P N C Investments L.L.C

Unaudited Condensed Consolidated
Interim Financial Information

For the six months ended June 30, 2026

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PNC investments

Directors' Report

The Directors are pleased to submit their report along with the unaudited condensed consolidated interim financial information of P N C Investments L.L.C (the "Company") and its subsidiaries (together referred to as the "Group") for the six-months ended June 30, 2026.

Main business and operations

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

The operating results and financial position of the Group are fully set out in the attached unaudited condensed consolidated interim financial information.

The Group reported a net profit after tax of AED 1,785,182 thousand (unaudited) for the six-months ended June 30, 2026 (2025: AED 1,940,088 thousand (unaudited)).

Sukuk listing

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

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

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

On May 19, 2025, Sobha Sukuk I Holding Limited (the "SPV II"), issued 500,000 45-month Sukuk Certificates ("Sukuk II") maturing on February 19, 2029, with a face value of USD 1,000 each, listed on the International Securities Market of London Stock Exchange and Nasdaq Dubai (ISIN: XS3073626601), amounting to USD 500 million with a coupon rate of 7.9955% per annum payable semi-annually from November 19, 2025.

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

The fair values of the Sukuk Certificates issued as at June 30, 2026, are as follows:

	Face value in USD	Fair value per Sukuk
Sukuk I	500 million	1,011.92
Sukuk II	500 million	1,002.78
Sukuk III	750 million	962.43

Going concern

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

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PNC investments

Directors

The Directors during the period and to the date of this report are:

- Mr. Francis Alfred;
- Mr. Ravi PNC Menon; and
- Mr. Mahmoud Al Burai.

Auditors

Grant Thornton were appointed to review the unaudited condensed consolidated interim financial information for the six-months ended June 30, 2026. The Directors resolved to release Grant Thornton from any liabilities arising from the review of the unaudited condensed consolidated interim financial information for the six-months ended June 30, 2026.

The unaudited condensed consolidated interim financial information for the six-months ended June 30, 2026 (including comparatives) were approved by:

Mr. Ravi PNC Menon
Director
Dubai, United Arab Emirates

Mr. Francis Alfred
Director
Dubai, United Arab Emirates

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Report on Review of Unaudited Condensed Consolidated Interim Financial Information

To the Shareholders of P N C Investments L.L.C

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of P N C Investments L.L.C (the "Company") and its subsidiaries (together referred to as the "Group") as of June 30, 2026 and the related condensed consolidated statements of comprehensive income, changes in equity, cash flows for the six-months then ended, and material accounting policy information and selected explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 ("IAS 34") *'Interim Financial Reporting'*. Our responsibility is to express a conclusion on this unaudited condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited condensed consolidated interim financial information does not present fairly, in all material respects, the condensed consolidated financial position of the Group as at June 30, 2026, and of its condensed consolidated financial performance and its condensed consolidated cash flows for the six months then ended in accordance with IAS 34.

GRANT THORNTON UAE

S. Anand Prabhu

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

Anand Prabhu
Registration No. 5567
Dubai, United Arab Emirates

August 04, 2026

P N C Investments L.L.C
Unaudited Condensed Consolidated Interim Financial Information

Condensed consolidated statement of financial position
As at June 30, 2026

	Notes	(Unaudited) June 30, 2026 AED '000	(Audited) December 31, 2025 AED '000
ASSETS			
Non-current			
Property and equipment	6	883,273	685,969
Intangible assets	7	30,713	16,345
Right-of-use assets	8	72,963	83,967
Investment properties	9	618,234	576,006
Investment in joint ventures	12	1,150,701	1,037,485
Derivative financial instrument	14	8,884	-
		2,764,768	2,399,772
Current			
Inventories	11	4,164	1,448
Properties under development	10	9,223,548	9,403,222
Trade and other receivables	13	10,123,270	8,913,473
Due from related parties	16	1,424,870	895,530
Cash and cash equivalents	15	6,079,135	6,684,924
		26,854,987	25,898,597
TOTAL ASSETS		29,619,755	28,298,369
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	300	300
Additional capital contribution	19	1,000,000	1,000,000
Statutory reserve	18	1,150	1,150
Retained earnings		13,074,148	12,038,966
TOTAL EQUITY		14,075,598	13,040,416
LIABILITIES			
Non-current			
Employees' end of service benefits	20	22,707	23,734
Borrowings	21	9,150,546	9,334,713
Finance lease liabilities	22	54,322	61,102
Trade and other payables	23	267,734	437,269
Deferred tax liability	31	3,160	2,360
		9,498,469	9,859,178
Current			
Borrowings	21	578,353	146,991
Corporate tax	31	555,016	446,587
Finance lease liabilities	22	19,076	24,126
Trade and other payables	23	4,855,992	4,754,296
Due to related parties	16	37,251	26,775
		6,045,688	5,398,775
TOTAL LIABILITIES		15,544,157	15,257,953
TOTAL EQUITY AND LIABILITIES		29,619,755	28,298,369

This unaudited condensed consolidated interim financial information for the six months ended June 30, 2026 (including comparatives) were approved by Board of Directors and signed on their behalf by:

Mr. Ravi PNC Menon
Director
Dubai, United Arab Emirates

Mr. Francis Alfred
Director
Dubai, United Arab Emirates

The accompanying notes from 1 to 37 form an integral part of this unaudited condensed consolidated interim financial information.

Condensed consolidated statement of comprehensive income
For the six months ended June 30, 2026

	Notes	Six-months ended June 30, 2026 AED '000 (Unaudited)	June 30, 2025 AED '000 (Unaudited)
Revenue from contracts with customers	24	**6,562,345**	7,194,286
Direct costs	25	**(3,588,263)**	(3,890,891)
GROSS PROFIT		**2,974,082**	3,303,395
Administrative and general expenses	26	**(298,919)**	(267,305)
Depreciation and amortization		**(21,829)**	(22,608)
Selling and marketing expenses	27	**(648,700)**	(870,752)
Finance costs	28	**(389,513)**	(178,196)
Share of profit from investments in joint ventures	12	**113,216**	63,166
Fair value gain of derivative financial instrument	14	**8,884**	-
Other income	29	**157,190**	98,366
PROFIT BEFORE TAX		**1,894,411**	2,126,066
Income tax expense	31	**(109,229)**	(185,978)
PROFIT FOR THE PERIOD		**1,785,182**	1,940,088
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,785,182**	1,940,088
Net profit for the period attributable to:			
Shareholders of the Company		**1,785,182**	1,940,092
Non-controlling interest		**-**	(4)
		1,785,182	1,940,088
Total comprehensive income attributable to:			
Shareholders of the Company		**1,785,182**	1,940,092
Non-controlling interest		**-**	(4)
		1,785,182	1,940,088

The accompanying notes from 1 to 37 form an integral part of this unaudited condensed consolidated interim financial information.

