



الاتحاد العقارية  
Union Properties

# UNION PROPERTIES GROUP

## 2022 Financial Year ESG Report

*A SOCIETY GROWS GREAT WHEN OLD MEN PLANT TREES WHOSE  
SHADE THEY KNOW THEY SHALL NEVER SIT IN.*

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## COMPANY OVERVIEW

How we do it, has always been as important as what we do.

When we started our journey over three decades ago, our vision was to be a pioneer in the property development sector.

Our projects have contributed towards developing and servicing integrated communities across Dubai. We are committed to improving our customer's quality of life by providing quality living, in a sustainable manner that embodies international best practice. Long after the current caretakers are gone, Union Properties developments will stand as a testament to those that forged ahead where few had travelled before.

We see challenges as opportunities, catalysts for our success and sustainable growth. We strive to remain first to market and have continued this trend by being at the forefront of achieving Economic Sustainability through our approach in how we conduct business, engage with our stakeholders and develop and maintain projects.

The materiality of what we do is measured both in terms of the financial value and the socio-environmental impact. Through our subsidiaries we continue to make a positive impact on the community, our staff, and the environment we live in.

## KEY HIGHLIGHTS

The external recognition our team has had during the year confirms that strategically we are on the right path and has been a great morale booster for our internal stakeholders who have contributed to the success.

The tangible appreciation for the enhancements we have made in our greater community continue to be felt.

### ServeU

1. Winner of the Innovative Energy Project of the Year CBNME Sustainability Awards 2022
2. Winner of the Sustainable Project of the Year at the CBNME MEP Awards 2022.
3. Winner of the Taqdeer Award 2022, whereby the Dubai Government recognized their efforts in promoting sustainability and employee welfare.
4. Switching 20% of the fleet to run on Compressed Natural Gas (CNG).
5. Planted 630 trees, 170 date palms, 11,000 shrubs and approximately 35,000 ground covers across the UAE.
6. Obtained ISO41001 Certification for the management of properties for ENBD and Mashreq Banks.
7. Disposed of metal scrap in a responsible manner
8. Recycled 4900 kgs of used office paper.

### Dubai Autodrome

1. Invested in a 2.8mWp solar photovoltaic power plant. The project included more than 60 solar panel roof carports that provided shaded parking and EV charging stations which generate solar power.
2. Introduced hand-controlled karts for people of determination, which allows them to experience the independence of driving a kart. This boosts their morale and self-confidence.

### FitOut

1. Highly Commended Fit-Out Project of the Year Award at the Construction Innovation Awards 2022 for Sustainable Interior Designs
2. Highly Commended Award for Specialized Manufacturer of the Year 2022 at the Middle East Design Awards
3. Three-day Wood Polishing & Painting Training Seminar for Staff
4. Awareness and Well-being Seminars for Staff
5. Gift boxes were given to employees during Ramadan.

## OUR STRATEGY

### OBJECTIVES

1. Develop unrivalled state of the art integrated communities across Dubai.
2. Be the leading local real estate group in the Emirates in breadth and depth of offering.
3. Offer best-in- class services and experiences across managed communities.
4. Attract and retain top talent.

### DRIVERS

1. Scaled and Positioned for Growth
  - a. Return on Assets (ROA) and Return on Capital Employed (ROCE)
2. Leverage Subsidiary Portfolio
  - a. Strengthen Liquidity Ratio and Optimize Debt-Assets Ratio
3. Sustainable Practices
  - a. Increase Return on Equity (ROE) and Earnings Per Share (EPS) and declare dividends.
4. Our People
  - a. Improve Cost Efficiency Ratio

## OUR FOCUS

To stay ahead of the curve and to be a service provider of choice we constantly strive to meet what our clients' needs will be five years from now. We remain as hungry today, as we were thirty years ago, to be relevant to our community of internal and external stakeholders.

Long before Economic Sustainability became fashionable, we were intrinsically living its ethos by striving to offer community living that aspiring to a standard its stakeholders had not even anticipated.

The institutionalizing of Economic Sustainability (ESG) through the provided frameworks of Corporate Governance and Corporate Social Responsibility merely allows us to benchmark ourselves against the curve and our peers.

Rapid changes in the global environment have been the primary driver for organizations to adopt ESG practices. UAE specific requirements include the development of the Emirati people. We support this initiative through the opportunities provided to UAE citizens in our internship program which we launched in the 2021 financial year.

We trust that the contents of this report will provide an honest summary of the projects we have embarked on and the positive impact they have left. We want to demonstrate the progress we have made and the areas that continue to be a focus for development; and finally; the framework of accountability to ensure that ESG remains at the core of how we do business.

## STAKEHOLDERS

We remain mindful that we have both internal and external stakeholders; one cannot exist without the other; and as such they are treated with equal importance. These include our customers; communities; employees; shareholders; regulators and service providers and ultimately the environment we are in. Staying true to our objectives ensures our interests remain aligned to stakeholders' expectations.

## OUR JOURNEY

Our adoption of best practices in the development of corporate governance aims to ensure the protection of stakeholder rights. The Group's governance framework is in continuous development, adopting the rules and regulations set by the Dubai Financial Services Authority (DFSA) and regulated by the Dubai International Financial Centre (DIFC).

In the coming year we plan to make use of the self-assessment tool that was offered by the Dubai Sustainable Finance Working Group, in September 2022. This tool will enable us to measure the maturity of our ESG policies and practices.

Our strategic positioning and competitive strengths guarantee our role as both, a contributor and beneficiary, in the Emirates' Vision 2040 program. As the Emirate's next 50 years are planned, six key pillars including **community, education and human capital, economy, infrastructure and environmental sustainability, safety and security, justice and future government** are addressed over phases,

Dubai's Vision 2040, Urban Master Plan, focuses on enhancing people's happiness and quality of life by paving the road to enhanced infrastructure, integrated smart cities and environmental sustainability, the perfect combination of both, growth and sustainability. Our journey to 2040 will witness key events and milestones set forth by the United Arab Emirates' visionary leadership, guiding the group and its stakeholders towards a sustainable future. ***This is evidenced by the process taken in the development of the Takaya Development scheduled to begin in 2023.***

## DUBAI'S TOURISM VISION 2025

Fuelled by tourism, Dubai acknowledges the importance of tourists as major drivers of businesses in the emirate. Attracting tourists to a splendid urban wonder, talent to a unique business hub, and businesses to a thriving economy,

Dubai has been crowned the No.1 global destination in the Tripadvisor® Travellers' Choice Awards for a second successive year, consolidating its position as the world's favourite tourist destination. The recognition supports the goal of the recently launched Dubai Economic Agenda D33 to consolidate Dubai's status as one of the world's top three destinations for tourism and business.

Dubai aims to attract more than 23 million visitors a year by 2025. In accordance with this ambitious goal, the Emirate has invested its resources in securing global and regional mega events, preparing to host a variety of events including the 2023 UN Climate Change Conference and AIPPI World Intellectual Property Congress 2025 amongst others.

According to Dubai Tourism, statistics for 2022 show that 14.36m international visitors came to the Emirate from January 2022 – December 2022, this is an 84% increase on 2021 and a 27% decrease on pre-pandemic levels.

A key player leading economic recovery post the pandemic, Dubai continues to provide unwavering support to local businesses particularly within the hospitality and entertainment sectors. As an integrated community developer within the Emirate, we are committed to establishing ourselves as a key contributor to the Emirate's sustainable tourism plan.

