



**Management Discussion
and Analysis
Report (MD&A)**

For Q1, 2026 ended 31st Mar, 2026



Overview:

During the first quarter, the Company continued to demonstrate positive growth in operational income, supported by its proactive response to evolving market dynamics and the effective execution of strategic management initiatives. The sustained improvement in performance reflects Management’s ongoing commitment to strengthening shareholder value and ensuring long-term business sustainability.

The company remains steadfast in upholding the highest standards of corporate governance, ensuring full compliance with the guidelines set forth by the Securities and Commodities Authority (SCA), the Abu Dhabi Stock Exchange (ADX), and the Federal Tax Authority (FTA). By adhering to these regulatory frameworks, the company reinforces its dedication to transparency, accountability, and sustainable growth.

Overview of the main results during the financial period

Key Financial Metrics:

Total Assets	AED 207,518,030
Total Equity	AED 156,967,961
Total Liabilities	AED 50,550,069
Capital	AED 78,901,086

By the end of the first quarter of 2026, the Company’s total assets increased to AED 207.52 million, compared to AED 187.14 million in 2025, representing an increase of AED 20.38 million, mainly attributable to the Company’s strategic investment activities during the period. Total liabilities also increased by 22.4 million, compared to the end of 2025, mainly due to the OD facility obtained from SIB for investment purpose.

On 22 January 2026, Aram Group entered into a loan agreement with Prepaire Labs Holding Ltd (the “Borrower”), pursuant to which the Company advanced a loan amounting to USD 6.0 million to support the Borrower’s business operations. The loan bears interest at a rate of 6% per annum and has a tenure of 12 months from the effective date of the agreement, unless extended by mutual consent. Under the terms of the agreement, in the event that if the lender proceeds with the reverse takeover (“RTO”) prior to the expiry of the loan term or any agreed extension, the outstanding loan amount will be settled through the issuance and/or transfer of shares as is equivalent in value to the loan amount, based on an independent valuation, constituting full and final settlement of the obligation. In the absence of a RTO proceeding, the principal amount together with accrued interest will be repayable in cash, either as a lump sum or in instalments, within 12 months following the end of the loan term, subject to mutual agreement between the parties.

Operational Highlights:

During the first quarter of 2026, the Company delivered solid operational and financial performance, reflecting the effective execution of its strategic initiatives and its ability to navigate challenging market conditions. The Company achieved a profit before tax ("PBT") of AED 1.2 million, maintaining a performance level consistent with the corresponding period in 2025. Revenue increased by 10% compared to the same period last year, supported by sustained operational momentum and stable market demand. General and administrative expenses increased from AED 1,250,742 to AED 1,448,888, representing an increase of 15.8% compared to the first quarter of 2025. The increase was primarily attributable to payroll costs and increase in audit expenses incurred during the period.

The Company maintained a strong average occupancy rate of 98.8% throughout the first quarter of 2026, compared to 92.8% during Q1 2025. This performance reflects the resilience of the Company's portfolio, effective tenant retention strategies, and continued focus on operational efficiency and revenue optimization.

Main Performance Indicators

Occupancy Rate

The occupancy rate increased marginally by 6%, rising to 98.8% from 92.8% in Q1 2025. This improvement reflects the successful execution of the Company's systematic portfolio repositioning strategy, aimed at optimizing asset performance, strengthening tenant quality, and enhancing long-term profitability.

Book Value per Share

The book value per share increased at the end of the 1st quarter of 2026 to 1.989, compared to 1.884 recorded during the corresponding period in 2025. This improvement reflects the continued strengthening of the Company's financial position and its ongoing commitment to enhancing shareholder value while supporting sustainable growth in its asset base.

Budgeted Revenue

The budgeted revenue for the first quarter of 2026 was estimated at AED 3.0 million. The Company achieved actual revenue of AED 3.05 million during the period, in line with the projected budget and reflecting stable operational performance.

During the first quarter of 2026, the Company delivered solid operational and financial performance, reflecting the effective execution of its strategic initiatives despite challenging current regional and economic conditions. Management further advanced its portfolio repositioning strategy by focusing on the gradual transition toward family-oriented accommodations through the systematic phase-out of bachelor units. This strategic transformation is expected to generate significant financial and operational benefits in the coming periods, including reduced maintenance costs, enhanced asset quality, and stronger, more sustainable rental yields. Collectively, these initiatives reinforce the Company's financial position and support its objective of achieving stable, long-term growth and enhanced shareholder value.