Condensed consolidated statement of changes in equity
For the six months ended June 30, 2026

	Share capital AED '000	Additional capital contribution AED '000	Statutory reserve AED '000	Retained earnings AED '000	Attributable to the Shareholders of the Company AED '000	Non-controlling interest AED '000	Total equity AED '000
Balance at January 1, 2025 (audited)	300	-	1,150	9,019,362	9,020,812	188,999	9,209,811
Net profit for the period (unaudited)	-	-	-	1,940,092	1,940,092	(4)	1,940,088
Capital contribution (Note 19) (unaudited)	-	1,000,000	-	-	1,000,000	-	1,000,000
Dividends (Note 17.1) (unaudited)	-	-	-	(301,790)	(301,790)	-	(301,790)
Balance at June 30, 2025 (unaudited)	300	1,000,000	1,150	10,657,664	11,659,114	188,995	11,848,109
Balance at January 1, 2026 (audited)	300	1,000,000	1,150	12,038,966	13,040,416	-	13,040,416
Net profit for the period (unaudited)	-	-	-	1,785,182	1,785,182	-	1,785,182
Dividends (Note 17.1) (unaudited)	-	-	-	(750,000)	(750,000)	-	(750,000)
Balance at June 30, 2026 (unaudited)	**300**	**1,000,000**	**1,150**	**13,074,148**	**14,075,598**	**-**	**14,075,598**

The accompanying notes from 1 to 37 form an integral part of this unaudited condensed consolidated interim financial information.

Condensed consolidated statement of cash flows
For the six months ended June 30, 2026

	Notes	(Unaudited) Six-months ended June 30, 2026 AED '000	(Unaudited) Six-months ended June 30, 2025 AED '000
OPERATING ACTIVITIES			
Profit before tax		**1,894,411**	2,126,066
Cash flow adjustments	33	**291,784**	143,116
Operating cash flows before net changes in working capital		**2,186,195**	2,269,182
Net changes in working capital	33	**(1,145,267)**	45,767
Employees' end of service benefits paid	20	**(4,169)**	(1,850)
Net cash from operating activities		**1,036,759**	2,313,099
INVESTING ACTIVITIES			
Purchase of property and equipment		**(207,470)**	(167,146)
Proceeds from sale of properties and equipment		**600**	-
Consideration paid for investment in joint ventures		**(138,750)**	(25,000)
Purchase of intangible assets		**(15,027)**	(7,070)
Consideration paid for investment properties		**(585,050)**	(914,814)
Net cash used in investing activities		**(945,697)**	(1,114,030)
FINANCING ACTIVITIES			
Proceeds from borrowings	21	**312,332**	2,155,273
Repayment of finance lease liability	22	**(15,379)**	(14,874)
Interest paid on loan from related party	16	**-**	(20,000)
Loan processing fees paid	28	**(10,037)**	(669)
Dividend paid	17.1	**(570,000)**	(301,790)
Repayment of borrowings	21	**(413,767)**	(195,897)
Advances paid to minority shareholders		**-**	(12,490)
Net cash (used in)/from financing activities		**(696,851)**	1,609,553
Net change in cash and cash equivalents		**(605,789)**	2,808,622
Cash and cash equivalents, beginning of period		**6,684,924**	2,825,892
Cash and cash equivalents, end of period	15	**6,079,135**	5,634,514
Non-cash transaction:			
Transfer of loan from shareholders to additional capital contribution	16	**-**	1,000,000

The accompanying notes from 1 to 37 form an integral part of this unaudited condensed consolidated interim financial information.

1 Legal status and nature of operations

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

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

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

These unaudited condensed consolidated interim financial information for the six months ended June 30, 2026, were approved by the Directors on August 04, 2026.

The following entities (including special purpose vehicle) (the "Subsidiaries") have been consolidated in this unaudited condensed consolidated interim financial information:

			Ownership interest	
Name of subsidiaries	**Country of incorporation and operation & license number**	**Principal activity**	**(Unaudited) June 30, 2026**	(Audited) December 31, 2025
Sobha L.L.C	UAE - 666965	Real estate development	**100%**	100%
Sobha Lifestyle City Limited	UAE - 148816	Investment in land and properties	**100%**	100%
Sobha Capital L.L.C	UAE - 684321	Capital investment and management in various enterprises	**100%**	100%
Sobha Furniture Systems L.L.C	UAE - 1217823	Furniture manufacturing	**100%**	100%
Sobha Energy Solutions L.L.C	UAE - 1045580	District cooling services, refrigeration and cold storage equipment trading	**100%**	100%
Sobha Land Investments L.L.C	UAE - 1555563	Investment in and management of educational, tourist, industrial, agricultural, and commercial enterprises. Investment in and development of sport and healthcare enterprises	**100%**	100%
Sobha Furniture Trading L.L.C (subsidiary of Sobha Furniture Systems L.L.C)	UAE - 1583846	Office furniture trading, domestic kitchen & fixture trading, home furniture trading, and schools, hospitals & laboratories furniture trading	**100%**	-
Sobha Realty L.L.C – S.P.C	UAE - 6448462	Services of holding companies for intellectual property, real estate development and construction, investment in, establishment and management of industrial, infrastructure, real estate and commercial enterprises	**100%**	-

1 Legal status and nature of operations (continued)

During the prior year, the Company disposed of its interest in a branch to a related party as referred to in Note 32.

Special purpose vehicles

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

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

Joint ventures

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

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

2 Basis of preparation

This unaudited condensed consolidated interim financial information is for the six-months ended June 30, 2026, and are presented in United Arab Emirates Dirham (AED), which is the functional currency of the Company. The unaudited condensed consolidated interim financial information is stated in AED thousands, unless otherwise stated.

This unaudited condensed consolidated interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' and does not include all of the information required in annual financial statements in accordance with IFRS Accounting Standard as issued by IASB and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2025. Further, results for the six-months ended June 30, 2026, are not necessarily indicative of the results that may be expected for the year ending December 31, 2026.

The same accounting policies, presentation and methods of computation have been followed in this unaudited condensed consolidated interim financial information as were applied for the preparation and presentation of the annual audited consolidated financial statements of the Group for the year ended December 31, 2025.

3 Standards, interpretations and amendments to existing standards

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

New standards and amendments that are effective and do not have a significant impact on the unaudited condensed consolidated interim financial information include:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and 7)

The above amendment does not have a significant impact on the unaudited condensed consolidated interim financial information therefore the disclosures have not been made.