### ABU DHABI'S VISION(S) 2030

As the capital aims to drive positive change, Abu Dhabi has committed towards achieving a set of 8 sustainable agenda items by 2030. In accordance with our plans to operate in the capital, we aim to develop a strategic roadmap that mirrors the Emirate's agenda. Focusing on key areas such as the economy, environment, industrial strategy, and 3D printing. We aim to widen our corporate strategy whilst developing clear sustainability policies and objectives to secure our position and role in the Emirate's success story.

## ENVIRONMENT

We are fully committed to supporting and protecting the environment setting Carbon Neutrality as a key target. Operationally, our group remains proactive, revisiting its policies to ensure the reduction of emissions and waste by adopting the use of renewable energy sources and sourcing sustainable raw material as well as integrating sustainable practices such as waste management and recycling, energy management (water conservation), and urban forestation.

Technology, mainly through automation and digitalization, drives our efforts towards the monitoring, implementing, improving, and reporting environmentally friendly practices. Through the availability of and accessibility to data and enhanced workflows and processes the Group may address the key environmental themes.

The inclusion of ESG as a standing item in our Audit, Risk, Project and Board committees ensures that it is always at the forefront of what we are going to do, and how well we have done.

As the global environmental agenda evolves adding complexity and depth to the framework, we remain committed to integrating management system policies, strengthening environmental compliance policies to mirror regulatory requirements. Recognized international, regional, and local accreditation bodies aim to guide the group's activities, validating performance, acknowledging continuous improvement, and cementing efforts invested, and knowledge gained. This is evidenced by the awards won by the Group and the carbon emissions reports provided by independent third parties.

### RENEWABLE & ALTERNATIVE ENERGY

An integral component of the environmental framework, energy consumption is a major contributor to greenhouse gas emissions. As technological developments pave the way towards greener alternatives, we initiated feasibility studies to validate commercially suitable green energy

solutions, considering the integration of solar energy into our businesses and managed communities such as Dubai Autodrome and Motor City. Other key initiatives under this umbrella include ServeU's decision to switch transportation related energy source to biofuel (the impact of which is detailed later in the report).

## **SUSTAINABLE MATERIAL & PURCHASING**

As an iconic property developer and proud holding company to service providers and product manufacturers, we understand the need to adopt the use of sustainable building material and environmentally friendly raw material for manufacturing. While design effectively commands a key role in the matter, material sourcing (supply chain logistics) remains a key component of the process and is a material consideration when planning any new project.

During the 2022 Financial Year we conducted an audit of our managed communities and buildings to assess the impact of the existing design materials. The results of which have contributed to the amendment to design policies. In addition, key action points have been highlighted to further improve the carbon efficiencies across the group. We are in the process of updating our procurement policy to ensure that the core sustainability values that underpin the way we do business are mirrored in our suppliers.

Key achievements in this area include the sourcing of sustainable materials down to the paint being used in the Takaya Development launching in 2023.

## **WASTE MANAGEMENT & RECYCLING**

In efforts to reduce GHG emissions as a direct result of waste, the group deploys waste management policies and liaises with the relevant local authorities to ensure proper waste disposal. While the primary waste investigated is heavy metals among other construction and raw material used in manufacturing, this policy is directly impacted through the sustainable material policy due to the impact of single-use material on waste volume.

We have addressed the issue through establishing clear policies directly towards improved waste management practices supported by reliable third-party experts. In addition, we are gradually adopting new policies focusing on swapping single-use products with reusable ones. Our objective is currently supported by portfolio subsidiaries including ServeU, Dubai Autodrome and FITOUT which is demonstrated through the recycling of tires and other materials.

## **WATER CONSERVATION**

In accordance with the Emirates' goals to improve water conservation, we have implemented better water management practices that improve efficiency, reduced water waste, and a lower water footprint. Key steps include measuring water consumption across our assets to establish a baseline followed by performing an objective analysis of the results which aims to assist in drafting of policies and recommendations across the group. This independent study was conducted during the 2022 financial year.



## URBAN FORESTATION

Our strategic roadmap towards building smart integrated communities aims to provide a balanced combination of modern urban development coupled with connectivity and smart infrastructure whilst maintaining a green landscape providing a natural countermeasure against GHG. During 2022, the group engaged in large scale landscaping across managed communities in the aim to address this key area.

## EDACOM

EDACOM's efforts to reduce energy consumption and increase the use of renewable energy sources have contributed to a significant reduction in its carbon footprint. In 2022, they achieved an overall saving of AED4.2million and further savings of 30% were achieved in January 2023. These savings are as a result of the company's initiatives to implement energy-efficient measures and a new regime in the ETS rooms.

EDACOM has awarded several solar projects, including a 1.2MW project at Uptown Mirdiff, a 0.5MW project at Cold Stores, and a 0.7MW project at Control Tower. The installation of these solar projects is anticipated to be completed during the 2023 financial year, further contributing to the use of clean energy, and reducing the company's carbon footprint.

EDACOM ensures that its waste management practices comply with regulations and uses eco-friendly cleaning products whenever possible.

The company's emissions report demonstrates a saving of 3.5million kgs of carbon from the environment. Based on recognized calculations.

## DUBAI AUTODROME

Dubai Autodrome invested in a 2.8mWp solar photovoltaic power plant, which has been running since September 2022. The project included more than 60 solar panel roof carports that provided shaded parking and EV charging stations which generating solar power.

This will have a positive effect on the environment as well as the venue. The solar panels generate 4,751,470.4 Kilowatt Hours of power annually, and some of this is put back into the grid. Meanwhile, 2,055 metric tons of CO2 emissions per year will be eliminated. These numbers will equal almost 250,031,475 fully charged smartphones and 443 gasoline-powered passenger cars driven for a year. This highlights the importance of solar panels in mitigating climate change.

## SERVEU

### *Seed Planting with Emirates Red Crescent*

ServeU collaborated with Emirates Red Crescent to participate in a seed planting activity on Arab Culture Day. The goal of this initiative was to promote the growth of vegetation in the desert area and contribute to the beautification of the local community. More than 20 staff members from our head office volunteered for the activity and planted trees in the Lehabab area of Dubai.

This initiative not only helps to improve the environment by promoting the growth of vegetation in the desert area, but also helps to promote a sense of community and civic responsibility among ServeU's employees. By participating in this seed planting activity, ServeU staff members had the opportunity to give back to the community and make a positive impact on the environment. This initiative aligns with ServeU's commitment to promoting sustainable practices and giving back to the community. The company plans to continue to support similar initiatives in the future as part of our commitment to promoting a sustainable and greener environment.

### *Launch of B2B Mobile Applications*

ServeU implemented an automated operations system through the use of B2B mobile apps for its customers to log requests and for ServeU staff to receive and manage them. These apps have been specifically designed and developed using Microsoft's Dynamic 365 Field Service backend system to provide visibility of asset history, lifecycle, and planned maintenance, as well as tracking the breakdown of each asset.

This allows for a more efficient and streamlined process for managing requests and maintaining assets. Previously, ServeU had developed and released the 'ServeU Essentials' mobile application, which is available for both iOS and Android. The application enables customers to make online bookings, process cashless payments, and manage subscriptions virtually.

With the introduction of these B2B mobile apps, ServeU is further enhancing its technology capabilities and providing its customers with a more efficient and convenient way of interacting with the company. This automated operation system helps ServeU to manage their operations more efficiently and provide better service to its customers.

### *End-to-end automated B2C Customer App*

ServeU implemented an end-to-end integrated app for its B2C customers to cover all aspects of their home maintenance needs. This app includes a booking system, subscriptions to annual contracts, and access to an Amazon-style e-commerce store. The app allows customers to communicate directly with ServeU's technicians without having to deal with customer service agents, project managers, or site engineers/supervisors. This enables customers to have a more efficient and convenient experience when it comes to home maintenance. The app is built to offer the best possible customer experience, with the goal of eliminating the need for customers to write emails or contact the service desk team for assistance.

