during the year and have yet to commence operating activities.

The principal activities of above subsidiaries are investment and development of properties, property management and hotel operations, marina management and related services.

## RAK Properties P.J.S.C. and its subsidiaries

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

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

##### **(d) Basis of consolidation (continued)**

###### **Subsidiaries**

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the Investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are adjusted and eliminated in full on consolidation.

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 related assets (including goodwill), liabilities, noncontrolling interest and other components of equity, while any resultant gain or loss is recognised in the consolidated statement of comprehensive income. Any investment retained is recognised at fair value.

##### **(e) Joint arrangements**

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group assessed the nature of its joint arrangement and determined it to be a joint venture. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in consolidated statement of comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### **3 New or Revised Standards or Interpretations**

##### **New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the consolidated financial statements in the current year are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards and interpretations effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued that is not yet effective.

- Lack of Exchangeability (Amendments to IAS 21)

These amendments did not have a significant impact on these consolidated financial statements, and therefore, the disclosures have not been made.

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

Other standards, amendments and interpretations 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 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: Disclosures'
- Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- IFRS 18 'Presentation and Disclosure in Financial Statements'

The IASB issued IFRS 18, 'Presentation and Disclosure in the Financial Statements' which will supersede IAS 1 'Presentation of Financial Statements' and applies to annual reporting periods beginning on or after January 1, 2027. IFRS 18 introduces new presentation and disclosure requirements of additional totals in the statement of profit or loss, a new note which discloses management-defined performance measures and enhancements to the requirements for aggregation and disaggregation.

IFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, but it might change what is reported as its 'operating profit or loss'. Management is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's consolidated statement of comprehensive income, the consolidated statements of cash flows and the additional disclosures required.

The remaining above standards, amendments and interpretations 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.

#### **4 Material Accounting Policies**

##### **4.1 Overall Consideration**

The preparation of the Group's consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### 4 Material Accounting Policies (continued)

##### 4.2 Revenue Recognition

The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15 Revenue from contracts with customers:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

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

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

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

##### *(a) Revenues from the sale of properties*

The Group enters into contracts with customers to sell property that are either completed or under development.

##### *- Completed property*

The sale of completed property constitutes a single performance obligation and the Group has determined that this is satisfied at the point in time when the title deed is transferred.

##### *- Under development property*

For contracts relating to the sale of property under development, the Group is responsible for the overall management of the project and accounts for such contracts as a single performance obligation. The Group has determined that, for sale of under development property, based on the sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, its performance does not create an asset with alternative use to the Group and it has concluded that, at all times, it has an enforceable right to payment for performance completed to date. Therefore, control transfers over time for these contracts.

For contracts that meet the over-time revenue recognition criteria, the Group's performance is measured using an input method, by reference to the costs incurred to the satisfaction of a performance obligation relative to the total expected inputs to the completion of the property. In applying the input method, the Group estimates the cost to complete the projects in order to determine the amount of revenue to be recognised. These estimates include the cost of providing infrastructure, potential claims by contractors and the cost of meeting other contractual obligations to the customers.

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

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### **4 Material Accounting Policies (continued)**

##### **4.2 Revenue Recognition (continued)**

###### *(a) Revenues from the sale of properties (continued)*

###### *- Other consideration related to the sale of property*

In determining the transaction price, the Group considers the effects of the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

When a significant financing component is identified, the Group is required to adjust the promised amount of consideration for the effects of the time value of money. This is because the Group is required to recognise revenue at an amount that reflects the price that the customer would have paid for the promised goods or services if the customer had paid in cash for those goods or services when (or as) they transfer to the customer.

For sale of property, the Group is required to incorporate the element of significant financing component in the trade and contract receivables recorded by the Group as the transaction implicitly gives a financing facility to the customer to pay the amount in future.

The Group usually repossesses properties from customers upon a default by them in fulfilling their contractual obligations. Such properties are measured at their fair value less cost to sell at the repossession date. The difference between such fair value less cost to sell the properties repossessed and the carrying amount of the trade receivables and contract assets is recognised in the consolidated statement of comprehensive income, as follows: (a) if higher, as revenue; and (b) if lower, as an impairment loss against the trade receivables and contract assets.

###### *(b) Revenue recognition for hotel operations*

Revenue from contracts with customers is recognised when control of the goods are transferred or services rendered to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring to the customer, has pricing latitude and is also exposed to inventory and credit risks.

Revenue is measured at the fair value of the consideration received or receivable net of discounts, service charges and municipality taxes, taking into account contractually defined terms of payment and excluding taxes and duty.

###### *(i) Room revenue*

Rooms revenue represents revenue generated from the accommodation provided to its customers in respect to rooms' accommodation. Performance obligation is satisfied, and revenue is recognised over the passage of time based on period of stay of customers. Based on the assessment performed by the Group's management, the customers do not have right of returns, there are no variable considerations, warranty obligations or material loyalty points. Generally, advances are received from customers which are disclosed under contract liabilities. Using practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of promised good or service to the customer and when the customer pays for that good or service will be one year or less.

###### *(ii) Revenue from food and beverage, other departments, and service charge*

Performance obligation for food and beverage, other departments, and service charge is satisfied and revenue is recognised at a point in time, which is generally upon fulfilment of the customer order and provision of services to customers.

###### *(c) Facility management income*

Revenue from services such as property management and facilities management is recognised in the period in which the services are rendered over the period of time.

###### *(d) Leasing income*

Leasing income from operating leases is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total lease income, over the term of the lease.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### 4 Material Accounting Policies (continued)

##### 4.2 Revenue Recognition (continued)

###### *(e) Forfeiture income*

The Group proceeds to terminate contracts and recognise forfeiture income as other income in the consolidated statement of profit or loss when, in cases where a customer does not fulfil the contractual payment terms and the contract of sale is terminated.

##### 4.3 Contract balances

###### *Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

###### *Trade receivables*

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under the section, "Financial Instruments – initial recognition and subsequent measurement".

###### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

###### *Cost to obtain a contract*

The Group pays sales commission to its employees for contracts that they obtain to sell certain units of property and capitalises the incremental costs of obtaining a contract that meet the criteria in IFRS 15. These costs are recognised in the consolidated statement of profit or loss coinciding with the revenue recognition for such property.

##### 4.4 Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated financial statements.

##### 4.5 Finance Income

Finance income mainly comprises interest income on fixed deposits. Interest income is recognised in the consolidated statement of profit or loss as it accrues, using the effective interest rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipt through the expected life of the financial asset or liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

##### 4.6 Dividend income

Dividend income is recognised in the consolidated statement of profit or loss on the date on which the Group's right to receive payment is established.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### 4 Material Accounting Policies (continued)

##### 4.7 Property and equipment including capital work-in-progress

###### *Recognition and measurement*

Items of property and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items of property and equipment

Any gain or loss on disposal of an item of property and equipment is recognised in the consolidated statement of profit or loss.

###### *Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. When significant parts of equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

###### *Derecognition*

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

###### *Depreciation*

Depreciation is recognised in the consolidated statement of profit or loss on a straight-line basis over the estimated useful life of each part of an item of property and equipment. Land is not depreciated. The estimated useful lives for are as follows:

Buildings	20-40 years
Hotel equipment	15 years
Furniture and fixtures	4 years
Computer and office equipment	4 years
Motor vehicles	4 years

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

###### *Capital work-in-progress*

Capital work-in-progress is stated at cost less accumulated impairment losses (refer accounting policy on impairment), if any, until the construction is complete. Upon completion of construction, the cost of such asset together with the cost directly attributable to construction are transferred to the respective class of assets. No depreciation is charged on capital work-in-progress.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### **4 Material Accounting Policies (continued)**

##### **4.8 Investment properties**

###### *Recognition*

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

###### *Measurement*

Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are accounted for using fair value model. Any gain or loss arising from a change in fair value is recognised in the consolidated statement of profit or loss. Where the fair value of investment property under development is not reliably determinable, such property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable.

###### *Transfer from trading properties to investment properties*

Certain trading properties are transferred to investment properties when there is a change in the use of the properties. Trading properties are transferred to investment properties at carrying value. Subsequent to initial measurement, such properties are valued at fair value in accordance with the measurement policy for investment properties.

###### *Transfer from investment properties to trading properties*

Properties are transferred from investment properties to trading properties when there is a change in use of the property. Such transfers are made at the carrying value of the properties at the date of transfer. Fair value at the date of reclassification becomes the cost of properties transferred for subsequent accounting purposes. Subsequent to the transfer, such properties are valued at lower of cost or net realisable value in accordance with the measurement policy for trading properties.