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

There are no accounting pronouncements which have become effective from 1 January 2026 that have a significant impact on the Group's unaudited condensed consolidated interim financial information.
At the date of authorization of this unaudited condensed consolidated interim financial information, several new, but not yet effective, Standards, amendments to existing Standards, and interpretations have been published by the IASB and IFRS Interpretations Committee (IFRIC). None of these standards or amendments to existing standards have been adopted early by the Group and no interpretations have been issued that are applicable and need to be taken into consideration by the Group at the reporting date.
The new standards, amendments and interpretations not adopted in the current year are not expected to have a material impact on the Group's unaudited condensed consolidated interim financial information, except for IFRS 18 'Presentation and Disclosure in Financial Statements', which has an effective date of 1 January 2027. The Group is currently working to identify all of the impacts that IFRS 18 will have on the primary financial statements and notes to the financial statements. IFRS 18 will be applied retrospectively with specific transitional provisions.

4 Material accounting policies

The unaudited condensed consolidated interim financial information have been prepared in accordance with the accounting policies adopted in the Group's most recent annual consolidated financial statements for the year ended December 31, 2025.

5 Significant management judgements in applying accounting policies

When preparing the unaudited condensed consolidated interim financial information management undertakes significant judgments, estimates and assumptions in applying the accounting policies of the Group that have the most significant effect on the unaudited condensed consolidated interim financial information and about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the unaudited condensed consolidated interim financial information, including the key sources of estimation uncertainty, were the same as those applied in the Group's most recent annual consolidated financial statements for the year ended December 31, 2025.

Notes to the unaudited condensed consolidated interim financial information (continued)
For the six months ended June 30, 2026

6 Property and equipment

	Land AED '000	Buildings AED '000	Machinery and other equipment AED '000	Furniture and fixtures AED '000	Vehicles AED '000	Other assets AED '000	Capital work-in-progress (a). AED '000	Total AED '000
2026								
Cost								
Balance at January 1, 2026 (audited)	121,311	103,433	28,067	3,594	20,911	11,257	503,837	792,410
Additions (unaudited)	-	-	3,749	109	3,062	-	200,550	207,470
Disposals (unaudited)	-	-	-	-	(2,494)	-	-	(2,494)
Balance at June 30, 2026 (unaudited)	**121,311**	**103,433**	**31,816**	**3,703**	**21,479**	**11,257**	**704,387**	**997,386**
Accumulated depreciation								
Balance at January 1, 2026 (audited)	-	71,812	14,650	2,514	6,208	11,257	-	106,441
Charge for the period (unaudited)	-	5,161	2,899	158	1,948	-	-	10,166
Disposals (unaudited)	-	-	-	-	(2,494)	-	-	(2,494)
Balance at June 30, 2026 (unaudited)	-	76,973	17,549	2,672	5,662	11,257	-	114,113
Carrying amounts at June 30, 2026 (unaudited)	**121,311**	**26,460**	**14,267**	**1,031**	**15,817**	**-**	**704,387**	**883,273**

(a) Capital work-in-progress represents the following:

- Construction and design cost for factory building, which is expected to be ready for use by the end of this year. As of the reporting date, the Group has a capital commitment amounting to AED 273,112 thousand (December 31, 2025 (audited): AED 283,243 thousand) relating to the factory building.
- Construction and design cost for office building, which is expected to be ready for use by the end of this year. As of the reporting date, SFS has a capital commitment amounting to AED 205,120 thousand (December 31, 2025 (audited): AED 335,598 thousand) relating to the office building.
- During the period, finance cost amounting to AED 3,637 thousand (December 31, 2025: Nil) was capitalized to capital work in progress.

*Vehicles with a carrying amount of AED 14,697 thousand (December 31, 2025 (audited): AED 11,682 thousand) are mortgaged with banks as of the reporting date.

6 Property and equipment (continued)

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

7 Intangible assets

	Computer software AED '000	Intangible assets under development* AED '000	Total AED '000
2026			
Cost			
Balance at January 1, 2026 (audited)	17,945	5,434	23,379
Additions (unaudited)	2,009	13,018	15,027
Balance at June 30, 2026 (unaudited)	**19,954**	**18,452**	**38,406**
Accumulated amortization			
Balance at January 1, 2026 (audited)	7,034	-	7,034
Charge for the period (unaudited)	659	-	659
Balance at June 30, 2026 (unaudited)	7,693	-	7,693
	12,261	**18,452**	**30,713**

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

*Intangible assets under development pertain to an ERP software being developed by the Group, as of the reporting date. The ERP software is expected to be ready for use before the end of the fiscal year 2026. As of the reporting date, the Group has a capital commitment amounting to AED 1,389 thousand (December 31, 2025 (audited): AED 2,856 thousand) pertaining to the ERP software (refer Note 30).

8 Right-of-use assets

	Aircraft (a) AED '000	Land (b) AED '000	Total AED '000
2026			
Cost			
Balance at January 1, 2026 (audited)	86,420	20,044	106,464
Balance at June 30, 2026 (unaudited)	86,420	20,044	106,464
Accumulated amortization			
Balance at January 1, 2026 (audited)	21,605	892	22,497
Charge for the period (unaudited)	10,803	201	11,004
Balance at June 30, 2026 (unaudited)	32,408	1,093	33,501
	54,012	**18,951**	**72,963**

8 Right-of-use assets (continued)

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

a) Pertains to lease agreement with Sobha Jet Limited (a related party) for a period of 4 years.

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

9 Investment properties

	(Unaudited) June 30, 2026 AED '000	(Audited) December 31, 2025 AED '000
Opening balance	**576,006**	3,038,826
Additions	**-**	5,919,322
Additions to investment properties under development	**42,228**	73,066
Transferred to properties under development (Note 10)	**-**	(8,455,208)
Closing balance	**618,234**	576,006

Particulars	**Location**	**(Unaudited) June 30, 2026 AED '000**	(Audited) December 31, 2025 AED '000
Building	Commercial space in 'Sobha Sapphire' – Business Bay, Dubai, UAE	**24,847**	24,847
Building	Neighborhood clubhouse, Sobha Hartland, Dubai, UAE	**14,656**	14,656
Land	Plot No 194, Bukadra, Dubai	**233,656**	233,656
Land	Plot 31 – 32, Sobha Hartland, Al Merkadh, Dubai, UAE	**88,180**	88,180
Land	Plot No 1374, Jebel Ali Industrial First, Dubai, UAE	**46,029**	46,029
Land	Plot No 11, Al Yufrah 1, Dubai, UAE	**75,516**	75,516
Under development	Sobha Mall, Sobha Hartland, Dubai, UAE (a)	**118,750**	84,978
Under development	Technicians' residence, Jebel Ali Industrial First, Dubai, UAE (b)	**16,600**	8,144
		618,234	576,006

Certain plots of land and building have been pledged as security for the Group's borrowings (note 21).