Through complete automation, the app allows customers direct access to ServeU's in-house system, eliminating all manual processes. Customers can use secure payment gateways such as ApplePay to pay easily, as well as track progress in real-time, get their invoices/receipts within the app, and more. The app is built around four main processes, which are: booking inspection, catalogue-based service for purchases, subscriptions to annual maintenance contracts, and access to products from an Amazon-style e-commerce store. This helps ServeU to achieve paperless operations and provide better service to individual customers.

### *Replacement of LED lights in ServeU Camps*

ServeU implemented an energy-saving initiative by replacing traditional lights with LED lights in all their staff accommodation. This upgrade affects more than 4,000 staff members, consisting of 3 camps with a total of 1,000 rooms. As a result of this change, ServeU has seen a savings of 7% on their energy bills. This initiative not only helps the company save on energy costs but also supports the environment by using energy-efficient technology.

### *Attendance system with face recognition*

ServeU upgraded their attendance and staff payroll systems through the use of modern facial recognition technology. This technology has been installed at the ServeU head office, all client sites, buses, small vehicles, and ServeU camps. The initiative aims to replace the traditional paper-based attendance system with a more efficient and eco-friendly digital solution. The facial recognition systems are connected to the company's ERP system, allowing for automatic logging of user entries in the payroll system. This not only saves time and resources but also helps in reducing paper waste and promoting a sustainable environment. The initiative will help ServeU to better track attendance and payroll, and reduce the environmental impact by reducing the use of paper.

### *Upgrade of Transport GPS System*

In 2022, ServeU took an initiative to upgrade their transport system by implementing the latest GPS technology supported by Google Maps. This new system allows the transport department at the head office to track all vehicle movements in real-time, ensuring that vehicles follow planned routes for staff to reach on-site on time. The GPS system also enables the department to monitor the idle time of vehicles and detect any unnecessary use, which helps to save on fuel costs.

This initiative not only improves the efficiency of the transport system but also helps in reducing costs and promoting sustainable practices by reducing fuel consumption. With this system, ServeU can optimize their routes and reduce the carbon emissions of their fleet. It also enables the company to have more control over their transportation and ensure that the staff are transported safely and on time.

### *Switching fuel to CNG*

ServeU switched 20% of their fleet to run on Compressed Natural Gas (CNG) in the first phase. The company plans to increase this percentage over time with the goal of transitioning more vehicles to run on CNG instead of traditional fossil fuels. This initiative aligns with ServeU's strategy to reduce carbon emissions and promote more environmentally friendly practices.

CNG is a cleaner burning alternative to gasoline and diesel, it significantly reduces harmful emissions such as CO<sub>2</sub> and particulate matter, making it an environmentally friendly choice. This initiative not only helps to reduce the company's carbon footprint but also can help the company to save costs on fuel in the long run. The company plans to expand this initiative in the future and promote the use of CNG as a cleaner and more sustainable alternative to traditional fuel sources.

### *Planting Trees at Clients' Locations*

In 2022, ServeU's landscaping department planted around 630 trees, 170 date palms, around 11,000 shrubs, and approximately 35,000 ground covers all over the UAE while working at clients' site. Trees and plants absorb carbon dioxide and other pollutants and release oxygen into the air, creating a healthier environment. This not only improves air quality but also helps to reduce the urban heat island effect, lower energy consumption, and provide habitats for wildlife. This initiative also helps to make the area more visually appealing and increase property values.

This initiative by ServeU's landscaping department is a great example of how corporate entities can contribute to making the environment better for people to live and work in. The company plans to grow landscaping department and continue planting of more trees and plants planted to make UAE greener and healthier for the residents.

## **FITOUT**

### *Sustainable Procurement*

In our vendor selection process, their ability to utilize sustainable product and processes are qualifying criteria. We try, where possible, to avoid using materials with hazardous components and prioritize using local vendors. In addition, we work with our vendors to improve their performance and efficient use of resources. One of our main raw materials is timber, and we source timber using the Forest Stewardship Council standards. Where possible we work with our strategic partners to meet this aim.

### *Onsite Occupational Health and Safety Administration (OSHA) Initiatives*

We are IS 14401:2015 approved for Environmental Management. To maintain our ISO rating we are required to demonstrate certain process, governance and policies.

We perform stack emission testing, to test the air at specific internals to ensure that the environment is not negatively impacted by our activities. We monitor noise emissions on a regular interval and recorded an average value 76.93DB compared to OSHA safe limit of 90DB. We monitor the carbon monoxide emission on regular intervals and recorded an average value of 1.75PPM compared to the OSHA safe limit of 5.0PPM.

Ove the next twelve months our goal is to use wood-based materials which are FSC-Certified, metal materials with recycled content, glass and ceramics which are regionally sourced, paints which are low in volatile organic compounds, ceiling tiles, fixtures and fittings with salvaged content and white goods which meet international standards such as ENERGY STAR.

### *Digital Transformation*

We have shifted from a document system to an ERP system for all PR, PO and HR matters to save paper.

## SOCIAL

### KEY FACTORS

|                     | 2022                | 2021   | 2020   |
|---------------------|---------------------|--------|--------|
| Number of Employees | 7.2k                | 7k     | 6.9k   |
| Nationalities       | 40                  | 25     | 25     |
| GM Pay Ratio        | CEO Position Vacant | 7.21%  | 7.21%  |
| Female Pay Ratio    | 18%                 | 46.66% | 28.79% |
| UAE Nationals       | 2%                  | 3%     | 5%     |
| Gender Pay Ratio    | 1.4%                | 48.27% | 47.34% |
| Employee Turnover   | 36%                 | 30%    | 28.16% |

### SUPPLIERS

Built on shared values, our relationship with its suppliers and third-party service providers is key to sustaining value across the entire supply chain. As ESG grows more prevalent across our industry and the underlying subsectors we support, we aim to position ourselves as a strong supporter, advocating for the integration of sustainable standards across all our partners, mentoring our partners where required.

### COMMUNITY

Our communities represent our commitment towards creating sustainable value for a better shared future. We continue to strive to instill the UAE's cultural fabric across all our managed communities and wider community through continuous contribution to the overall quality of life, introducing comfort, convenience, access, opportunity and much more. Over the year, we fulfilled our commitment through supporting community outreach, and targeting Emirati college students seeking internship opportunities.

### EMPLOYEES

We aim build a well-rounded work environment supporting employees on their career journey, focusing on areas including labor opportunities, skill development, and diversity. A modern workforce requires modern employers with a strong commitment towards elevating their employees through providing them ample opportunities to develop their skillsets. We continuously provide training sessions across its subsidiaries to support the growth of employees' prospects.

In addition to the following, we have relied on innovation and technology to provide employees with an online platform to accommodate their requests, recommendations, and feedback. We are also a strong proponent of gender diversity and equality, evident in the many men and women holding key positions across the group. We support UAE's Emiratization initiatives by pursuing and

developing local talent, recruiting experienced professionals as well as ambitious minds in collaboration with prestigious local universities.

During the 2022 financial year we introduced chill-out areas where employees were able to enjoy their meals and have informal meetings. This allowed them time away from their workstations to re-energize and engage with each other. We also introduced more natural light in locations and cleaner air facilities.