###### *Transfer from investment properties to owner-occupied properties*

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

###### *Transfer from owner-occupied property to investment properties*

When the use of a property changes from owner-occupied to investment property, the property is transferred to investment properties at carrying value. Subsequent to initial measurement, such properties are valued at fair value in accordance with the measurement policy for investment properties.

##### **4.9 Trading properties and trading properties under development**

Land and buildings identified as trading properties based on underlying masterplan, including buildings under construction, are classified as such and are stated at the lower of cost and estimated net realisable value. The cost of trading properties under development comprises construction costs and other related direct costs. Net realisable value is the estimated selling price in the ordinary course of the business based on market prices at the reporting date, less cost of completion and estimated cost of sale.

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

Cost of trading properties recognised in the consolidated income statement on sale is determined on the basis of specific identification of their individual costs. The classification of trading properties under development as current and non-current depends upon the expected date of their completion.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### 4 Material Accounting Policies (continued)

##### 4.10 Financial Instruments

###### (i) Classification and measurement

###### *Financial assets*

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). The classification of financial assets under IFRS 9 is generally based on the Group's business model in which a financial asset is managed and its contractual cash flow characteristics. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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

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

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

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

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition.

###### *Financial liabilities*

Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual agreements. Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivative instrument as appropriate. The Group determines the classification of its financial liabilities at the initial recognition.

###### *Trade payable, accruals and other liabilities*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

###### *Loans and borrowings*

Term loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### **4 Material Accounting Policies (continued)**

##### **4.10 Financial Instruments (continued)**

###### *(ii) Subsequent measurement*

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

###### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

###### *Equity instruments at fair value through other comprehensive income*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

###### *Financial assets at amortised cost*

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

###### *Financial liabilities*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the amortisation process.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### 4 Material Accounting Policies (continued)

##### 4.10 Financial Instruments (continued)

###### *(iii) Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group measures impairment allowances using the simplified approach. Under this approach, the Group categorises its financial assets under a three stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for the financial assets that are not measured at FVPL or FVOCI. Financial assets migrate through three stages based on the change in credit risk since initial recognition.

The three-stage ECL model is based on the change in credit quality of financial assets since initial recognition.

- Under Stage 1, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded.
- Under Stage 2, where there has been a significant increase in credit risk since initial recognition but the financial instruments are not considered as credit impaired, an amount equal to the default probability-weighted lifetime ECL will be recorded.
- Under the Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments are classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets.

The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

###### ***Measurement of ECL***

The Group employs statistical models for ECL calculations.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

###### ***Credit-impaired financial assets***

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

###### ***Presentation of impairment***

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

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### 4 Material Accounting Policies (continued)

##### 4.10 Financial Instruments (continued)

###### (iv) Derecognition

###### *Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

###### *Financial liabilities*

The Group derecognises a financial liability when, and only when, its contractual obligations are discharged, cancelled, or they expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of profit or loss.

###### (v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position if there is a legally enforceable right to set off the amounts and there is an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### 4.11 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The results of the operating segments are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment, costs incurred for purchase of investment properties or redevelopment of existing investment properties and costs incurred towards development of properties which are either intended to be sold or transferred to investment properties.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### **4 Material Accounting Policies (continued)**

##### **4.12 Impairment of non-financial assets**

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

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

##### **4.13 Equity and reserves**

###### ***Share capital***

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

###### ***Share premium***

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

###### ***Other reserves***

Reserves include statutory reserve, general reserve, fair value reserve and reserve for replacement of furniture, fixture and equipment. Refer to Notes 14 and 15 for full disclosures about the nature of each reserve.

###### ***Treasury shares***

Treasury shares are equity instruments that are reacquired and recognised at cost and deducted from equity. No gain or loss is recognised in consolidated statement of profit or loss on the purchase, sale, issue, or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium. Such treasury shares may be acquired and held by the entity or by a third party on behalf of the Company. Consideration paid or received is recognised directly in equity.

###### ***Retained earnings and dividends***

Retained earnings include all current year profit and prior periods retained earnings, net of any dividends distributed.

Dividends are recorded when these dividends are approved in general meeting prior to the reporting date. Dividend distribution to the shareholders is recognised as a liability in the consolidated statement of financial position in the period in which the dividends are approved by the shareholders and derecognised when paid.

All transactions with shareholders are recorded separately within the consolidated statement of changes in equity.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### **4 Material Accounting Policies (continued)**

##### **4.14 Government grants**

Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. They are then recognised in the consolidated statement of profit or loss within cost of revenue on a systematic basis upon the fulfilment of conditions stipulated by the Government.

Such grants are generally received with the implicit condition that they are to be utilised for development, and accordingly, the fulfilment of the condition is estimated based on the progress of development activities.

##### **4.15 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the year in which they are incurred.

##### **4.16 Provisions and accruals**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### **4.17 Employee benefits**

###### *Defined contribution plan*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

UAE national employees of the Group are members of the Government-managed retirement pension and social security benefit scheme pursuant to U.A.E. labour law no. 7 of 1999. The Group is required to contribute 12.5% of the “contribution calculation salary” of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% or 11% depending on the employees start date and 2.5% of the “contribution calculation salary” respectively, to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent a cash refund or a reduction in future payments is available.

###### *Provision for employees' end of service benefits*

Provision is made for the full amount of end of service benefit due to non-UAE national employees in accordance with the UAE Labour Law and is based on current remuneration and their period of service at the end of the reporting period.

The accrual relating to leave passage is disclosed as a current liability, while the provision relating to end of service indemnity is disclosed as a non-current liability.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### 4 Material Accounting Policies (continued)

##### 4.17 Employee benefits (continued)

###### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

###### *Directors' remuneration*

Pursuant to Article 169 of the Federal Law No. 32 of 2021 and in accordance with Article of association of the Company, the Directors shall be entitled for remuneration, which shall not exceed 10% of the net profit after tax for the year.

##### 4.18 Foreign currency

Transactions in foreign currency are translated into the respective functional currencies of the Group companies at the exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Foreign currency differences are generally recognised in the consolidated statement of profit or loss.

###### *Foreign operations*

The results and financial position of all the foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- (ii) Income and expenses for each statement of profit or loss are translated at average exchange rates; and
- (iii) All resulting exchange differences are recognised as a separate component of equity.

In 2022, Turkey became a hyperinflationary economy. Management performed an assessment of the impact of applying IAS 29 Financial Reporting in Hyperinflationary Economies and have determined that the impact of applying IAS 29 is not material to the consolidated financial statements of the Group.

##### 4.19 Fair value measurement

The Group measures certain financial instruments such as financial assets (investments) at FVPL, and certain non-financial assets such as investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### **4 Material Accounting Policies (continued)**

##### **4.19 Fair value measurement (continued)**

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group has an established control framework with respect to the measurement of fair values.

This includes a management team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The management team regularly reviews significant unobservable inputs and valuation adjustments.

External valuers are involved for valuation of significant assets, such as properties. If third party is used to measure fair values, the management team discusses with the valuer the valuation techniques and inputs to use and assesses the evidence obtained from the third party to support the conclusion that such valuations meet the requirements of IFRS Accounting Standards, including the level in the fair value hierarchy in which such valuations should be classified.

##### **4.20 Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

##### **4.21 Inventories**

Inventories are stated at the lower of cost and net realisable value with due allowance for any obsolete or slow-moving items. Costs are those expenses incurred in bringing each product to its present location and condition on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

##### **4.22 Earnings per share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### 4 Material Accounting Policies (continued)

##### 4.23 Leases

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

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

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

##### *Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the consolidated statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

##### 4.24 Taxation

###### Current tax

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

###### Deferred tax assets and liabilities

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

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

Deferred tax assets for unused tax losses, unused tax credits and deductible temporary differences are only recognised to the extent that it is probable that future taxable profits will be available against which they can be used and are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be subject to the top-up tax.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary difference when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### **4 Material Accounting Policies (continued)**

##### **4.25 Current versus non-current classification**

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no substantive rights at the reporting date to defer settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

##### **4.26 Significant accounting judgements, assumptions and estimates**

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

##### **4.27 Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

###### **(i) Revenue from contracts with customers**

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

###### ***Determining the timing of revenue recognition on the sale of property under development***

The Group has evaluated the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contract. The Group has concluded that contracts relating to the sale of completed property are recognised at a point in time when control transfers.