9 Investment properties (continued)

(a) During the year 2024, the Group started developing "Sobha Mall" located at Sobha Hartland, Dubai, UAE. During the year 2024 and 2025, the addition to investment property under development amounted to AED 84,978 thousand which comprises of construction costs amounting to AED 77,101 thousand and design and supervision costs amounting to AED 7,877 thousand. During the current period, the Group incurred further construction costs amounting to AED 32,886 thousand and design and supervision costs amounting to AED 886 thousand. The said investment property is expected to be ready by the end of this year.

(b) During the year 2024, the Group started developing "Technicians' residence" located at Jebel Ali Industrial First, Dubai, UAE. During the year 2024 and 2025, the addition to investment under development amounted to AED 8,144 thousand which comprises of construction costs amounting to AED 6,516 thousand and design and supervising costs amounting to AED 1,628 thousand. During the current period, the Group incurred further construction costs amounting to AED 8,416 thousand and design and supervision costs of AED 40 thousand. Development is expected to be ready for use by the end of this year.

As of the reporting date, the Company's outstanding payables in relation to the purchase of investment properties amounted to AED 788,929 thousand (December 31, 2025 (audited): AED 1,337,597 thousand) (refer Note 23).

As of the reporting date, the Company has capital commitments amounting to AED 87,618 thousand (December 31, 2025 (audited): AED 129,374 thousand) related to the development of "Sobha Mall" and AED 113,347 thousand (December 31, 2025 (audited): AED 62,624 thousand) related to the development of "Technicians' residence" (refer Note 30).

Note 34 sets out the method used for the determination of the estimated fair value of the investment properties.

10 Properties under development

	(Unaudited) June 30, 2026	(Audited) December 31, 2025
	AED '000	AED '000
Land held for future development	**5,144,365**	6,430,024
Properties under development	**4,079,183**	2,973,198
	9,223,548	9,403,222

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

	(Unaudited) June 30, 2026	(Audited) December 31, 2025
	AED '000	AED '000
Opening balance	**9,403,222**	2,939,949
Transferred from investment properties (Note 9)	**-**	8,455,208
Additions during the period/year	**3,408,589**	5,751,727
Recognized as cost on sale of properties (Note 25)	**(3,588,263)**	(7,743,662)
Closing balance	**9,223,548**	9,403,222

Properties under development are located in Dubai, United Arab Emirates, and comprise the cost of land and the development cost of villas, apartments and infrastructure within the Sobha Hartland project located at Mohammed Bin Rashid Al Maktoum City, Sobha One project located at Ras Al Khor, S-Tower project located at Sheikh Zayed Road, Sobha Verde project located at Al Thanyah Fifth Community, Sobha Reserve project located at Plot No 1238 (643-8092) Wadi Al Safa Two, Sobha Sea Haven project located at Al Marsa Dubai Marina, Sobha Hartland II project located at Bukadra, Sobha Orbis project located at Motor City, Sobha Elwood project located at Al Yufrah 1, Sobha Sanctuary project located at Al Yufrah 2, Sobha Solis project located at Motor City, Sobha Central project located at Sheikh Zayed Road, Sobha Skyparks project located at Business Bay and Sobha City project located in Abu Dhabi, UAE. During the period, no borrowing costs were capitalized as additions to properties under development.

11 Inventories

	(Unaudited) June 30, 2026 AED '000	(Audited) December 31, 2025 AED '000
Consumables	4,164	1,448

12 Investment in joint ventures

Name of the joint ventures	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Company at period/year end (Unaudited) June 30, 2026	(Audited) December 31, 2025
Sobha Al Siniya FZC	United Arab Emirates	Real estate development and sales	50%	50%
Sobha UAQ Properties L.L.C	United Arab Emirates	Real estate development and sales	50%	50%

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

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

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

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

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

	(Unaudited) June 30, 2026 AED '000	(Audited) December 31, 2025 AED '000
Opening balance	1,037,485	425,391
Additions*	-	377,500
Share of profit for the period/year	113,216	234,594
Closing balance	1,150,701	1,037,485

*No amount is payable to Sobha Al Siniya FZC as at the reporting date (2025: AED 88,750 thousand). During the year 2025, additional investments in joint ventures have been made by JV Partners in proportion to their existing ownership interests. Accordingly, the percentage of shareholding in these joint ventures remains unchanged.

No dividends were received from joint ventures during the six months ended June 30, 2026 (2025: Nil (audited)).

Notes to the unaudited condensed consolidated interim financial information (continued)
For the six months ended June 30, 2026

12 Investment in joint ventures (continued)

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

	Sobha Al Siniya FZC		Sobha UAQ Properties L.L.C	
	(Unaudited) June 30, 2026 AED'000	(Audited) December 31, 2025 AED'000	**(Unaudited) June 30, 2026 AED'000**	(Audited) December 31, 2025 AED'000
Non-current assets	**425,064**	362,318	**380,557**	379,495
Current assets*	**4,883,556**	3,945,670	**412,574**	358,315
Total assets	**5,308,620**	4,307,988	**793,131**	737,810
Non-current liabilities	**1,300**	-	**209**	281
Current liabilities	**3,445,773**	2,644,989	**353,068**	325,557
Total liabilities	**3,447,073**	2,644,989	**353,277**	325,838
Net assets	**1,861,547**	1,662,999	**439,854**	411,972
*Includes cash and cash equivalents	**3,387,638**	2,668,896	**261,810**	240,815
Revenue	**417,942**	1,002,089	**64,864**	27,946
Depreciation	**505**	324	**97**	-
Profit before tax	**218,081**	502,500	**30,603**	13,122
Profit and total comprehensive income for the period/year	**198,548**	457,275	**27,882**	11,975
Corporate tax expense	**(19,533)**	(45,225)	**(2,721)**	(1,147)

Notes to the unaudited condensed consolidated interim financial information (continued)
For the six months ended June 30, 2026

12 Investment in joint ventures (continued)

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

	Sobha Al Siniya FZC		Sobha UAQ Properties L.L.C		Total	
	(Unaudited) June 30, 2026 AED'000	(Audited) December 31, 2025 AED'000	**(Unaudited) June 30, 2026 AED'000**	(Audited) December 31, 2025 AED'000	**(Unaudited) June 30, 2026 AED'000**	(Audited) December 31, 2025 AED'000
Total net assets	**1,861,547**	1,662,999	**439,854**	411,972	**2,301,401**	2,074,971
Proportion of ownership interests held by the Group	**50%**	50%	**50%**	50%	**50%**	50%
Carrying amount of the investments	**930,774**	831,499	**219,927**	205,986	**1,150,701**	1,037,485
Investment in joint venture	**580,000**	580,000	**200,000**	200,000	**780,000**	780,000
Accumulated share of profits	**350,774**	251,499	**19,927**	5,986	**370,701**	257,485
Carrying amount of the investments	**930,774**	831,499	**219,927**	205,986	**1,150,701**	1,037,485