## CUSTOMERS

As customer satisfaction remains a priority across the group, we aim to achieve the highest standards of both, service excellence and product quality. Incorporating sustainable practices at the heart of customer centric initiatives, aiming to strengthen our client relationships. The integration of technology is pivotal in enhancing customer experience, which is highlighted in our strategy, and evidenced by the smart business solutions ServeU has incorporated during the 2022 financial year. We are also keen on benefiting from customer feedback, creating channels to drive key feedback to relevant departments, thereby creating a customer driven environment.

## EDACOM

EDACOM is committed to engaging with the community and building relationships with residents and stakeholders. The company participates in community events and activities and encourages its employees to volunteer their time and skills to local initiatives. The company also collaborates with local organizations to support social causes and community development projects.

The company's human rights policies reflect its commitment to promoting diversity, equality and inclusion in the workplace. EDACOM values diversity and recognizes it is essential for creating an inclusive workplace. The company is committed to providing equal opportunities to all employees, regardless of their gender, age, race, religion or national origin.

Overall, EDACOM's commitment to social responsibility reflects its belief in contributing to the well-being of the community and promoting sustainable business practices.

## DUBAI AUTODROME

Dubai Autodrome donated just under AED10,000 to various community members that are either people of determination or less fortunate.

The introduction of hand-controlled karts allow people of determination the opportunity to try karting.

Fitted with systems that enable the person to fully operate the kart using their hands, arms and upper-body only, the karts are equipped with a fixed back and headrest which keeps the driver in place, allowing them to operate the steering and paddles, located behind the steering wheel.

It is the first time these models have been used in the Middle East region with Dubai Kartdrome benefitting from its partnership with leading kart brand Sodi, who had originally created the system, to bring them to the UAE.

Karting helps boost morale and gives people of determination the belief and confidence that they can compete with able-bodied people and be more independent in other activities that they do.

The introduction of the hand-control go-karts at Dubai Autodrome are aligned with Dubai Government's objective to create an inclusive society for all and part of Dubai Autodrome's on-going efforts for inclusion.

### **SERVEU**

As part of ServeU's corporate social responsibility (CSR) initiatives, the company has collaborated with Dubai Municipality to support a road cleaning activity. The goal of this initiative was to give back to the community and contribute to the cleanliness and beauty of the city. During the activity, more than 50 ServeU staff members participated and cleaned an area near Sheikh Zayed Road. This initiative not only helps to keep the city clean and safe but also helps to promote a sense of community and civic responsibility among ServeU's employees. By participating in the road cleaning activity, ServeU staff members had the opportunity to give back to the community and make a positive impact on the environment. This initiative is a great example of how companies can support their local communities and contribute to sustainability. ServeU plans to continue to support similar initiatives in the future as part of our commitment to promoting sustainable practices and giving back to the community.

### ***Launch of Security App in MotorCity***

ServeU has launched a new security app, built on the Microsoft platform, to automate the check-in and check-out system for the Motorcity community. The app is designed to keep track of check in/out of vendors, guests, and validate gate passes issued by EDACOM. Additionally, the app is connected to the ServeU control centre through a live PowerBI dashboard, which allows the control centre team to monitor the load on security gates and mobilize more personnel if necessary. This new app aims to improve security and streamline the check-in and check-out process for the Motorcity community.

### ***FM Workshops with Clients***

ServeU took another initiative to educate their clients on industry best practices in facilities management through inviting them to their training centres called Abtikar. In the first phase, ServeU invited the Ministry of Interior and Emirates NBD's FM teams to attend training on Core FM by ServeU team along with specialized sub-contractors. This initiative was aimed at providing clients with the knowledge and tools necessary to effectively manage their facilities and improve their overall operations. The training covered the core principles of facilities management, including maintenance, energy management, and sustainability. This initiative not only helps to



improve the clients' understanding of facilities management but also helps to build a stronger relationship between ServeU and its clients. Through this initiative, clients can learn from ServeU's best practices and experience in providing facilities management services. This initiative helped the clients to improve their own facilities management processes and save costs in the long term.

#### *Taqdeer Award by Dubai Government*

ServeU's efforts were recognized by Dubai Government for their efforts in promoting sustainability and employee welfare, and resulted in winning of Taqdeer Award 2022. The Taqdeer award, instituted under the patronage of HH Sheikh Hamdan Bin Mohammad Bin Rashid Al Maktoum, recognizes companies that adopt best practices in employee welfare and ensure a balanced and mutually beneficial relationship between employer and employee. In 2022, ServeU took several initiatives to promote sustainability, such as upgrading their transportation system with the latest GPS technology, switching 20% of their fleet to run on Compressed Natural Gas (CNG), planting 630 trees, 170 date palms, around 11,000 shrubs and approximately 35,000 ground covers all over the UAE, and educating their clients on industry best practices in facilities management.

#### *Sport Events for ServeU Staff*

In 2022, ServeU continued to take initiatives to promote a healthy work-life balance for its employees by organizing a variety of sporting events throughout the year. These events range from team-building exercises to friendly competitions and aim to promote physical activity and healthy competition among the staff. Additionally, ServeU also participated in the Cricket tournament organized by Dubai Municipality at the Dubai International Cricket Stadium. This initiative not only helps to promote a healthy lifestyle among employees but also helps to foster a sense of teamwork and camaraderie among the staff. ServeU understands the importance of employee well-being and is committed to creating a positive work environment for its staff. By promoting physical activity and healthy competition, ServeU is helping to create a culture of wellness within the company and encouraging employees to take care of their physical and mental health. This initiative is a great example of how companies can support their employees in maintaining a healthy work-life balance and promoting overall well-being.

#### *Collaboration with the DHA*

ServeU collaborated with the Dubai Health Authority (DHA) on a Corporate Social Responsibility (CSR) initiative. The initiative involved a visit to the Seniors' Happiness Centre at Mamzar by a team from ServeU. During the visit, ServeU organized a number of engagement activities for the residents of the centre. The team spent time interacting with the residents and participated in activities such as calligraphy and poetry. The visit was a rewarding experience for all involved, with many stories shared between the ServeU team and the residents. Collaborating with DHA on this CSR initiative is a testament to ServeU's commitment to giving back to the community and making a positive impact on the lives of those around us. The visit to the Seniors' Happiness Centre was a great opportunity for the ServeU team to connect with the community and to provide support and engagement to the elderly residents. We look forward to continuing our partnership with DHA and to participating in more initiatives in the future.



## **FITOUT**

The health and welfare of our workers is our top priority. We provide a caring, healthy and productive environment that enables workers to deliver to the best of their ability. This is facilitated by providing the following:

1. Accommodation facilities that meet their social and spiritual needs
2. Monthly meetings with all staff
  - a. We encourage our staff to give us ideas of how to improve process/product/design
3. Monthly visits by HR and QHSE departments to staff accommodation facilities to ensure that it is all up to standard
4. Ongoing staff training
5. Medical check-ups as and when required.
6. Improved technology infrastructure and workplace versatility such as the installation of biophilia, cleaner air ventilation, and greater areas of natural light.

## **Health, Safety and Wellbeing**

“Let safety lead the way” is our motto. Safety is a part of every person’s job. We have 100% implementation of the international standard QHSAS 18001 for Occupational Health and Safety, and safety at work is our utmost priority.

To maintain this high standard of performance, we invest in machinery maintenance, recoding safety observations and ‘near-misses’ providing appropriate protective equipment and empowering staff through training.

As part of our quality management system, we encourage our employees and clients to raise suggestions for how we can improve any aspect of our business.

This year we updated how we collect client feedback. It is now collated and passed on to our project planner who can take immediate action to address client concerns or review our project processes to identify how we can improve.

During Ramadan the employers were gifted boxes of groceries on two occasions to enjoy during the breaking of fast.