For contracts relating to the sale of property under development, the Group recognises the revenue over a period of time as the Group's performance does not create an asset with alternative use. Furthermore, the Group has an enforceable right to payment for performance completed to date.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### **4 Material Accounting Policies (continued)**

##### **4.27 Judgements (continued)**

###### **(i) Revenue from contracts with customers (continued)**

###### *Determining the timing of revenue recognition on the sale of property under development (continued)*

It has considered the factors that indicate that it is restricted (contractually or practically) from readily directing the property under development for another use during its development. In addition, the Group is, at all times, entitled to an amount that at least compensates it for performances completed to date. In making this determination, the Group has carefully considered the contractual terms as well as local legislations.

The Group has determined that the input method is the best method for measuring progress for these contracts because there is a direct relationship between the costs incurred by the Group and the transfer of goods and services to the customer.

###### *Consideration of significant financing component in a contract*

For contracts involving the sale of property, the Group is entitled to receive an initial deposit. The Group concluded that this is not considered a significant financing component because it is for reasons other than the provision of financing to the Group. The initial deposits are used to protect the Group from the other party failing to adequately complete some or all of its obligations under the contract where customers do not have an established credit history.

###### *Cost to complete projects and project cost accruals*

The Group estimates the cost to complete the projects and project cost accruals in order to determine the cost attributable to revenue being recognised. These estimates include the value attributable to work done till date, 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.

###### **(ii) Leases – Property lease classification – the Group as lessor**

The Group has entered into commercial and residential property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

###### **(iii) Classification of properties**

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property and equipment and/or trading property. The Group develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property and equipment and trading property. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, in particular, the intended usage of property as determined by the management. Trading properties are grouped under current assets, as intention of the management is to sell it within one year from the end of the reporting date.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### **4 Material Accounting Policies (continued)**

##### **4.27 Judgements (continued)**

###### **(iv) Component of cash and cash equivalents**

The cash and cash equivalents shown in the consolidated statement of cash flows are stated net of bank overdrafts that are repayable on demand as these facilities are considered to form an integral part of the treasury management of the Group.

##### **4.28 Key sources of estimation uncertainty**

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

###### ***Valuation of investment properties***

The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation methods. These methods comprise the sales comparable method and discounted cash flow method. The discounted cash flow method requires the use of estimates such as future cash flows from assets (comprising of leasing rates, future revenue streams, construction costs and associated professional fees, and financing cost, etc.), targeted internal rate of return and developer's risk and targeted profit. These estimates are based on local market conditions existing at the end of the reporting period. Under the income capitalisation method, the income receivable under existing lease agreements and projected future rental streams are capitalised at appropriate rates to reflect the investment market conditions at the valuation dates. The Group's undiscounted future cash flows analysis and the assessment of expected remaining holding period and income projections on the existing operating assets requires management to make significant estimates and judgements related to future rental yields and capitalisation rates. Refer Note 28 for the fair valuation of investment properties.

###### ***Estimation of net realisable value for trading properties and trading properties under development***

The Group's management reviews the trading properties and trading properties under development to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recognised in the consolidated statements of profit or loss, the management assesses the current selling prices of the property units and the anticipated costs for completion of such property units for properties which remain unsold at the reporting date. If the current selling prices are lower than the anticipated total cost at completion, an impairment provision is recognised for the identified loss to reduce the cost of development properties to its net realisable value.

###### ***Calculation of expected credit loss allowance***

The Group assesses the impairment of its financial assets based on the ECL model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments. When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### **4 Material Accounting Policies (continued)**

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

###### *Impairment of property and equipment and capital work in progress*

Impairment of property and equipment and capital work in progress The Group reviews its property and equipment and capital work in progress to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recognised in the consolidated statement of profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a reduction in the carrying value of property and equipment or capital work in progress. Accordingly, provision for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property and equipment or capital work in progress.

###### *Useful lives of property and equipment*

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

###### *Valuation of unquoted investments*

Valuation of unquoted investments is normally based on one of the following:

- Recent arm's length market transactions;
- The expected cash flows discounted at current rates applicable for the items and with similar terms and risk characteristics; or
- Other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group calibrates the valuation techniques periodically and tests them for validity using either prices from observable current market transactions in the same instrument or from other available observable market data. Refer to Note 28 for estimates applied and amount involved.

RAK Properties P.J.S.C. and its subsidiaries

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2025

**5 Property and equipment**

	Plots of land AED '000	Buildings AED '000	Hotel equipment AED '000	Furniture and fixtures AED '000	Computer and office equipment AED '000	Motor vehicles AED '000	Capital work -in-progress AED '000	Total AED '000
<b>Cost</b>								
As at 1 January 2024	589,004	703,318	37,829	34,105	10,317	1,809	645,231	2,021,613
Additions	-	11,384	-	8,391	2,160	-	52,605	74,540
Transferred on completion	-	606,725	42,739	36,740	-	-	(686,204)	-
Transfer to trading properties under development (Note 7)	(48,126)	-	-	-	-	-	-	(48,126)
Disposals	-	-	-	-	-	(605)	-	(605)
At 31 December 2024	540,878	1,321,427	80,568	79,236	12,477	1,204	11,632	2,047,422
Additions	-	35,608	-	10,385	1,723	215	24,556	72,487
Transfer from investment properties (Note 6)	-	3,290	-	-	-	-	-	3,290
Transfer from trading properties under development (Note 7)	77,317	-	-	-	-	-	-	77,317
Transfer to trading properties under development (Note 7)	(12,268)	-	-	-	-	-	(8,892)	(21,160)
At 31 December 2025	605,927	1,360,325	80,568	89,621	14,200	1,419	27,296	2,179,356
<b>Accumulated depreciation</b>								
As at 1 January 2024	-	120,436	4,755	17,953	9,250	1,014	-	153,408
Charge for the year	-	45,343	5,364	20,052	749	250	-	71,758
Disposals	-	-	-	-	-	(605)	-	(605)
At 31 December 2024	-	165,779	10,119	38,005	9,999	659	-	224,561
Charge for the year	-	46,284	5,371	17,406	1,030	279	-	70,370
At 31 December 2025	-	212,063	15,490	55,411	11,029	938	-	294,931
<b>Net book value</b>								
As at 31 December 2025	605,927	1,148,262	65,078	34,210	3,171	481	27,296	1,884,425
As at 31 December 2024	540,878	1,155,648	70,449	41,231	2,478	545	11,632	1,822,861

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 5 Property and equipment (continued)

The depreciation charge has been allocated as follows:

	2025 AED '000	2024 AED '000
Selling, marketing and administrative expenses (Note 21)	70,370	65,305
Cost of revenue	-	6,453
<b>At 31 December</b>	<b>70,370</b>	<b>71,758</b>

Plots of land and buildings are primarily located within the United Arab Emirates.

The borrowing cost capitalized during the current year amounted to AED 221 thousand (2024: an amount of AED 331 thousand of borrowing costs capitalised related to construction of hotel properties calculated using an average capitalisation rate of 6.45% (2024: 7.5%) per annum.

Capital work-in-progress as at 31 December 2025 and 2024, mainly represented expenditure incurred on the construction of hotel properties.

Property and equipment pertaining to hotel properties with net book value of AED 1,473,169 thousand as at 31 December 2025 (2024: AED 1,521,932 thousand) and certain other items of property and equipment are mortgaged against bank borrowings (Note 17).

#### 6 Investment properties

	Plots of land AED '000	Buildings AED '000	Capital work -in- progress AED '000	Total AED '000
At 1 January 2024	827,250	705,458	28,098	1,560,806
Cost incurred	-	-	20,015	20,015
Transfer to trading properties under development (Note 7)	(52,961)	-	(6,943)	(59,904)
Transfer to trading properties (Note 11)	(9,600)	-	-	(9,600)
Change in fair value	14,863	51,036	-	65,899
<b>At 31 December 2024</b>	<b>779,552</b>	<b>756,494</b>	<b>41,170</b>	<b>1,577,216</b>
Cost incurred	-	-	220	220
Transfer (to)/from trading properties under development (Note 7)	(31,767)	979	(26,456)	(57,244)
Transfer to investment in a joint venture (Note 9)	(16,817)	-	-	(16,817)
Transfer to property and equipment (Note 5)	-	-	(3,290)	(3,290)
Change in fair value	8,029	36,736	-	44,765
Sales of investment properties	(18,780)	(119,459)	-	(138,239)
<b>At 31 December 2025</b>	<b>720,217</b>	<b>674,750</b>	<b>11,644</b>	<b>1,406,611</b>

The details of valuation techniques and assumptions applied for the measurement of fair value of investment properties are disclosed in Note 28.

Investment properties, including those under development as capital work-in-progress are located in the UAE.

The Group has no restrictions on the realisability of its properties under development and contractual obligations to purchase, construct or develop these properties.

Certain items of investment properties are mortgaged against bank borrowings (Note 17).