13 Trade and other receivables

	(Unaudited) June 30, 2026 AED '000	(Audited) December 31, 2025 AED '000
Financial assets		
Unbilled receivables	**7,092,952**	6,068,665
Trade receivables	**1,760,795**	1,612,499
Refundable deposits	**56,262**	48,980
Other receivables	**19,458**	24,559
	8,929,467	7,754,703
Non-financial assets		
Prepayments, advances and others*	**1,161,862**	927,302
VAT receivable – net	**25,338**	225,503
Staff advances	**6,603**	5,965
	1,193,803	1,158,770
	10,123,270	8,913,473

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

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

		Days overdue			
Trade receivables	**Unbilled (current but not due) AED '000**	**0-90 AED '000**	**91-180 AED '000**	**Over 180 AED '000**	**Total AED '000**
June 30, 2026 (unaudited)	**7,092,952**	**998,699**	**256,534**	**505,562**	**8,853,747**
December 31, 2025 (audited)	6,068,665	683,470	337,945	591,084	7,681,164

14 Derivative financial instrument

	(Unaudited) June 30, 2026 AED '000	(Audited) December 31, 2025 AED '000
Interest rate swap	**8,884**	-

During the period, the Company entered into an interest rate swap arrangement with a notional amount of AED 1,500,000 thousand to mitigate its exposure to interest rate risk on the borrowings facility availed from a financial institution (refer Note 21). The derivative financial instrument is designated at fair value through profit or loss and is measured based on its mark-to-market valuation at the reporting date.

15 Cash and cash equivalents

	(Unaudited) June 30, 2026 AED '000	(Audited) December 31, 2025 AED '000
Cash on hand	**2,911**	1,014
Cash at banks		
- in escrow account*	**4,469,636**	4,590,706
- in current account	**906,621**	493,998
- in fixed deposit accounts	**571,585**	1,471,294
- in DSRA/FSRA accounts	**128,382**	127,912
	6,076,224	6,683,910
Cash and cash equivalents	**6,079,135**	6,684,924

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

16 Related parties

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

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

	(Unaudited) June 30, 2026 AED' 000	(Audited) December 31, 2025 AED' 000
Due from related parties		
Joint ventures		
Sobha Al Siniya FZC	**148,184**	90,306
Sobha UAQ Properties L.L.C	**16,350**	81,236
Entities under common control		
Sobha Constructions L.L.C	**1,213,219**	691,448
PNC Architects L.L.C	**27,812**	28,081
Sobha Furniture Industries L.L.C	**11,254**	-
Sobha Asset Cayman Limited	**5,309**	2,794
Latinem Private Limited – India	**2,688**	1,645
Sobha Smart Bill Services L.L.C	**54**	20
	1,424,870	895,530

16 Related parties (continued)

	(Unaudited) June 30, 2026 AED' 000	(Audited) December 31, 2025 AED' 000
Due to related parties		
Entities under common control		
Sobha Corporate L.L.C	**33,629**	2,456
Sobha Furniture Design Studio S.R.L.	**1,190**	2,856
Sobha Aviation DWC LLC	**1,857**	1,012
Sobha Real Estate UK Ltd	**575**	699
Sobha Furniture Industries - L.L.C - O.P.C	**-**	19,307
Sobha Jet Limited	**-**	445
	37,251	26,775

	(Unaudited) June 30, 2026 AED' 000	(Audited) December 31, 2025 AED' 000
Loan from shareholders		
Opening balance	**-**	1,000,000
Transferred to capital contribution*	**-**	(1,000,000)
Interest expense on loan from shareholders (Note 28)	**-**	20,000
Repaid during the year	**-**	(20,000)
Closing balance	**-**	-

*On March 31, 2025, the loan from shareholders was converted into capital contribution (refer Note 19).

Key management personnel compensation

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

	(Unaudited) Six-months ended June 30, 2026 AED '000	(Unaudited) Six-months ended June 30, 2025 AED '000
Salaries and benefits	**75,364**	57,943

16 Related parties (continued)

Significant transactions with related parties

Significant transactions carried out with related parties are as follows:

	(Unaudited) Six-months ended June 30, 2026	(Unaudited) Six-months ended June 30, 2025
	AED '000	AED '000
Construction and development expenses for properties under development, investment properties under development and capital work in progress	3,235,609	2,594,003
Dividends (Note 17.1)	750,000	301,790
Project design and supervision fee charged by a related party	102,860	175,586
Royalty expenses (Note 27)	65,623	72,226
Finance lease liability repaid	14,874	14,874
Development management fees (Note 29)	14,028	9,593
Marketing costs charged by related party*	2,817	7,115
Interest on loan from shareholders (Note 28)	-	20,000

*This is charged by Sobha Real Estate UK Ltd for marketing expenses to Sobha L.L.C.

17 Share capital

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

	(Unaudited) June 30, 2026	(Audited) December 31, 2025
	AED '000	AED '000
Authorised, issued and fully paid-up share capital (300 shares)	300	300

The shareholding is as follows:

	(Unaudited) June 30, 2026			(Audited) December 31, 2025		
	%	No. of shares	AED'000	%	No. of shares	AED'000
Mr. Puthan N C Menon	53%	159	159	53%	159	159
Mrs. Sobha Menon Raghavan Nair	47%	141	141	47%	141	141
	100%	300	300	100%	300	300

17.1 Dividends

On January 20, 2026, the board of directors approved the consolidated financial statements of the Group for the year ended December 31, 2025, and declared a dividend of AED 650,000 thousand (AED 2,166.67 thousand per share) based on the financial results of the Group, of which AED 570,000 thousand has been paid. Further, on April 21, 2026, the Company declared an interim dividend amounting to AED 100,000 thousand (AED 333.33 thousand per share) (June 30, 2025 (unaudited): AED 301,790 thousand).