## **Training**

A 3-day Wood Polishing and Painting Seminar was organized by our Projects Team to improve and enhance the workers’ skills.

## **GOVERNANCE**

Our adoption of best practices in the development of our corporate governance aims to ensure the protection of stakeholder rights. The Group’s governance framework is in continuous development, adopting the rules and regulations set by the DFSA and implemented by the DIFC.

We continue to improve governance, reform the corporate culture, renew corporate ethics, disclose corporate information appropriately and enhance compliance-focused management.

The Board of Directors has established standards and principles of internal control in the Group, which aim at providing objective, independent and reliable advice. In addition, provide an ideal environment for internal control that meets the requirements of the Board of Directors and contributes to enhancing the role of the Board of Directors, the Audit, Risk & Compliance Committee and the Executive Committee, in order to contribute to the proper performance of their duties, functions and responsibilities. It should also be noted that the responsibilities of the Internal Audit Department are governed by the Charter approved by the Audit, Risk & Compliance Committee and the Board of Directors. ESG is a standing item at these committees. Sustainability has to be demonstrated in order for a project to be approved.

Independent consultants were introduced to monitor the Overall Carbon Emissions. The independent oversight ensures that the results are credible and demonstrate that we are well below the baselines levels.

The governance requirements at the Group level have filtered down to the various subsidiaries; and their individual boards and risk committees ensure that the Group strategy is realized.

## AWARDS & CERTIFICATIONS

### Sustainable Project of the Year Award

ServeU won the Sustainable Project of the Year award for its innovative and sustainable approach to facilities management at the CBNME MEP Awards. The award was given for their wireless swimming pool maintenance project at MotorCity. The project involved the implementation of wireless technology to monitor and control the chemical levels in swimming pools, reducing the need for manual testing and increasing the efficiency of pool maintenance. The wireless system allows for real-time monitoring and automatic dosing of chemicals, reducing the potential for human error and increasing the overall safety of the pools. Additionally, the system also helps to reduce water and chemical consumption, leading to cost savings and a reduction in the environmental impact of pool maintenance

### Innovative Energy Project of the Year

ServeU won the Innovative Energy Project of the Year Award for its innovative approach to energy management at the CBNME Sustainability Awards 2022. The award was given for the company's energy savings project at MotorCity, Dubai. The project involved the implementation of a comprehensive energy management system that included energy-efficient lighting and HVAC systems, as well as the use of renewable energy sources such as solar power. The results of the project were impressive, with a 68% reduction in energy consumption resulting in significant savings on utility bills. The project also resulted in a reduction of 8.4KMW of energy consumption in MotorCity. The award from CBNME Sustainability Awards recognizes ServeU's commitment to innovation and sustainability in energy management. The energy savings project at MotorCity is a

prime example of how a comprehensive approach to energy management can lead to significant savings and a reduction in environmental impact.

### ISO 41001 Certification

ISO 41001:2018 is an international standard for Facility Management (FM) systems, which outlines the requirements for an FM system and provides guidance for its implementation. The standard is designed to help organizations improve the management of their facilities and provide a better service to their customers.

ServeU has successfully helped Emirates NBD and Mashreq Bank achieve ISO 41001:2018 certification for the management of their properties. This certificate confirms that Emirates NBD and Mashreq Bank properties are being managed by ServeU in accordance with international standards set by ISO 41001:2018.

The certification confirms that ServeU's facilities management services are of the highest quality and that they are committed to providing their customers with the best possible service.

### Highly Commended Fit-Out Project of the Year

FITOUT won Highly Commended for Fit-Out Project of the Year 2022 award at the Construction Innovation Awards for work done for one of the leading Hotel Chains in the UAE.

### Highly Commended Specialized Manufacturer of the Year

FITOUT won the Highly Commended Specialized Manufacturer of the Year 2022 award at the Design Middle East Awards 2022. This was made a reality through using the latest computer-aided manufacturing techniques that enabled production of bespoke customized products in volume. The recognition for team will inspire them to work harder.

## 2023 Projects

In order for all projects to be approved at a Board level, they need to demonstrate that sustainability has been considered and is part of the solution.

The launch of Takaya Development in Motor City, Dubai is a perfect example of this. The building materials are being responsibly sourced, down to the paint used on the walls. There will be electric vehicle charging stations and state-of-the-art insulation which will be a driver at reducing energy costs.

### Formation of ServeU Energy Division

ServeU formed an Energy Division as part of its ongoing commitment to sustainability and innovation. The division was formed by signing a strategic Memorandum of Understanding (MoU)

with Clyde Consultancy, an energy and utilities turn-key project company. The formation of ServeU Energy Division will enable the company to further contribute to the development of the country's energy industry by providing energy-efficient solutions for its clients. The division will focus on providing energy-efficient lighting and HVAC systems, as well as the use of renewable energy sources such as solar power. The partnership with Clyde Consultancy will bring the latest technology and expertise to ServeU, allowing the company to offer a wider range of energy-efficient solutions to its clients. The formation of the ServeU Energy Division is a milestone achievement for the company and a major step forward in its commitment to sustainability and innovation

### ServeU upgraded their CAFM system with Microsoft Technology

ServeU announced their partnership with Microsoft to upgrade its Computer-Aided Facilities Management (CAFM) system. The partnership will involve the implementation of Microsoft Dynamics 365 Field Services, which will provide ServeU with the latest technology and features to enhance their facilities management services. The partnership will also allow ServeU to customize and configure the system to better fit their clients' needs. ServeU has also revealed its partnership with NSquareXperts, a leading provider of technology solutions for the facilities management industry. The partnership with NSquareXperts will provide ServeU with expert support and guidance in the implementation and customization of the Microsoft Dynamics 365 Field Services system. These new partnerships are in line with ServeU's vision to diversify and enhance their services in the facilities management industry. The implementation of the latest technology will help ServeU to better manage their clients' facilities, improve efficiency, and provide better service to their customers. The partnership with Microsoft and NSquareXperts will also help ServeU to stay ahead of the curve in the competitive facilities management industry.



الاتحاد العقارية  
Union Properties

تقرير الحوكمة

شركة الاتحاد العقارية ش.م.ع

للعام 2022

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## الاتحاد العقارية ش.م.ع

تأسست شركة الاتحاد العقارية (شركة مساهمة عامة) ("الشركة") بتاريخ 28 أكتوبر 1993 كشركة مساهمة عامة بموجب مرسوم وزاري بدولة الإمارات العربية المتحدة.

تتمثل الأنشطة الرئيسية للشركة في استثمار وتطوير العقارات وإدارة وصيانة ممتلكاتها الخاصة، بما في ذلك تشغيل مخازن التبريد التي تمتلكها، والتعهد بالخدمات العقارية بالإئابة عن أطراف أخرى (بما فيهم أطراف ذات علاقة) بالإضافة إلى العمل كشركة قابضة لشركاتها التابعة والاستثمار في إئتلاقات مشتركة.

يُشار للشركة وشركاتها التابعة مجتمعين بـ "المجموعة". يتم تنفيذ كافة الأعمال الهامة للمجموعة والأنشطة الاستثمارية في الأوراق المالية والعقارات والأراضي والأدوات المشتقة المالية داخل دولة

على مدى ثلاثة عقود ، قامت شركة الاتحاد العقارية (ش.م.ع) بتطوير مشاريع سكنية وتجارية وصناعية وترفيهية رئيسية في دبي.