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 6 Investment properties (continued)

Following are the details of investment properties sold during the current year:

	2025 AED '000	2024 AED '000
Sales proceeds	146,483	-
Carrying amount of investment properties	(138,239)	-
Sales commission paid	(2,335)	-
<b>Gain on sale of investment properties</b>	<b>5,909</b>	<b>-</b>

The following table shows the net income arising from investment properties:

	2025 AED '000	2024 AED '000
Rental income derived from investment properties (Note 19)	34,367	32,909
Direct operating expenses generating rental income	(3,138)	(4,002)
<b>Net income arising from investment properties carried at fair value</b>	<b>31,229</b>	<b>28,907</b>

#### Capital work-in-progress

Capital work-in-progress relates to the development of commercial and retail properties located in Mina Al Arab, Ras Al Khaimah which will be leased-out to third parties after completion.

Cost incurred includes borrowing costs capitalised during the year amounting to AED 76 thousand (2024: AED 172 thousand), calculated using an average capitalisation rate of 6.45% (2024: 7.5%) per annum.

#### Deferred government grant

The Government of Ras Al Khaimah had granted certain plots of land with an aggregate area of 66,977 thousand square feet on the condition that these plots of land undergo development. The Group has accounted for the portion of land granted as deferred government grant.

This deferred government grant is being released on the fulfilment of the conditions stipulated by the Government of Ras Al Khaimah based on the progress of the development activities.

The following is the movement in the remaining amounts of deferred government grant.

	2025 AED '000	2024 AED '000
At 1 January	347,538	369,662
Amortisation of government grant (Note 20)	(13,844)	(22,124)
<b>At 31 December</b>	<b>333,694</b>	<b>347,538</b>

Amortized amounts are adjusted against the cost of sales as project cost.

Disclosures related to fair value of the investment properties are included in Note 28.

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 7 Trading properties under development

	2025 AED '000	2024 AED '000
At 1 January	2,457,989	1,341,869
Cost incurred during the year	938,611	622,513
Cost recognized as cost of revenue during the year	(857,803)	(656,848)
Transfer from property and equipment (Note 5)	21,160	48,126
Transfer to property and equipment (Note 5)	(77,317)	-
Transfer from investment properties (Note 6)	57,244	59,904
Transfer to trading properties (Note 11)	(2,206)	(10,536)
Land acquired against issuance of additional shares (Note 13)	-	1,034,120
Transferred from advances pertaining to land in Abu Dhabi	-	18,841
<b>At 31 December</b>	<b>2,537,678</b>	<b>2,457,989</b>
Less: classified as current assets	(245,714)	(54,409)
<b>Classified as non-current assets</b>	<b>2,291,964</b>	<b>2,403,580</b>

The following table shows the location wise of the trading properties under development.

	2025 AED '000	2024 AED '000
Inside UAE	2,523,863	2,444,174
Outside UAE	13,815	13,815
	<b>2,537,678</b>	<b>2,457,989</b>

As at 31 December 2025, the management estimated the net realisable value of trading properties under development based on the most reliable evidence available at the reporting date of the amount that the Group is expected to realise from the sale of these properties in its ordinary course of business. These estimates also take into consideration the purpose for which such properties are held. The determination of net realisable value of trading properties under development is based on external valuations using various valuation methodologies and techniques. The valuers are members of professional valuers' associations and have appropriate qualifications and experience in the valuation of properties at the relevant locations.

Based on the independent valuation of net realisable value of trading properties under development, no impairment loss was noted in the current year. (2024: AED Nil).

Certain items of trading properties under development are mortgaged against bank borrowings (Note 17).

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 8 Investments

	2025 AED '000	2024 AED '000
<b>Non-current investments</b>		
<b>At fair value through other comprehensive income</b>		
<b>Investments within UAE</b>		
Unquoted equity investments	1,190	1,259
<b>Investments outside UAE</b>		
Unquoted equity investments	12,930	13,597
Unquoted real estate funds	3,320	3,320
<b>Total investments</b>	<u>17,440</u>	<u>18,176</u>

During the current year, no dividend income were received on these investments (2024: AED 296 thousand).

A reconciliation of investments measured at fair value based on significant unobservable inputs (level 3 fair value) is as follows:

	2025 AED '000	2024 AED '000
At 1 January	18,176	23,519
Disposals during the year	-	(315)
Change at fair value through profit or loss, net	-	(3,249)
Change at fair value through other comprehensive income, net	(736)	(1,779)
<b>At 31 December</b>	<u>17,440</u>	<u>18,176</u>

The details of valuation techniques and assumptions applied for the measurement of fair value of investments are mentioned in Note 28.

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 9 Investments in joint ventures

The movement in the Group investments in joint ventures is summarised below:

	Hive and Mina AED '000	Ellington AED '000	Total AED '000
At 1 January 2024	-	68,069	68,069
Share of profit during the year	-	8,976	8,976
At 31 December 2024	-	77,045	77,045
Transfer of investment property (Note 6)	16,817	-	16,817
Share of profit during the year	-	6,074	6,074
At 31 December 2025	16,817	83,119	99,936

#### *Ellington Development FZ-LLC*

In 2023, the Group entered into a joint venture agreement and a Development Management Agreement, collectively referred to as “the Agreements”, with Ellington Properties Development LLC. To facilitate this arrangement, a development company called “Ellington Development FZ-LLC” (“Ellington”) was incorporated. In accordance with the Agreements, both control and profit shall be on an equal 50:50 basis between the Group and with Ellington Properties Development LLC.

#### *Hive and Mina Real Estate Development LLC*

During the year, the Group entered into a joint venture agreement with ADC1 SPV LTD (“ADC1”) a wholly owned subsidiary of ARM Holdings L.L.C for the development of a project located on Hayat Island, Ras Al Khaimah. Pursuant to the agreement, a new joint venture entity named Hive and Mina Real Estate Development LLC (“Hive and Mina”) was incorporated, with the Group holding 51% of the equity and ADC1 holding the remaining 49%, however, control and profits will be shared equally. Under the terms of the agreement, the Group’s has contributed to the Project land with a fair value of AED 16.8 million (Note 6), and ADC1 will contribute an equivalent funding to the fair value of the land.

#### *One Facilities Management LLC*

During the year, the Group entered into a joint venture agreement with I F M Facilities Management LLC to establish One Facilities Management LLC. As at 31 December 2025, the cost of investment in the joint venture is Nil, as operations have not commenced and no capital contributions have yet been made.

The following table summarises the income statements and statement of financial position of the Group’s joint ventures as at and for the year ended 31 December 2025 and 31 December 2024:

	Hive and Mina 2025 AED '000	Ellington 2025 AED '000	Hive and Mina 2024 AED '000	Ellington 2024 AED '000
<b>Statement of financial position</b>				
Total assets	60,121	326,145	-	344,154
Total liabilities	(26,487)	(159,907)	-	(190,064)
Net assets	33,634	166,238	-	154,090
Share of net assets	16,817	83,119	-	77,045
<b>Statement of comprehensive income</b>				
Revenue	-	45,653	-	35,198
Profit for the year	-	12,148	-	17,952
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	12,148	-	17,952
Share of profit %	50%	50%	-%	50%
Group’s share of profit in joint venture	-	6,074	-	8,976

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 10 Trade and other receivables

	2025 AED '000	2024 AED '000
Trade receivables (Note 19)	616,577	479,888
Contract assets (Note 19)	1,214,856	795,679
Trade receivables and contract assets, gross	<u>1,831,433</u>	<u>1,275,567</u>
Less: Allowance for expected credit losses	<u>(36,112)</u>	<u>(28,327)</u>
Trade receivables and contract assets, net	1,795,321	1,247,240
Other receivables	43,546	64,832
	<u>1,838,867</u>	<u>1,312,072</u>
Capitalised cost to obtain contract	250,186	138,644
Advances to suppliers and contractors	100,663	92,712
VAT receivables	11,095	7,610
Prepayments	7,529	3,959
	<u>2,208,340</u>	<u>1,554,997</u>
Less: Non-current portion of trade and other receivables	<u>(687,654)</u>	<u>(559,866)</u>
	<u>1,520,686</u>	<u>995,131</u>

Advances paid to contractors at the commencement of works are adjusted against progress billings issued by the contractors throughout the project construction period.

Capitalised cost to obtain contract is amortised over the period of satisfying the related performance obligations.