18 Statutory reserve

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

19 Additional capital contribution

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

20 Employees' end of service benefits

	(Unaudited) June 30, 2026	(Audited) December 31, 2025
	AED '000	AED '000
Opening balance	**23,734**	16,321
Charge for the period/year	**3,142**	12,824
Payments made during the period/year	**(4,169)**	(5,411)
Closing balance	**22,707**	23,734

21 Borrowings

	(Unaudited) June 30, 2026			(Audited) December 31, 2025		
	Current AED '000	**Non-current AED '000**	**Total AED '000**	Current AED '000	Non-current AED '000	Total AED '000
Sukuk Certificates	**-**	**6,275,865**	**6,275,865**	-	6,268,532	6,268,532
Loans from financial institutions						
Term finance	**575,733**	**2,864,199**	**3,439,932**	144,819	3,057,495	3,202,314
Vehicle loan	**2,620**	**10,482**	**13,102**	2,172	8,686	10,858
	578,353	**9,150,546**	**9,728,899**	146,991	9,334,713	9,481,704

The movement in borrowings is as follows:

	(Unaudited) June 30, 2026	(Audited) December 31, 2025
	AED '000	AED '000
Opening balance	**9,481,704**	2,009,456
Proceeds during the period/year	**312,332**	7,888,342
Interest expense on borrowings	**348,630**	258,555
Repayments during the period/year	**(413,767)**	(674,649)
Closing balance	**9,728,899**	9,481,704

21 Borrowings (continued)

Sukuk Certificates

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

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

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

On May 19, 2025, Sobha Sukuk I Holding Limited (the "SPV II"), issued 500,000 45-month Sukuk Certificates ("Sukuk II"), maturing on February 19, 2029, with a face value of USD 1,000 each, listed on the London Stock Exchange and Nasdaq Dubai (ISIN: XS3073626601), amounting to USD 500 million with a coupon rate of 7.9955% per annum payable semi-annually from November 19, 2025.

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

During the year 2025, the Company purchased Sukuk Certificates issued by SPV I and SPV II, amounting to AED 93,357 thousand. As a result, the net amount of AED 93,357 thousand purchased by the Company as of the reporting date has been offset against the outstanding amount of Sukuk Certificates in issues.

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

	Face value in (USD)	Fair value per Sukuk (USD)
Sukuk I	500 million	1,011.92
Sukuk II	500 million	1,002.78
Sukuk III	750 million	962.43

Loan from financial institutions

Loan from financial institutions represents term finance and foreign currency loan obtained from financial institutions.

1) <u>Term finance:</u>

On June 24, 2024, the Company entered into a new term loan facility ("Facility 1") amounting to AED 400 million of which the Company withdrew AED 205 million during the prior year. The loan is to be repaid in 12 quarterly equal instalments. The term finance facility carries a variable profit rate at the prevailing market rates. In March 2025, the Company withdrew the remaining amount of AED 195 million. The principal outstanding loan as of June 30, 2026, amounted to AED 144 million (2025: AED 217 million).

21 Borrowings (continued)

Loan from financial institutions (continued)

1) Term finance (continued):

On October 23, 2025, the Company entered into a new term loan facility ("Facility 2") amounting to AED 3,000 million, which the Company received during the prior year. The loan is for the purpose of purchasing investment property located at Plot No. 2, Municipality No. 915-1177, Al Yufrah 1, Dubai, UAE. The loan matures in 5 years from the date of draw down and carries a profit rate of EIBOR + 2% per annum. The loan is repayable in 8 semi-annual instalments in arrears starting after the end of the moratorium period, which is one year after the date of draw down. The principal outstanding loan as of June 30, 2026, amounted to AED 2,987 million (2025: AED 2,985 million).

On 03 April 2026, Sobha Furniture Systems L.L.C ("SFS"), a subsidiary of the Company entered into a term loan facility ("Facility 3") with a financial institution amounting to AED 280 million to finance the construction of a factory in Dubai Industrial City and related capital expenditure. SFS has drawn AED 259.52 million under the facility as of the reporting date. The facility carries a profit rate of 3-month EIBOR + 2.0% per annum, subject to a minimum profit rate of 4.0% per annum. The facility has a tenor of 66 months, including a 6-month moratorium period, and is repayable over 20 quarterly instalments commencing after the moratorium period. The principal outstanding loan as of June 30, 2026, amounted to AED 259.52 million.

On 25 March 2026, Sobha Energy Solutions LLC ("SES"), a subsidiary of the Company entered into a term loan facility ("Facility 4") with a financial institution amounting to AED 200 million to finance 66% of the construction cost of district cooling plants located in Bukadra, Dubai and Ras Al Khor Industrial First, Dubai. SES has drawn AED 49.44 million under the facility as of the reporting date. The facility carries a profit rate of 3-month EIBOR + 2.0% per annum, subject to a minimum rate of 3.5% per annum, and has a tenor of 96 months. The facility includes a moratorium period until August 31, 2026, following which the principal is repayable in quarterly instalments through 2033. The principal outstanding loan as of June 30, 2026, amounted to AED 49.44 million.

2) Short term finance:

On May 8, 2025, the Company entered into a new short-term loan facility ("Facility 5") with a financial institution amounting to USD 22 million (AED 81 million), carrying an interest rate of 1 Month SOFR + 2.70%. The loan was settled in full by the Company during the previous year.

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

3) Vehicle loan:

On March 14, 2025 the Company entered into asset financing agreements ("Facility 7") with a financial institution totaling to AED 11,682 thousand at commercial market rates. On January 20, 2026, the Company entered into new asset financing agreements ("Facility 8") with a financial institution totaling to AED 3,015 thousand at commercial market rates.

The loans are repayable in instalments over a tenure of 60 months. As of the reporting date, the principal outstanding loan amounted to AED 13,102 thousand (2025: AED 10,858 thousand).

21 Borrowings (continued)

Loan from financial institutions (continued)

The above outstanding borrowing facilities are secured by way of:

- First degree mortgage over Plot No. 2, Al Yufrah 1, Dubai, UAE cover 100% of funded exposure.
- Pledge by way of mortgage on Plot No. MS 7, MS 8 and 347-924 located in Hartland, Dubai, UAE, Plot No. MA 01, MC 01, CH 1, CH 2 and SG 01 located in Hartland II, Dubai, UAE, Plot No. 599-0221 in Jebel Ali, Dubai, UAE, Plot No. 346-611 located in Business Bay, Dubai, UAE, Site No.18042 ,Dubai Industrial City, Dubai, UAE, Plot No. 480 at Bukadra, Dubai, UAE and Plot No. 450 at Ras Al Khor Industrial First, Dubai, UAE.
- Assignment of receivables and mortgage over the equipment and machinery of Sobha Energy Solutions' plants located at Bukadra, Dubai and Ras Al Khor Industrial First, Dubai, and Sobha Furniture Systems' factory located in Dubai Industrial City, Dubai.
- Pledge of 'Facility Service Reserve Account' / 'Debt Service Reserve Account.';
- Assignment of insurance policies to respective financial institutions, as per the agreed terms;
- Pledge of vehicles by way of mortgage (Note 6).