## 1- البيان بالإجراءات التي تم اتخاذها لاستكمال نظام حوكمة الشركات خلال عام

### 2022، وكيفية تطبيقها.

تلتزم شركة "الاتحاد العقارية (ش.م.ع)" بتطبيق أعلى معايير الحوكمة المؤسسية، مدفوعة بمجموعة متكاملة من القيم الجوهرية التي تجمع بين الأخلاقيات المهنية والنزاهة المؤسسية وأفضل الممارسات الدولية في مجال الإمتثال، وتمثل القيم المؤسسية التي يستند إليها إطار عمل الشركة في الشفافية والنزاهة والإفصاح والمساءلة والتي تمثل بمجملها مرجعية مهمة لأعضاء مجلس الإدارة والإدارات العليا والموظفين على السواء.

ويراعي إطار عمل الحوكمة المؤسسية كافة المبادئ والمعايير المحددة والمعمول بها من قبل كل من "هيئة الأوراق المالية والسلع" (SCA) "وسوق دبي المالي" (DFM) والأحكام الواردة ضمن المرسوم بقانون اتحادي رقم (32) لسنة 2021 في شأن الشركات التجارية.

وكذلك تلتزم "الاتحاد العقارية" في تحديد اتجاهات ومتطلبات شركة "الاتحاد العقارية". بتطبيق قرار "رئيس مجلس إدارة هيئة الأوراق المالية والسلع رقم (3/ر.م) لسنة 2020 وتعديلاته بشأن اعتماد دليل حوكمة الشركات المساهمة العامة والنظام الأساسي للشركات

وبعد اعتماد قانون الشركات بموجب المرسوم بقانون اتحادي رقم 32 لسنة 2021 في شأن الشركات التجارية قام مجلس إدارة الشركة بتعديل جميع ما طرأ من تعديلات على النظام الأساسي للشركة وتم عرضه على الجمعية العمومية السنوية لسنة 2022 وتم الموافقة والمصادقة على تعديل عقد تأسيس الشركة من أجل الإمتثال للأحكام الواردة ضمن القانون الجديد المذكورة اعلاه.

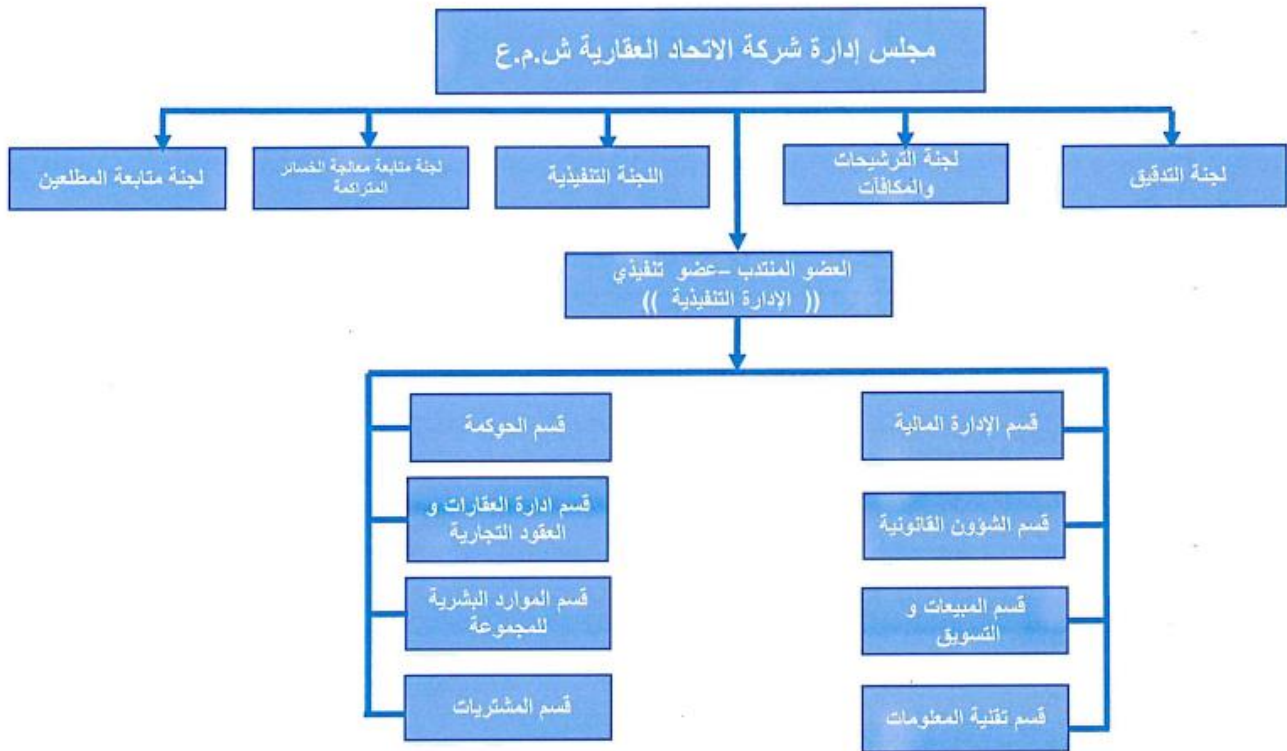
ويوضح الشكل أدناه هيكلية الحوكمة المؤسسية المطورة والمنفذة من قبل "الاتحاد العقارية" والتي تهدف إلى تعزيز ممارسات الحوكمة الرشيدة المتبعة لدى مجلس إدارة الشركة والإدارات التنفيذية على السواء. كافة الوحدات الفرعية أعلاه والعاملة تحت مظلة "الاتحاد العقارية" تمتلك إدارة مستقلة معنية بتنفيذ العمليات التشغيلية، والإشراف عليها من حيث الجوانب المرتبطة بالإستراتيجية والإمتثال والحوكمة والمخاطر ومراجعة الحسابات وفق هيكلية واحد.

### مجلس الإدارة (المادة 6 من القرار رقم 3/ر.م لسنة 2020) وتعديلاته.

يتولى إدارة الشركة مجلس إدارة و يحدد النظام الأساسي الخاص بشركة الاتحاد العقارية المسائل المتعلقة بتعيين مجلس الإدارة (المجلس) والأدوار المنوطة به ومسؤولياته. ومدة العضوية فيه وقد روعي ان يكون الرئيس واغلبية أعضاء مجلس الادارة من المتمتعين بجنسية الدولة في عضوية المجلس خلال العام 2022، للوفاء بالمعايير التي حددها القرار رقم 3/ر.م لسنة 2020 وتعديلاته في ما يتعلق بتشكيل مجلس إدارة الشركة من الأعضاء التنفيذيين وغير التنفيذيين، والأعضاء المستقلين إلى جانب المهارات والخبرات والقدرات المناسبة



لعضوية المجلس وكذلك قام مجلس الإدارة بتطبيق أحقت مجلس الإدارة في انتخابه من بين أعضائه عضوا منتدبا للإدارة، ويحدد المجلس اختصاصاته ومكافآته ولا يجوز للعضو المنتدب أن يكون رئيسا تنفيذيا أو مديرا عاما لشركة أخرى.