Other receivables include amounts due from a related party of AED 10,313 thousand (2024: AED Nil) (Note 25)

The movement in the allowance of expected credit loss during the year is as follows:

	2025 AED '000	2024 AED '000
At 1 January	28,327	25,236
Allowance for expected credit loss	7,785	3,091
<b>At 31 December</b>	<u>36,112</u>	<u>28,327</u>

The ageing analysis of gross trade receivables and contract assets and expected credit loss is as follows:

	-----2025-----			-----2024-----		
	Gross carrying amount AED' 000	Expected credit loss AED' 000	Expected credit loss rate %	Gross carrying amount AED' 000	Expected credit loss AED' 000	Expected credit loss rate %
Neither past due nor impaired	1,603,275	22,257	1.4%	1,075,847	15,370	1.4%
<i>Past due but not impaired</i>						
0-30 days	110,947	1,540	1.4%	110,757	1,596	1.4%
30-60 days	29,352	407	1.4%	2,713	39	1.4%
60-90 days	8,966	124	1.4%	24,166	348	1.4%
> 90 days	78,893	11,784	14.9%	62,084	10,974	17.7%
	<u>1,831,433</u>	<u>36,112</u>		<u>1,275,567</u>	<u>28,327</u>	

Details of credit risk management are disclosed in Note 29.

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 11 Trading properties

	2025 AED '000	2024 AED '000
At 1 January	38,705	38,552
Transfer from trading properties under development (Note 7)	2,206	10,536
Cost of properties sold	(8,271)	(19,983)
Transferred from investment properties (Note 6)	-	9,600
	<u>32,640</u>	<u>38,705</u>
Provision for impairment	(1,393)	-
	<u>31,247</u>	<u>38,705</u>
Inventories – hospitality and facility management	2,582	2,410
	<u>33,829</u>	<u>41,115</u>

The following table shows the location wise of the trading properties:

	2025 AED '000	2024 AED '000
<i>Current:</i>		
Inside UAE	18,877	24,942
Outside UAE	12,370	13,763
	<u>31,247</u>	<u>38,705</u>

As at 31 December 2025, the Group determined net realisable value of trading properties. The estimates of net realisable values are based on the most reliable evidence available at the reporting date of the amount that the Group is expected to realise from the sale of these properties in its ordinary course of business less selling costs. These estimates also take into consideration the purpose for which such properties are held. The determination of net realisable value of trading properties is based on external valuations using various valuation methodologies and techniques. The valuers are members of professional valuers' associations and have appropriate qualifications and experience in the valuation of properties at the relevant locations. Based on this independent valuation, an impairment loss amounted to AED 1,393 thousand was recognised. (2024: AED Nil).

#### 12 Bank balances and cash

	2025 AED '000	2024 AED '000
Cash in hand	260	270
Bank balances:		
- Current accounts	98,764	52,594
- Call accounts	13,162	3,997
- Current accounts – unclaimed dividends	5,723	5,729
- Term deposits	400,000	400,000
	<u>517,909</u>	<u>462,590</u>

For the purpose of consolidated statement of cash flows, cash and cash equivalent consist of:

	2025 AED '000	2024 AED '000
Bank balances and cash	517,909	462,590
Less: Current accounts - unclaimed dividends	(5,723)	(5,729)
Less: Bank overdrafts (Note 17)	(276,683)	(340,972)
Cash and cash equivalent at the end of the year	<u>235,503</u>	<u>115,889</u>

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### 12 Bank balances and cash (continued)

Current accounts - unclaimed dividends will be utilised only for the payment of dividend and cannot be used for any other purposes.

Bank balances include short-term deposits amounting to AED 400,000 thousand (2024: AED 400,000 thousand). The effective average interest rate on deposits ranges between is 4.3% to 5.1% per annum (2024: 4% to 5.3% per annum). Term deposits amounting to AED 400,000 thousand are under lien against bank overdraft (Note 17).

#### 13 Share capital

	2025	2024
	AED '000	AED '000
<b>Authorised, issued and fully paid up</b>		
3,000,000,000 shares of par value of AED 1 each	<u>3,000,000</u>	<u>3,000,000</u>

#### Dividends

The dividends declared during the year are disclosed in Note 27.

#### Amendment to the Company's share capital

The Shareholders at the Annual General Meeting held on 20 March 2024 approved to increase the Company's share capital by issuing 920 million shares with a nominal value of AED 1 per share, with a total value of AED 920 million to the Government of Ras Al Khaimah as a Strategic Investor. The transaction resulted in increase of Government of Ras Al Khaimah shareholding in the Company from 5% to about 34% after the issuance of the additional share capital. This transaction was approved by the Capital Market Authority ("CMA") (previously know as the "Securities and Commodities Authority" / "SCA") on 20 June 2024.

In exchange for the newly issued 920 million shares, the Government of Ras Al Khaimah contributed several plots of land to the Company as in-kind contribution with a fair value of AED 1,034,120 thousand, as determined by independent external valuers on 12 June 2024. The excess of the in-kind contribution of AED 114,120 thousand has been treated as share premium. Being a non-cash transaction, the transaction has been excluded in preparing the consolidated statement of cash flows.

#### Treasury shares

The Company entered into an agreement with a licensed liquidity provider on Abu Dhabi Stock Exchange (ADX), to place buy and sell orders of the Company's shares with the objective to reduce the spread between bid/ask price in trading as well as providing liquidity for the Company's shares. The Company's shares would be held under the legal name of liquidity provider on behalf of the Company. The liquidity provider operates within the pre-determined parameters approved by the Company. The Company monitors the transactions undertaken by the liquidity provider on a daily basis. As at 31 December 2025, 2,582 thousand treasury shares with a market value of AED 3,486 thousand were held (2024: 17,917 thousand treasury shares with a market value of AED 22,615 thousand).

#### 14 Statutory reserve

In accordance with UAE Federal Decree Law No. (32) of 2021 (as amended) and the Company's Articles of Association, 10% of net profit for the year is required to be appropriated to statutory reserve until the reserve equals 50% of paid up share capital of the Company. The reserve is not available for distribution except in the circumstances stipulated by the Law. During the current year, an amount of AED 40,430 thousand was transferred from retained earnings to statutory reserve (2024: AED 28,092 thousand).

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 15 Other reserves

	General reserve AED '000	Development reserve AED '000	Fair value reserve AED '000	FF&E reserve AED '000	Total AED '000
At 1 January 2024	656,708	303,675	(247,432)	1,626	714,577
Other comprehensive loss for the year	-	-	(1,779)	-	(1,779)
Transfer to retained earnings on disposal of investments designated at FVOCI	-	-	5,984	-	5,984
Transfer from retained earnings	-	-	-	3,789	3,789
At 31 December 2024	656,708	303,675	(243,227)	5,415	722,571
Other comprehensive loss for the year	-	-	(736)	-	(736)
Transfer from retained earnings	-	-	-	2,827	2,827
At 31 December 2025	656,708	303,675	(243,963)	8,242	724,662

#### Nature and purpose of other reserves

##### General reserve

In accordance with the previous version of the Company's Articles of Association, 10% of the net profit for the year is transferred to the general reserve. The transfer to general reserve shall cease by decision of the ordinary general meeting as recommended by the Board of Directors or if general reserve reaches 50% of the Company's paid-up share capital. General reserve shall be used for the purposes decided by the ordinary general meeting upon the suggestion of the Board of Directors.

##### Development reserve

In accordance with the Company's Articles of Association and pursuant to the approval of the Board of Directors, a development reserve has been created which will be utilised for future development and maintenance of facilities at various properties owned by the Group.

##### Fair value reserve

Fair value reserve represents the net unrealised gains or losses that are recognised on the financial assets at FVOCI.

##### Reserve for replacement of furniture, fixtures and equipment (FF&E reserve)

In accordance with the hotel management agreements entered into with the operators of the hotels, the reserve for replacement of furniture, fixtures and equipment will be used for the sole purpose of replacement and renewal of furniture, fixtures and equipment of the hotel buildings.

#### 16 Employees' end-of-service benefit

The movement in the provision for employees' end-of-service benefits are as follows:

	2025 AED '000	2024 AED '000
At 1 January	8,003	5,635
Charge for the year	3,569	3,206
Payments made during the year	(1,333)	(838)
At 31 December	10,239	8,003

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 17 Bank borrowings

	2025 AED '000	2024 AED '000
Term loans	708,103	894,908
Short term borrowing	26,179	26,179
Bank overdrafts (Note 12)	276,683	340,972
Total bank borrowings	<u>1,010,965</u>	<u>1,262,059</u>
Less: current portion	<u>(441,962)</u>	<u>(519,884)</u>
Non-current portion	<u>569,003</u>	<u>742,175</u>

#### *Bank overdrafts*

The Group has obtained overdraft facilities of AED 700,000 thousand (2024: AED 700,000 thousand) from commercial banks. Interest on bank overdrafts, which are secured by term deposits is 0.25% per annum over such term deposit rates. Further, for unsecured bank overdrafts, interest is computed at a fixed margin + 3 months EIBOR per annum.