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

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

	Within one year	More than one year	Total
	AED '000	AED '000	AED '000
June 30, 2026 (Unaudited)	**578,353**	**9,150,546**	**9,728,899**
December 31, 2025 (Audited)	146,991	9,334,713	9,481,704

22 Finance lease liabilities

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

	(Unaudited) June 30, 2026		(Audited) December 31, 2025	
	Current	**Non-current**	Current	Non-current
	AED '000	**AED '000**	AED '000	AED '000
Finance lease liabilities	**19,076**	**54,322**	24,126	61,102

The movement in the finance lease liabilities are as follows:

	(Unaudited) June 30, 2026	(Audited) December 31, 2025
	AED '000	AED '000
Opening balance	**85,228**	20,033
Additions	**-**	86,420
Finance cost	**3,549**	8,522
Repayments	**(15,379)**	(29,747)
Closing balance	**73,398**	85,228

22 Finance lease liabilities (continued)

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

	Minimum lease payments due		
	Within one year	More than one year	Total
June 30, 2026 (Unaudited)	**AED '000**	**AED '000**	**AED '000**
Lease payments	**24,818**	**124,184**	**149,002**
Finance charges	**(5,742)**	**(69,862)**	**(75,604)**
Net present value	**19,076**	**54,322**	**73,398**
December 31, 2025 (Audited)			
Lease payments	27,791	138,593	166,384
Finance charges	(3,665)	(77,491)	(81,156)
Net present value	24,126	61,102	85,228

23 Trade and other payables

	(Unaudited) June 30, 2026 AED '000	(Audited) December 31, 2025 AED '000
Financial liabilities		
Trade payables*	**1,043,641**	1,646,266
Accruals	**214,798**	341,908
Interest accrued on borrowings	**160,774**	169,860
Dividend payable (Note 17.1)	**180,000**	-
Staff payables	**33,710**	705
Other	**5,838**	13,161
	1,638,761	2,171,900
Non-financial liabilities		
Advance from customers**	**3,166,261**	2,758,229
Excess billings**	**318,704**	261,436
	3,484,965	3,019,665
	5,123,726	5,191,565
Less: current portion	**(4,855,992)**	(4,754,296)
Non-current portion**	**267,734**	437,269

*Trade payables as of the reporting date include AED 788,929 thousand (2025: AED 1,337,597 thousand) payable in relation to the purchase of investment properties (refer Note 9).

23 Trade and other payables (continued)

The movement in consideration payable with respect to investment properties are as follows:

	(Unaudited) June 30, 2026 AED '000	(Audited) December 31, 2025 AED '000
Opening balance	**1,337,597**	1,086,838
Purchase of investment properties (Note 9)	**-**	5,919,322
Unwinding impact (Note 28)	**36,382**	102,236
Repayment during the period/year	**(585,050)**	(5,770,799)
Closing balance	**788,929**	1,337,597
Less: current portion	**(521,195)**	(900,328)
Non-current portion	**267,734**	437,269

The table below analyses the consideration payable with respect to investment properties into relevant maturity groupings based on the contractual maturity date.

	Within one year AED '000	More than one year AED '000	Total AED '000
June 30, 2026 (Unaudited)			
Payments	**558,322**	**277,072**	**835,394**
Finance charges	**(37,127)**	**(9,338)**	**(46,465)**
Net present value	**521,195**	**267,734**	**788,929**
December 31, 2025 (Audited)			
Payments	958,734	461,710	1,420,444
Finance charges	(58,406)	(24,441)	(82,847)
Net present value	900,328	437,269	1,337,597

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

	(Unaudited) June 30, 2026 AED '000	(Audited) December 31, 2025 AED '000
Opening balance	**3,019,665**	1,409,754
Additions during the period/year	**2,307,962**	7,241,662
Revenue recognized during the period/year	**(1,842,662)**	(5,631,751)
Closing balance	**3,484,965**	3,019,665

24 Revenue from contracts with customers

	(Unaudited) June 30, 2026 AED '000	(Unaudited) June 30, 2025 AED '000
Revenue from sale of apartments and villas	**6,628,909**	7,215,941
Less: units cancelled during the period*	**(66,564)**	(21,655)
	6,562,345	7,194,286

*As a result of customer defaults, sales and purchase agreements with customers for 52 units (2025: 18 units) were cancelled and the Group has reinstated these units.

24 Revenue from contracts with customers (continued)

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

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

The aggregate amount of the sale price allocated to the performance obligations of the Group that are unsatisfied/partially unsatisfied as at June 30, 2026, is AED 28,828,986 thousand (June 30, 2025 (unaudited): AED 27,002,882 thousand). The Group estimates to recognise these unsatisfied performance obligations as revenue over a period of up to 1–4 years."

25 Direct costs

	(Unaudited) June 30, 2026	(Unaudited) June 30, 2025
	AED '000	AED '000
Construction cost	**2,865,495**	2,359,961
Land cost	**502,698**	1,151,775
Infrastructure cost	**186,621**	148,189
Design cost	**61,355**	100,812
Overheads	**3,606**	71,115
Finance cost	**-**	71,132
Less: cost of units cancelled during the period	**(31,512)**	(12,093)
	3,588,263	3,890,891

26 Administrative and general expenses

	(Unaudited) June 30, 2026	(Unaudited) June 30, 2025
	AED '000	AED '000
Salaries and other benefits	**155,942**	135,436
Charity and donations	**57,700**	57,700
Communication expense	**17,419**	15,539
Legal and professional fees	**12,996**	13,646
Aircraft management fees	**8,352**	7,644
Repairs and maintenance	**8,345**	9,701
Utilities	**7,595**	5,878
Bank charges	**2,844**	1,245
Printing and stationary	**1,530**	2,556
Rent*	**747**	1,168
Other	**25,449**	16,792
	298,919	267,305

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

27 Selling and marketing expenses

	(Unaudited) June 30, 2026 AED '000	(Unaudited) June 30, 2025 AED '000
Commission expense	257,877	391,261
Advertisement and marketing	203,822	296,907
Salaries and other benefits	121,378	110,358
Royalty expense* (Note 16)	65,623	72,226
	648,700	870,752

*Royalty expense relates to 1% of Sobha L.L.C's and Sobha Realty L.L.C – S.P.C's revenue payable to Sobha Corporate LLC (a related party) for use of trademarks.

28 Finance costs

	(Unaudited) June 30, 2026 AED '000	(Unaudited) June 30, 2025 AED '000
Interest on borrowings*	339,545	108,609
Unwinding impact on consideration payable (Note 23)	36,382	44,430
Loan processing fees	10,037	669
Interest on finance lease liabilities (Note 22)	3,549	4,488
Interest on loan from shareholders (Note 16)	-	20,000
	389,513	178,196

*Interest on borrowings include interest accrued on Sukuk Certificates.