Financial Position:

By the end of the first quarter of 2026, the Company's total assets increased to AED 207.52 million, compared to AED 187.14 million in 2025, representing an increase of AED 20.38 million, primarily driven by the Company's strategic investment activities during the period. Total liabilities also increased to AED 50.55 million, compared to AED 28.15 million at the end of 2025, mainly due to the utilization of an overdraft facility obtained from Sharjah Islamic Bank to finance these strategic investments. The facility is expected to be restructured into an Ijara financing arrangement in accordance with the agreed terms and financing strategy.

Looking ahead, the Company has a scheduled loan installment due in 23rd May 2026. Supported by its strengthened financial position, improved cash flows, and disciplined cost management, management is confident in the Company's ability to meet this repayment obligation on time and without financial strain.

Cash Flows:

In first quarter of 2026, the Company generated AED 1.51 million from operating activities, representing an increase of 6.5% compared to AED 1.41 million recorded in the previous year. This improvement was mainly driven by the strong performance of the rental market and the consistently high occupancy levels maintained throughout the period.

Cash outflows from investing activities amounted to AED 22 million, primarily attributable to Company's strategic investment in Prepaire Labs Holding Ltd. In parallel, cash outflows from financing activities increased to AED 21.84 million, reflected the utilization of an overdraft facility obtained from Sharjah Islamic Bank to support and finance these strategic investments.

As a result, the closing cash balance as at 31 March 2026 stood at AED 1,787,996, compared to AED 2,088,215 recorded at the end of first Quarter 2025.

Expectations and Future Plans:

The Company successfully maintained a high occupancy rate throughout the year through strategic efficiency initiatives and effective operational management despite challenging market conditions. Average occupancy increased marginally by 6% rising to 98.8% from 92.8% in Q1 2025. This achievement highlights the company's adaptability and resilience in navigating market challenges and optimizing available opportunities. Looking ahead, management is committed to sustaining an occupancy level of at least 98% in 2026.

The company also continues to strengthen its position within the UAE's dynamic real estate sector through the continuous enhancement of existing facilities and the pursuit of strategic projects aligned with the nation's growth ambitions. This commitment reinforces the company's contribution to the UAE's vision for economic diversification and urban development. Moving forward, the company will remain focused on innovation, operational excellence, and long-term value creation to ensure a sustainable and meaningful impact on the sector's continued growth.

Business Diversification:

As a listed entity on the Abu Dhabi Securities Exchange (ADX), ARAM is actively pursuing a diversification strategy focused on acquiring and developing high-growth businesses with strong long-term value creation potential. This includes its strategic investment in Prepaire Labs and the proposed Reverse Takeover transaction, which is intended to establish a UAE-listed healthcare technology platform focused on bio-digital twin innovation and AI-enabled health solutions. In parallel, and as outlined during the December 2025 Board meeting, ARAM continues to evaluate and progress additional investment opportunities across emerging sectors, including artificial intelligence and advanced technology ventures. The company's approach is centred on allocating capital toward scalable, higher-yield opportunities while reducing exposure to lower-return segments, with the objective of strengthening profitability, enhancing shareholder value, and positioning ARAM for sustainable long-term growth within the UAE market.

Capital Expenditure:

ARAM invested in Prepaire Labs Holding Ltd through an equity position that provides ARAM with an economic interest in the business. The investment was completed ahead of a proposed Reverse Takeover into ARAM, which is intended to establish Prepaire Labs as a publicly listed healthcare technology platform on the ADX.

Portfolio Optimization:

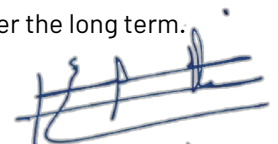
The investment in Prepaire forms part of ARAM's broader MultiTrack Strategy and supports the company's long-term thesis around UAE-based healthcare technology. The Prepaire Reverse Takeover positions ARAM to participate in the anticipated uplift in enterprise value upon completion of the listing process. The proposed RTO is expected to revalue ARAM's existing equity interest at a materially higher implied valuation, generating a significant fair value gain in accordance with IFRS requirements.

Conclusion:

The market environment during the period has presented certain challenges in light of current regional and economic conditions. In this context, Aram Group has maintained stable financial and operational performance, with profitability in line with the prior period, supported by strong occupancy levels, steady revenue growth, and a resilient asset base.

The increase in expenses and financing activity reflects the Company's continued investment in strategic initiatives, including its diversification efforts and portfolio repositioning. Management remains focused on maintaining operational efficiency, managing costs, and deploying capital in a disciplined manner to support long-term value creation.

Looking ahead, while near-term conditions may remain challenging, the Company's stable operational performance, improving book value, and clear strategic direction provide a solid foundation to navigate the current environment. Management will continue to adopt a measured approach, balancing growth opportunities with prudent financial management to ensure sustainable performance over the long term.



Ali Mohd Zaid Musmar
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