The overdraft facilities of the Group are secured by:

- Lien over fixed deposit for AED 400,000 thousand (Note 12); and
- To route funds 1.5 times of the net clean limit utilised under the overdraft.

As at 31 December 2025, net clean limit utilised was AED Nil (31 December 2024: AED Nil).

#### *Short term borrowing*

The facility is obtained from commercial bank during the current year and carries a rate of 3 months EIBOR + fixed margin per annum. The available drawdown limit on 31 December 2025 amounted to AED 573,821 thousand.

#### *Term loans*

The movement in the term loans during the year is as follows:

	2025 AED '000	2024 AED '000
Balance at 1 January	894,908	883,150
Loan drawdown during the year	24,550	177,510
Repayment during the year	<u>(211,355)</u>	<u>(165,752)</u>
Balance at 31 December	<u>708,103</u>	<u>894,908</u>

The Group has the following secured interest-bearing term loans:

- Term loan facility from a commercial bank with a limit of AED 358,000 thousand to finance the construction of a hotel project. This facility is repayable in 28 quarterly step-up instalments commencing from May 2022 and carries an interest rate of 3 months EIBOR + fixed margin per annum with an outstanding amount of AED 238,413 as at reporting date.
- Term loan facility from a commercial bank with a limit of AED 324,400 thousand to finance the construction of a hotel project. The facility is repayable in 30 equal quarterly instalments with moratorium for a period of 2 years 9 months from the date of first drawdown and carries an interest rate of fixed margin over 3 months EIBOR with an outstanding amount of AED 264,234 as at reporting date.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### 17 Bank borrowings (continued)

##### *Term loans (continued)*

- Term loan facility from a commercial bank with a limit of AED 275,000 thousand. The loan is repayable over a period of ten years in 39 equal instalments and final instalment (40th) of USD 29,948 thousand and carries interest at USD secured overnight financing rate (SOFR) plus a fixed margin. The outstanding balance of AED 143,071 is denominated of AED in USD and translated at a rate of USD 1: AED 3.675.
- Term loan facility from a commercial bank with a limit of AED 350,000 thousand. This facility is repayable in 35 monthly step-up instalments commencing from April 2024 and carries an interest rate of 3-month EIBOR + fixed margin per annum with an outstanding amount of AED 62,385 as at reporting date.

As at 31 December 2025, the Group is subject to compliance with certain financial covenants, such as maintenance of certain restrictive covenants including maintaining Debt to EBITDA ratio. The Group has complied with all covenants mentioned in those agreements in the current year.

Loans are secured against the following:

- Legal mortgage of land and buildings of specific properties included in property and equipment, investment properties, trading properties under development and trading properties (Notes 6, 7, and 11).
- Assignment of insurance over the mortgaged properties in favour of the bank.
- Assignment of guarantees from the main contractor/construction contracts under the project duly assigned in favour of the bank.
- Assignment of revenues from the hotel projects financed by the banks.
- Assignment of revenues from sale of apartments and rental revenues from the apartments financed by the bank.
- Pledge of project account opened with the bank for receiving the project receipts from buyers.

#### 18 Trade payable, accruals and other liabilities

	2025 AED '000	2024 AED '000
Trade payables	207,095	163,102
Other payables and accruals	271,028	204,849
Contract liabilities (Note 19)	443,171	149,008
Project contract cost accruals	260,632	195,486
Advance connection charges	175,769	121,978
Unclaimed dividends (Note 12)	5,723	5,729
At 31 December	<u>1,363,418</u>	<u>840,152</u>
Less: Non-current portion	<u>(700,314)</u>	<u>(354,434)</u>
Current portion	<u>663,104</u>	<u>485,718</u>

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 19 Revenue

	2025 AED '000	2024 AED '000
<b>Type of revenue from contracts with customers</b>		
Sale of properties	1,536,051	1,145,765
Hospitality services	225,367	199,760
Facility management income	38,692	27,292
Forfeiture and other income	2,972	592
<b>Total revenue from contracts with customers</b>	<b>1,803,082</b>	<b>1,373,409</b>
<b>Other operating income</b>		
Leasing income (Note 6)	34,367	32,909
<b>Total revenue</b>	<b>1,837,449</b>	<b>1,406,318</b>
	2025 AED '000	2024 AED '000
<b>Timing of revenue recognition</b>		
Recognised over a period of time	1,710,643	1,276,436
Recognised at a point in time	92,439	96,973
<b>Total revenue from contracts with customers</b>	<b>1,803,082</b>	<b>1,373,409</b>
Leasing income - recognised over the lease term	34,367	32,909
<b>Total revenue</b>	<b>1,837,449</b>	<b>1,406,318</b>
	2025 AED '000	2024 AED '000
<b>Contract balances</b>		
Trade receivables (Note 10)	616,577	479,888
Contract assets (Note 10)	1,214,856	795,679
Contract liabilities (Note 18)	(443,171)	(149,008)

#### *Contract assets*

Contract assets are initially recognised for revenue earned from sale of properties under development as receipt of consideration is conditional on acceptance of the customer. Upon the properties under development reaching pre-agreed completion milestones the amount recognised as contract assets are invoiced to customers and are reclassified as trade receivables. As such, the balance of this account vary and depends on the number of ongoing development projects at the end of the year.

#### *Contract liabilities*

Contract liabilities represent advances received from customers to deliver projects and advances for rental of properties. The Group expects to recognise these unsatisfied performance obligations as revenue over a period of 1-3 years.

#### **Performance obligations**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025 AED '000	2024 AED '000
Within one year	1,380,548	836,594
More than one year	2,093,097	1,022,236
	<b>3,473,645</b>	<b>1,858,830</b>

#### **Other income**

Other income includes an amount of AED 18,122 thousand recovered from a third party in relation to a reimbursement of Mina Al Arab infrastructure costs (2024: AED Nil). The remaining other income relates to additional fees charged to customers and other miscellaneous income.

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 20 Cost of revenue

	2025 AED '000	2024 AED '000
Cost of revenue of properties	997,285	753,402
Hotel operations expenses	88,484	85,264
Facility management and property leasing expenses	56,992	46,341
Others	711	515
Amortisation of government grant (Note 6)	(13,844)	(22,124)
	<u>1,129,628</u>	<u>863,398</u>

Hotel operation expenses include cost of food and beverages of AED 20,835 thousand (2024: AED 20,190 thousand) and staff cost of AED 39,771 thousand (2024: AED 33,173 thousand).

#### 21 Selling, marketing and administrative expenses

	2025 AED '000	2024 AED '000
General and administrative expenses	78,777	63,271
Payroll and related expenses	76,557	65,735
Depreciation of property and equipment (Note 5)	70,370	65,305
Advertisement and marketing expenses	59,944	54,921
Allowance for expected credit losses (Note 10)	7,785	3,091
Impairment of trading properties (Note 11)	1,393	-
	<u>294,826</u>	<u>252,323</u>

During the year, an amount of AED 1,015 thousand was paid as social contribution (2024: AED 1,130 thousand).

#### 22 Finance income/cost

##### Finance income

	2025 AED '000	2024 AED '000
Interest income on term deposits	18,314	18,605
Unwinding for discounting of long-term receivables	-	9,000
	<u>18,314</u>	<u>27,605</u>

##### Finance cost

	2025 AED '000	2024 AED '000
Interest cost on bank borrowings	71,799	86,656
Bank charges	2,560	2,924
	<u>74,359</u>	<u>89,580</u>

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 23 Income tax

The Group has calculated their income tax liability in accordance with Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law").