29 Other income

	(Unaudited) June 30, 2026 AED '000	(Unaudited) June 30, 2025 AED '000
Interest income on deposits	91,654	60,509
Late payment charges	14,588	15,164
Development management fees* (Note 16)	14,028	9,593
Lease rental	8,286	-
Gain on sale of properties and equipment	600	-
Others	28,034	13,100
	157,190	98,366

*Development management fee represents income earned by Sobha L.L.C, a subsidiary of the Company. for providing development management services, including oversight of design, infrastructure, construction, marketing and sales activities for Sobha Al Siniya FZC. The fee is determined in accordance with the development management agreement and is calculated at 7% of profits excluding all taxes.

30 Guarantees, contingencies and capital commitments

	(Unaudited) June 30, 2026 AED '000	(Audited) December 31, 2025 AED '000
Capital commitments for properties under development	**23,059,179**	22,066,517
Capital commitment for capital work in progress	**478,232**	618,841
Commitment towards Mohammed Bin Rashid Al Maktoum Global Initiatives	**250,000**	300,000
Capital commitment for investment properties under development (Note 9)	**200,965**	191,998
Performance guarantees	**98,070**	287,607
Letter of credit	**22,420**	34,024
Capital commitment for intangible assets under development (Note 7)	**1,389**	2,856

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

31 Income tax

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

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

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

Furthermore, the income tax expense relates to Group's operations in the United Arab Emirates during the year which is subject to an effective tax rate of 9%.

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

Income tax expense comprises of the following:

	(Unaudited) June 30, 2026 AED '000	(Unaudited) June 30, 2025 AED '000
Current tax expense		
Current period	**108,429**	185,978
Deferred tax expense		
Temporary differences	**800**	-
Tax expense	**109,229**	185,978

31 Income tax (continued)

Movement in the income tax payable is as follows:

	(Unaudited) June 30, 2026 AED '000	(Unaudited) June 30, 2025 AED '000
Opening balance	**446,587**	142,572
Provided during the period	**109,229**	185,978
Movement in deferred tax liability	**(800)**	-
Realization of fair value gain on investment properties	-	34,408
Closing balance	**555,016**	362,958

Reconciliation of effective tax rate is as follows:

	(Unaudited) June 30, 2026 AED '000	(Unaudited) June 30, 2025 AED '000
Profit before tax	**1,894,411**	2,126,066
Share of profit from equity accounted investments (Note 12)	**(113,216)**	(63,166)
Loss on non-profitable entity	**18**	39
Benefit from transition exemption specified in Ministerial Decision No.120*	**(568,205)**	-
Basic exemption	**(375)**	(375)
	1,212,633	2,062,564

	(Unaudited) June 30, 2026 AED '000	(Unaudited) June 30, 2025 AED '000
Tax using the domestic tax rate of 9%	**109,137**	185,631
Effect of inadmissible expense	**92**	347
	109,229	185,978

*The Group applied the Ministerial Decision 120 of 2023 on the Adjustment Under Transitional Rules for the Purpose of Federal Decree-Law No. 47 of 2022 on Taxation of Corporation and Businesses ('MD 120') on immovable properties in the UAE.

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

	(Unaudited) June 30, 2026		
	Assets AED '000	**Liabilities AED '000**	**Net AED '000**
Fair value gain on derivative financial instrument	-	**800**	**800**
	-	**800**	**800**

	(Audited) December 31, 2025		
	Assets AED '000	Liabilities AED '000	Net AED '000
Fair value gain on investment properties	-	2,360	2,360
	-	2,360	2,360

31 Income tax (continued)

Movement recognised in deferred tax liabilities during the period:

	Balance as at January 1, 2026 (Audited) AED '000	Movement during the period (Unaudited) AED '000	Balance as at June 30, 2026 (Unaudited) AED '000
Fair value gain on investment properties	2,360	-	2,360
Fair value gain on derivative financial instrument	-	800	800
	2,360	**800**	**3,160**

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

International Tax Reform – Pillar Two (Global Minimum Tax)

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

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

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

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

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

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

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

32 Discontinued operations

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

33 Cash flow adjustments and net changes in working capital

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

	Notes	(Unaudited) June 30, 2026 AED '000	(Unaudited) June 30, 2025 AED '000
Adjustments for:			
Depreciation and amortization	6,7,8	**21,829**	22,608
Fair value gain on derivative financial instrument	14	**(8,884)**	-
Loan processing fees	28	**10,037**	669
Profit share from investment in joint ventures	12	**(113,216)**	(63,166)
Net interest expense on borrowings	28	**339,545**	108,609
Interest expense on loan from shareholders	28	**-**	20,000
Unwinding impact on consideration payable	28	**36,382**	44,430
Interest expense on finance lease liabilities	28	**3,549**	4,488
Gain on sale of properties and equipment	29	**(600)**	-
Provision for employees' end of service benefits	20	**3,142**	5,478
		291,784	143,116
Net changes in working capital:			
Trade and other receivables		**(1,209,797)**	(1,487,620)
Due from related parties		**(482,818)**	(454,900)
Inventories		**(2,716)**	-
Due to related parties		**10,476**	(366,259)
Trade and other payables		**359,914**	988,158
Properties under development		**179,674**	1,366,388
		(1,145,267)	45,767

34 Fair value measurement

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

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

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

	Notes	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
June 30, 2026 (Unaudited)					
Investment properties (Note 9)	(i)	**-**	**-**	**618,234**	**618,234**
Derivative financial instrument (Note 14)	(ii)	**-**	**8,884**	**-**	**8,884**
		-	**8,884**	**618,234**	**627,118**
December 31, 2025 (Audited)					
Investment properties (Note 9)	(i)	-	-	576,006	576,006

34 Fair value measurement (continued)

(i) Investment properties

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

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

Property valuations are carried out in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors ("RICS").

(ii) Derivative financial instrument

The fair value of the derivative financial instrument is determined using generally accepted valuation techniques based on observable market inputs. The valuation is performed by the counterparty bank and reviewed by management at each reporting date.

35 Capital management policies and procedures

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

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

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

No changes were made in the objectives, policies or processes for managing capital during the six months ended June 30, 2026, and year ended December 31, 2025.

The Group's capital structure follows:

	(Unaudited)	(Audited)
	June 30, 2026	December 31, 2025
	AED '000	AED '000
Equity attributable to the shareholders of the Company	**14,075,598**	13,040,416
Cash and cash equivalents	**6,079,135**	6,684,924

36 Operating lease - Group as a lessor

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

Time frame	(Unaudited) June 30, 2026 AED '000	(Audited) December 31, 2025 AED '000
Within one year	-	-
After one year but not more than five years	21,022	16,817
More than five years	788,526	792,731
Total	809,548	809,548

37 Comparative figures

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