### لجان مجلس الإدارة (المادة 53 من القرار رقم 3/ر.م لسنة 2020) وتعديلاته

يتمتع المجلس بصلاحيات تشكيل لجان المجلس وتفويض الصلاحيات إلى هذه اللجان حسب ما يراه ضرورياً أو مناسباً. كما يقوم المجلس بتفويض مهام معينة إلى تلك اللجان ولا يعني هذا إعفاء مجلس الإدارة من المسؤولية عن الأنشطة والمهام والصلاحيات التي قام بتفويضها لهذه اللجان. وتعد لجان المجلس وسيلة فاعلة لتوزيع العمل بين أعضاء المجلس لإمعان النظر في مسائل محددة وبشكل مفصل. تؤدي جميع لجان المجلس مهامها نيابة عن مجلس الإدارة بحيث يكون مجلس الإدارة مسؤولاً عن تشكيل وتعيين واختيار وتحديد فترة العضوية. على أن تكون كل لجنة حال تشكيلها مسؤولة أمام مجلس الإدارة عن أنشطتها. وال يعني هذا إعفاء مجلس الإدارة من المسؤولية عن الأنشطة والمهام والصلاحيات التي قام بتفويضها لهذه اللجان وعلى مجلس الإدارة أن يتأكد من التشكيل الملائم لأعضاء لجان مجلس الإدارة ومؤهلاتهم واختصاصاتهم

### لجنة التدقيق (المادة 60 و 61 من القرار رقم 3/ر.م لسنة 2020) وتعديلاته

شكل مجلس الإدارة لجنة دائمة تسمى لجنة التدقيق ويتعين أن تتوفر لدى أعضاء اللجنة الخبرة والكفاءة المناسبة وأن يكون لدى أحدهم على الأقل خبرة جميع أعضاء اللجنة المعرفة والدراية في الأمور المالية والمحاسبية وتقوم اللجنة بمراقبة سلامة البيانات المالية للشركة ، وتقديم التوصيات بشأن التغييرات في السياسات والممارسات المحاسبية اللازمة لأنظمة المراقبة والأنظمة المالية الخاصة بالشركة بالإضافة إلى تعيين مدقي الحسابات الخارجيين والتأكد من استيفاءه للشروط الواردة في القوانين والنظام الأساسي للشركة ، والاجتماع بمدقق الحسابات لمناقشة طبيعة ونطاق عملية التدقيق ومدى فعاليتها وفقاً لمعايير التدقيق المعتمدة. والحرص على إقامة علاقات جيدة معهم. كما تشرف اللجنة على عمل الرقابة الداخلية وهي المسؤولة عن اعتماد التوصيات التي من شأنها تحسين أداء الرقابة الداخلية.

### لجنة الترشيحات والمكافآت (المادة 59 من القرار رقم 3/ر.م لسنة 2020) وتعديلاته

يشكل مجلس الإدارة لجنة دائمة تسمى لجنة الترشيحات والمكافآت، ويتعين أن تتوافر لدى جميع أعضاء اللجنة الخبرة والكفاءة المناسبة تعقد اجتماعها مرة واحدة في العام أو كلما دعت الحاجة وتكون مهامها أن تساعد المجلس على الاضطلاع بمسؤولياته في ما يتعلق بمؤهلات وأجور وتعيين وإحلال موظفي الإدارة العليا. كما تشرف اللجنة على عملية الترشيح لعضوية مجلس الإدارة ووضع السياسة الخاصة بالترشح لعضوية مجلس الإدارة والإدارة التنفيذية وتهدف اللجنة إلى مراعاة التنوع بين الجنسين ضمن التشكيل وتشجيع المرأة من خلال مزايا وبرامج تحفيزية وتدريبية، وموافاة الهيئة بنسخة من هذه السياسة وبأية تعديلات تطرأ عليها. وإعداد السياسة الخاصة

بمنح المكافآت والمزايا والحوافز والرواتب الخاصة بأعضاء مجلس إدارة الشركة والعاملين فيها، ومراجعتها بشكل سنوي، وعلى اللجنة أن تتحقق من أن المكافآت والمزايا الممنوحة للإدارة التنفيذية العليا معقولة وتناسب وأداء الشركة في الأجل الطويل. وكذلك مراجعة هيكل مجلس الإدارة ورفع التوصيات في شؤون التغييرات التي يمكن إجراؤها مع ضمان وجود خطة مناسبة ومحدثة لتتابع السلطة لكبار التنفيذيين بالشركة ولرؤساء لجان مجلس الإدارة. فيما يتماشى مع القانون الاتحادي رقم (32) لسنة 2021 وأي تعديلات قد تطرأ عليه وبتطبيق قرار " رئيس مجلس إدارة هيئة الأوراق المالية والسلع رقم (3/ر.م) لسنة 2020 بشأن اعتماد دليل حوكمة الشركات المساهمة العامة والنظام الأساسي للشركات وتعديلاته من وقت إلى آخر. وكذلك تعمل بشكل مستمر على مراقبة استقلالية أعضاء المجلس المستقلين.

#### **اللجنة التنفيذية (المادة 56 من القرار رقم 3/ر.م لسنة 2020) وتعديلاته**

يشكل مجلس الإدارة لجنة تسمى باللجنة التنفيذية وتكون مهامها ان تساعد المجلس على ان تتولى اللجنة التنفيذية المهام الآتي:

الإدارة اليومية للشركة. وضع وتنفيذ إستراتيجية للشركة تعتمد على لجنة الرقابة. وتنفيذ إطار إدارة المخاطر المعتمد من لجنة الرقابة. على ان يكون عضو اللجنة التنفيذية مسؤول مسؤولية تامة عن مهامه حتى إذا فوض بعض صلاحياته إلى لجان أو أفراد أو إلى الغير ويشكل غالبية أعضاء اللجنة التنفيذية نصاباً قانونياً للاجتماع ولا يجوز تمثيل عضو اللجنة عن طريق الوكالة في الاجتماعات بواسطة أي عضو آخر من أعضاء اللجنة التنفيذية، ويجوز لغير أعضاء مجلس الإدارة حضور الاجتماعات بتصريح من رئيس اللجنة التنفيذية وتصدر قرارات اللجنة التنفيذية بغالبية الأصوات الحاضرة وفي حالة التساوي يكون للرئيس صوت مُرجح وتوثق اجتماعات اللجنة التنفيذية بمحاضر تشتمل على تفاصيل الاجتماع وعلى وجه الخصوص أسماء الحضور، ومداوتهم، ونتائج التصويت، والتوصيات، وأي تحفظات \_إن وجدت\_، وتوقع هذا المحاضر من جميع الأعضاء الحاضرين.

#### **لجنة المطلقين "لجنة الإشراف ومتابعة تداولات المطلقين (المادة 33 من القرار رقم 3/ر.م لسنة 2020)**

قام مجلس إدارة الشركة بإصدار قواعد مكتوبة بخصوص تعاملات أعضاء مجلس إدارة الشركة وموظفيها في الأوراق المالية المصدرة من قبل الشركة، وقد قام بتشكيل لجنة خاصة لجنة الإشراف ومتابعة تداولات المطلقين على ان تقوم بإدارة ومتابعة و الإشراف والمتابعة على تعاملات الأشخاص المطلقين وملكياتهم والاحتفاظ بالسجل الخاص بهم.

وتم إعداد سجل خاص ومتكامل لجميع الأشخاص المطلقين بما في ذلك الأشخاص الذين يمكن اعتبارهم أشخاص مطلعين بصورة مؤقتة والذين يحق أو يتوافر لهم الاطلاع على المعلومات الداخلية للشركة قبل نشرها، كما يتضمن

السجل الإفصاحات المسبقة واللاحقة الخاصة بالمطلعين مع الالتزام بإخطار الهيئة والسوق بقائمة محدثة بأسماء المطلعين في بداية كل سنة مالية وأية تعديلات تطرأ عليها خلال السنة المالية.