(i) The income tax expense recognised in the consolidated statement of profit or loss comprises the following:

	2025 AED '000	2024 AED '000
<b>Income tax</b>		
Current income tax expense	34,868	21,762
Deferred tax liability	4,661	5,478
<b>Total income tax expense</b>	<b>39,529</b>	<b>27,240</b>

(ii) Reconciliation of income tax expense:

	2025 AED '000	2024 AED '000
Profit before tax	443,831	308,156
Tax at the tax rate of 9%	39,945	27,734
<b>Tax effects of:</b>		
Less: 9% tax on share of profit from joint ventures	(547)	(808)
Add: Expenses not deductible for tax purposes	165	348
Less: Taxable income not exceeding threshold	(34)	(34)
<b>Total income tax expense</b>	<b>39,529</b>	<b>27,240</b>

(iii) The movement in provision for current tax liability is as follows:

	2025 AED '000	2024 AED '000
Opening balance	21,762	-
Current tax expense (refer (i))	34,868	21,762
Paid during the year	(20,887)	-
<b>Closing balance</b>	<b>35,743</b>	<b>21,762</b>

(iv) The movement in deferred tax liability is as follows:

	Unrealised gain on investment properties AED '000	Others AED '000	Total AED '000
<b>31 December 2025</b>			
Opening balance	5,931	(453)	5,478
Provision for the year (refer (i))	4,661	-	4,661
<b>Closing balance</b>	<b>10,592</b>	<b>(453)</b>	<b>10,139</b>
<b>31 December 2024</b>			
Provision for the year (refer (i))	5,931	(453)	5,478
<b>Closing balance</b>	<b>5,931</b>	<b>(453)</b>	<b>5,478</b>

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### 24 Earnings per share

Earnings per share are computed by dividing the profit for the year by the weighted average number of shares outstanding during the year as follows:

	2025	2024
<b>Basic earnings per share</b>		
Net profit for the year after tax (AED'000)	<u>404,302</u>	<u>280,916</u>
Issued ordinary shares outstanding at 1 January (in thousands)	3,000,000	2,000,000
Effects of bonus shares issued (in thousands)	-	80,000
Effects of treasury shares (in thousands)	(7,231)	(28,988)
Effects of shares in-lieu of property (in thousands)	-	488,986
Weighted average number of shares outstanding at 31 December (in thousands)	<u>2,992,769</u>	<u>2,539,998</u>
<b>Basic and diluted earnings per share (AED)</b>	<u>0.135</u>	<u>0.111</u>

There were no potentially dilutive shares as at 31 December 2025 and 31 December 2024.

#### 25 Related party transactions and balances

The Group, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related parties contained in International Accounting Standard 24. These transactions are carried out at arm's length basis.

The significant transactions entered into by the Group with related parties during the year are as follows:

	2025 AED '000	2024 AED '000
<b>Key management personnel of the Group</b>		
Sale of properties	3,284	4,609
Commission paid to Directors on sale of properties	4,458	-
Sitting fee paid to Directors	<u>479</u>	<u>344</u>

Balances with related parties included in the consolidated financial statements are as follows:

	2025 AED '000	2024 AED '000
Due from a related party – other receivables (Note 10)	<u>10,313</u>	<u>-</u>

Outstanding balances arise in the normal course of business, are unsecured, interest-free and settlement occurs generally in cash.

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### 25 Related party transactions and balances (continued)

##### Compensation of key management personnel:

The remuneration of Directors and other key members of management during the year is as follows:

	2025 AED '000	2024 AED '000
Salaries and benefits	20,938	16,199
End of service benefits	588	472

The Directors have proposed a remuneration for Board of Directors for the year ended 31 December 2025 amounting to AED 8,000 thousand which has been accrued in the consolidated statement of profit or loss. This is subject to approval by the Shareholders in the Annual General Meeting.

The remuneration for the Board of Directors for the year ended 31 December 2024 amounting to AED 8,000 thousand was approved by the Shareholders in the Annual General Assembly held on 11 March 2025.

#### 26 Commitments

Significant commitments relating to the property development are as follows:

	2025 AED '000	2024 AED '000
Approved and contracted	1,044,963	1,322,938

The above commitments represent the value of contracts entered into by the Group including contracts entered for construction of properties, net of any payables or accruals at year-end.

#### 27 Dividends

No dividend was approved in Annual General Meeting held on 11 March 2025 for the year ended 31 December 2024 (For the year ended 31 December 2023, cash dividend of AED 0.03 per share amounting to AED 60,000 thousand and bonus shares of 4% amounting to AED 80,000 thousand was approved in 2024).

The Board of Directors have not proposed any dividend for the year ended 31 December 2025.

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 28 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

#### Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<b>31 December 2025</b>				
Fair value through OCI – unquoted equities and funds	-	-	17,440	17,440
Investment properties	-	-	1,406,611	1,406,611
	-	-	<b>1,424,051</b>	<b>1,424,051</b>
	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
<b>31 December 2024</b>				
Fair value through OCI – unquoted equities and funds	-	-	18,176	18,176
Investment properties	-	-	1,577,216	1,577,216
	-	-	<b>1,595,392</b>	<b>1,595,392</b>

#### Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

#### Transfers between levels

During the current and prior year, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 28 Fair value measurements (continued)

##### Fair value of Investment properties

The fair value of the investment properties is calculated on the basis of valuation carried out by independent external valuers. The valuers are members of professional valuers' associations and have appropriate qualifications and experience in the valuation of properties at the relevant locations.

A valuation model recommended by the International Valuation Standards Committee has been applied which is consistent with the principles of IFRS 13. In estimating the fair value of the investment properties, management has concluded that the highest and best use of the properties is their current use.

The value of the investment properties has been determined through analysis of the following:

Valuation techniques and key inputs	Significant observable inputs
<p><b><i>Sales comparable method</i></b> This method involves analysing sales and asking prices of similar units and comparing these to the subject property. Comparative analysis is based on similarities in the property rights appraised, market conditions, size, location and physical features.</p>	<p>Prices of land parcels range from AED 3.6 per square foot to AED 385 per square foot (2024: AED 3.75 per square foot to AED 325 per square foot). Prices of commercial properties range from AED 310 to AED 1,343 per square foot (2024: AED 310 to AED 1,100 per square foot).</p>

##### Fair value through OCI – unquoted equities and funds

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments in the consolidated statement of financial position, as well as the significant unobservable inputs used. There has been no change in the valuation techniques and methods applied from previous year.

Type	Valuation techniques and key inputs	Significant unobservable inputs	Interrelationship of unobservable inputs to fair value
Fair value through OCI - unquoted equities and funds	<p><b><i>Net assets/ adjusted net asset value valuation method</i></b> Due to the unavailability of market and comparable financial information. Net assets values were determined based on the latest available audited/historical financial information. Wherever such information is available.</p>	Net assets value/ Market approach	Higher the net assets value of the investees, higher the fair value.
Financial assets carried at FVTPL	<p><b>Net assets valuation</b> This method is used due to the unavailability of market and comparable financial information.</p> <p>Net assets values were determined based on the latest available audited/historical financial information. Market approach is applied wherever such information is available.</p>	Net assets value	Higher the net assets value of the investees, higher the fair value.

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 28 Fair value measurements (continued)

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 4 to the consolidated financial statements.

Details of measurements basis of financial assets is as below.

	At amortised cost AED '000	Fair value through profit or loss AED '000	Fair value through other comprehensive income AED '000	Total AED '000
<b>31 December 2025</b>				
Investments	-	-	17,440	17,440
Trade and other receivables *	2,000,658	-	-	2,000,658
Bank balances	517,649	-	-	517,649
	<u>2,518,307</u>	<u>-</u>	<u>17,440</u>	<u>2,535,747</u>
<b>31 December 2024</b>				
Investments	-	-	18,176	18,176
Trade and other receivables *	1,430,611	-	-	1,430,611
Bank balances	462,320	-	-	462,320
	<u>1,892,931</u>	<u>-</u>	<u>18,176</u>	<u>1,911,107</u>

\* Excluding capitalised cost to obtain contract, advances to suppliers and contractors, prepayments and VAT receivables.

Details of measurements basis of financial liabilities is as below.

	At amortised cost AED '000	Fair value through profit or loss AED '000	Total AED '000
<b>Financial liabilities</b>			
<b>31 December 2025</b>			
Bank borrowings (Note 17)	1,010,965	-	1,010,965
Trade payables, accruals and other liabilities	954,698	-	954,698
	<u>1,965,663</u>	<u>-</u>	<u>1,965,663</u>
<b>31 December 2024</b>			
Bank borrowings (Note 17)	1,262,059	-	1,262,059
Trade payables, accruals and other liabilities	707,206	-	707,206
	<u>1,969,265</u>	<u>-</u>	<u>1,969,265</u>

## RAK Properties P.J.S.C. and its subsidiaries

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

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#### **29 Financial risk management, objective and policies**

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

- Credit risk;
- Liquidity risk; and
- Market risk

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's management is responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on its activities. The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management practices in others.

#### **Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk in relation to its financial assets, mainly trade receivables, other receivables and bank balances.

The carrying amount of financial assets recorded in the consolidated financial statements, which is net of impairment allowance, represents the Group's maximum exposure to credit risk. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime ECL rather than 12-month ECL.

The Group is exposed to credit risk from its operating activities on the following financial assets:

#### ***Trade receivables and contract assets***

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored. At 31 December 2025 and 2024, the Group had receivables from a large number of customers.

The Group is exposed to credit risk on receivables from sale of properties as the Group allows its customers to make payments in instalments over a pre-agreed number of years. The Group receives advances from its customers at the time of the sale and post-dated cheques and direct debit mandates for the remaining balance at the time of hand over, if applicable. In addition, the Group does not transfer the legal title of the property to the customer until the full amount has been paid. Furthermore, the risk of financial loss to the Group on account of customer default is low as the property title acts as collateral.

As at the reporting date, trade receivables are secured by post-dated cheques and direct debit mandates amounting to AED 360,553 thousand (2024: AED 297,997 thousand).

The Group considers a trade receivable in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a trade receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 29 Financial risk management, objective and policies (continued)

##### Credit Risk (continued)

###### *Trade receivables and contract assets (continued)*

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, certain trade receivables are proposed for write-off if past due for more than one year and are not subject to enforcement activity. The Group evaluates the concentration of risk with respect to trade receivables as low, as the balances are due from a large number of customers. The information about the credit risk exposure on the Group's trade receivables and contract assets using the expected credit loss is disclosed in Note 10.

###### *Bank balances*

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The Group considers the credit risk on bank balances to be minimal given that the counterparties are banks with investment grade credit ratings assigned by international credit rating agencies and callable on demand. Considering these factors, management has assessed there is minimal credit risk on cash and cash equivalents.

###### *Other receivables*

With respect to credit risk arising from other receivables, the Group's exposure to credit arises from default of the counter party with maximum exposure equal to the carrying amount of these assets.

##### Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and borrowing facilities with financial institutions, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and include contractual interest payments:

	Carrying amount AED '000	Contractual cash flows AED '000	Less than 1 year AED '000	More than 1 year AED '000
<b>31 December 2025</b>				
Trade payables, accruals and other liabilities	908,987	908,987	908,987	-
Bank overdrafts	276,683	276,683	276,683	-
Short term borrowing	26,179	26,179	26,179	-
Term loan	708,103	834,767	175,829	658,938
	<b>1,919,952</b>	<b>2,046,616</b>	<b>1,387,678</b>	<b>658,938</b>

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 29 Financial risk management, objective and policies (continued)

##### Liquidity Risk (continued)

	Carrying amount AED '000	Contractual cash flows AED '000	Less than 1 year AED '000	More than 1 year AED '000
31 December 2024				
Trade payables, accruals and other liabilities	679,966	679,966	679,966	-
Bank overdrafts	340,972	340,972	340,972	-
Short term borrowing	26,179	26,179	26,179	-
Term loan	894,908	1,108,623	204,804	903,819
	<u>1,942,025</u>	<u>2,155,740</u>	<u>1,251,921</u>	<u>903,819</u>

Changes in liabilities arising from financing activities:

	1 January AED '000	Cash inflows AED '000	Cash outflows AED '000	31 December AED '000
<b>2025</b>				
Term loan	894,908	24,550	(211,355)	708,103
Short term borrowing	-	26,179	-	26,179
Unclaimed dividend	5,723	-	-	5,723
	<u>900,631</u>	<u>50,729</u>	<u>(211,355)</u>	<u>740,005</u>
	1 January AED '000	Cash inflows AED '000	Cash outflows AED '000	31 December AED '000
<b>2024</b>				
Term loan	883,150	177,510	(165,752)	894,908
Short term borrowing	-	26,179	-	26,179
Unclaimed dividend	5,729	-	-	5,729
	<u>888,879</u>	<u>203,689</u>	<u>(165,752)</u>	<u>926,816</u>

##### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### (a) Currency risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Most of the Group's transactions are carried out in AED and USD. The risk related to the transactions denominated in USD is low as the USD is pegged against AED. Fluctuations in the exchange rates would not have a significant impact the Group's financial position.

##### (b) Equity price risk

Equity price risk is the risk that the fair values of equities increase or decrease as a result of changes in the levels of individual stocks. Equity price risk arises from equity instruments held by the Group at fair value through other comprehensive income. The Management monitors equity securities in its investment portfolio based on market indices, which are managed by qualified team. The primary goal of the Group's investment strategy is to maximise investment returns.

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 29 Financial risk management, objective and policies (continued)

##### Market risk (continued)

##### (b) Equity price risk (continued)

	2025 AED '000	2024 AED '000
Investments at fair value through other comprehensive income	17,440	18,176
	<u>17,440</u>	<u>18,176</u>

The Group is exposed to equity securities price risk because of the investments held by the Group and classified on the consolidated statement of financial position as FVOCI. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

Where the application of +/-1% sensitivity estimates would result in a change the following shows what would be the impact of change in the share price rates by +/-1%, with all other factors holding constant.

	Other comprehensive income for the year	
	AED '000	AED '000
	1%	(1%)
2025	174	(174)
2024	182	(182)

##### (c) Interest rate risk

The Group is mainly exposed to interest rate risk on its variable rate instruments i.e. bank borrowings. These are subject to normal commercial rates of interest, as determined by market conditions.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments is as under:

	2025 AED '000	2024 AED '000
<b>Variable rate instruments</b>		
<i>Financial liabilities:</i>		
Term loan	708,103	894,908
Short term borrowing	26,179	26,179
Bank overdrafts (Note 12)	276,683	340,972
	<u>1,010,965</u>	<u>1,262,059</u>

##### *Sensitivity analysis for variable rate instruments*

A reasonably possible change of 100 basis points ("bp") in interest rates at the reporting date would have increased/(decreased) the consolidated equity and the consolidated profit or loss and the consolidated statement of financial position by the amounts shown below. The analysis assumes that all other variables remain constant.

	Impact on consolidated profit or loss and total equity	
	100 bp increase AED '000	100 bp decrease AED '000
31 December 2025		
Variable rate instruments	<u>(10,109)</u>	<u>10,109</u>
31 December 2024		
Variable rate instruments	<u>(12,621)</u>	<u>12,621</u>

## RAK Properties P.J.S.C. and its subsidiaries

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

#### 29 Financial risk management, objective and policies (continued)

##### Capital management

For the purpose of the Group's capital management, capital includes issued share capital, treasury shares, statutory reserve, general reserve, fair value reserve, other reserves and retained earnings.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders. No changes were made in the objectives, policies or processes during the year and previous year.

The Group's management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with capital. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions, its business model and risk profile.

#### 30 Segment information

Management has determined the operating segments based on segments identified for the purpose of allocating resources and assessing performance. The Group is organised into three major operating segments: property sales, hotel operations and property leasing and other income. Information regarding the operations of each separate segment is included below:

	Property sales AED '000	Hotel operations AED '000	Property leasing and others AED '000	Total AED '000
<b>31 December 2025</b>				
Revenue	1,538,479	225,367	73,603	1,837,449
Cost	(983,441)	(88,483)	(57,704)	(1,129,628)
<b>Segment profit</b>	<b>555,038</b>	<b>136,884</b>	<b>15,899</b>	<b>707,821</b>
Total assets	4,761,878	1,538,075	2,406,215	8,706,168
Total liabilities	1,293,492	558,182	912,524	2,764,198
Capital expenditure	-	31,524	73,234	104,758
<b>31 December 2024</b>				
Revenue	1,145,945	199,761	60,612	1,406,318
Cost	(731,278)	(85,264)	(46,856)	(863,398)
<b>Segment profit</b>	<b>414,667</b>	<b>114,497</b>	<b>13,756</b>	<b>542,920</b>
Total assets	3,958,375	1,433,708	2,619,906	8,011,989
Total liabilities	599,660	597,178	1,288,154	2,484,992
Capital expenditure	-	56,496	92,933	149,429

## RAK Properties P.J.S.C. and its subsidiaries

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

For the year ended 31 December 2025

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#### 31 Comparatives

As detailed in the table below, certain comparative figures in the consolidated statement of financial position and consolidated statement of profit or loss have been reclassified to conform the presentation with the current year

	As previously reported 2024 AED '000	Reclassification 2024 AED '000	As currently reported 2024 AED '000
<b>Consolidated statements of profit or loss</b>			
Selling, marketing and administrative expenses	(249,232)	(3,091)	(252,323)
Provision for expected credit losses	(3,091)	3,091	-
<hr/>			
	As previously reported 2024 AED '000	Reclassification 2024 AED '000	As currently reported 2024 AED '000
<b>Consolidated statements of financial position</b>			
Trade payable, accruals and other liabilities	867,392	(27,240)	840,152
Deferred tax liability	-	5,478	5,478
Provision for income tax	-	21,762	21,762
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However, there is no effect on previously reported equity, cash and cash equivalents and profit for the year.

#### 32 Subsequent events

There have been no significant adjusting or non-adjusting events that have occurred between 31 December 2025 and the date of authorization of these consolidated financial statements.