#### لجنة متابعة معالجة الخسائر المتراكمة (المادة 3 من القرار رقم 3/ر.م لسنة 2020)

قام مجلس الإدارة بمناقشة نسبة الخسائر المتراكمة التي سجلتها الشركة والتي تضمنتها بياناتها المالية المدققة للسنة المالية المنتهية في 2021/12/31 حيث بلغت نسبة الخسائر المتراكمة إلى رأس المال (68.3%) وحيث ان المادة (5) من قرار رئيس مجلس إدارة الهيئة رقم (32/ر.م) لسنة 2019 بشأن الإجراءات الخاصة بالشركات المدرج أسهمها في السوق والبالغ خسائرها المتراكمة نسبة 20% فأكثر من رأسمالها تفيد بأن تلتزم الشركة المساهمة العامة المحلية التي بلغت خسائرها المتراكمة نسبة 50% فأكثر بالإفصاح لكل من الهيئة والسوق عن خطة لمعالجة الخسائر المتراكمة وفقاً للنموذج المعد لذلك من قبل الهيئة على أن تتضمن بشكل خاص تحليل تفصيلي للخسائر المتراكمة، ومقدارها، ونسبتها إلى رأس المال، وأسبابها، وإجراءات معالجتها، والجدول الزمني لذلك، ومراعاة أي تحفظات أو ملاحظات وردت بتقرير مدقق الحسابات الخارجي للشركة.

على أن تعتمد الخطة من جهة ذات خبرة فنية ومالية توافق عليها الهيئة خلال فترة لا تتجاوز (30) يوماً من تاريخ الإفصاح عن البيانات المالية المرحلية أو السنوية. ويلتزم مجلس إدارة الشركة بتشكيل لجنة تسمى (لجنة متابعة تنفيذ خطة معالجة الخسائر المتراكمة) لا يقل عدد أعضائها عن ثلاثة من بينهم أحد أعضاء مجلس الإدارة المستقلين والجهة ذات الخبرة التي وافقت عليها الهيئة. على أن تتولى اللجنة متابعة تنفيذ الخطة، ورفع تقرير دوري إلى مجلس إدارة الشركة عن تطور تنفيذ الخطة ونتائج التنفيذ وفقاً للجدول الزمني.

وعليه قام مجلس الإدارة بتشكيل لجنة متابعة تنفيذ خطة معالجة الخسائر وإعداد الخطة التي قامت اللجنة بدورها بمتابعة تنفيذ خطة معالجة الخسائر وتم رفع التقارير الخاصة بتطورات تنفيذ الخطة إلى مجلس الإدارة وكذلك تزويد هيئة الأوراق المالية والسلع بها بشكل دوري.

## 2- بيان بملكية وتعاملات أعضاء مجلس الإدارة وأزواجهم وأبنائهم في الأوراق المالية للشركة خلال العام 2022 وفقاً للجدول التالي :

| م   | الإسم  | المنصب/ صلة القرابة                   | الأسهم المملوكة كما في 2022/12/31 | إجمالي عملية البيع | إجمالي عملية الشراء |
|-----|--|---------------------------------------|-----------------------------------|--------------------|---------------------|
| 1   | محمد الفردان   | رئيس مجلس الإدارة                     | 23,000,000                        | -                  | -                   |
| 2   | عامر عبد العزيز خانصاحب  | عضو مجلس إدارة تنفيذي - العضو المنتدب | 52,500,000                        | -                  | 141                 |
| 3   | درويش الكتي  | عضو مجلس الإدارة                      | 3,000                             | -                  | -                   |
| 4   | راشد الشريف مستقيل   | عضو مجلس الإدارة                      | غير معروف                         | غير معروف          | -                   |
| 4.1 | سيف عبد العزيز السركال (معين ليحل محل العضو المستقيل ويكمل مدة ولايته) | عضو مجلس الإدارة                      | 19,715                            | -                  | -                   |
| 5   | عبر بن حيدر  | عضو مجلس الإدارة                      | لا يوجد                           | لا يوجد            | لا يوجد             |
| 6   | عبد الوهاب الحلبي  | عضو مجلس الإدارة                      | لا يوجد                           | لا يوجد            | لا يوجد             |
| 7   | فراس الرمحي  | عضو مجلس الإدارة                      | لا يوجد                           | لا يوجد            | لا يوجد             |

## 3- تشكيل مجلس الإدارة:

أ. يتشكل مجلس إدارة الشركة الحالي من سبع أعضاء، من بينهم ستة أعضاء مستقلين غير تنفيذيين وعضو واحد تنفيذي وعنصر نسائي من أجل الامتثال إلى قرار رئيس هيئة الأوراق المالية والسلع رقم 2021/8 على ضرورة ترشيح العنصر النسائي في مجلس الإدارة كما هو واضح في البيانات أدناه التي توضح تشكيل مجلس إدارة الشركة كما في 2021/12/31.





**السيد / محمد الفردان علي الفردان**  
**رئيس مجلس الادارة**

تم انتخاب السيد / محمد الفردان كعضو مجلس ادارة لشركة الاتحاد العقارية خلال الجمعية العمومية للشركة المنعقدة بتاريخ 18 يونيو 2020. ومن ثم قام مجلس الإدارة في اجتماعه المنعقد في 2021/12/15 بتعيين السيد محمد الفردان كرئيس جديد لمجلس الإدارة.

يتمتع السيد / محمد الفردان بالقيادة الديناميكية وذو دوافع ذاتية مع مسارات مثبتة من ذوي الخبرة المهنية في التعامل مع وإدارة العقارات والاستثمارات وإدارة الفنادق لأكثر من 19 عامًا في دولة الإمارات العربية المتحدة وشرق الأوسط. وقد ساهم السيد / الفردان في وضع الخطط الاستراتيجية، وتعزيز الأهداف ، وتطوير الأفكار التي ساهمت في تحقيق نمو وتوسيع في مجال الأعمال والصناعات العقارية .

السيد / الفردان حاصل على بكالوريوس إدارة اعمال من جامعة عجمان للعلوم والتكنولوجيا وقد شغل مناصب متعددة ومنها مدير عام شركة عقارات الفردان ونائب مدير شركة الفردان القابضة و نائب مدير شركة المستثمر الأول ش.ذ.م. وشريك في عدة شركات كارلتون للضيافة وشركة زهرة للتكنولوجيا ش.ذ.م.م وشركة الفردان للاستثمار ليمتد.



**السيد / عبد الوهاب الحلبي**  
**نائب رئيس مجلس الإدارة**

تم انتخابه كعضو مجلس إدارة لشركة الاتحاد العقارية خلال الجمعية العمومية للشركة المنعقدة بتاريخ 18 يونيو 2020. ومن ثم قام مجلس الإدارة في اجتماعه المنعقد في 2021/12/15 بتعيين السيد عبد الوهاب الحلبي كنائب رئيس مجلس الإدارة.

يتمتع السيد/ عبد الوهاب بخبرة تزيد عن 20 عامًا في قطاع العقارات ومتخصص في إعادة الهيكلة المالية وإدارة الأزمات والديون، وتعزيزات الائتمان والمشاريع المشتركة حيث شغل في السابق منصب رئيس الاستثمار لمجموعة مراس القابضة وشريك في KPMG وشغل منصب الرئيس التنفيذي في دبي للعقارات. السيد / عبد الوهاب حاصل على ماجستير في إدارة الأعمال التنفيذية من "L'École des Ponts ParisTech" وشهادة من كلية لندن للاقتصاد وهو زميل عضو في معهد المحاسبين القانونيين في إنجلترا وويلز وعضو في معهد الأوراق المالية في المملكة المتحدة.

يشغل السيد / الحلبي حالياً مناصب متعددة كرئيس مجلس إدارة شركة دي أكس بي إنترتينمنتس ش.م.ع ورئيس مجلس الإدارة شركة أب فاب المحدودة وعضو مجلس إدارة في عدة شركات كشركة تي بي آل للعقارات و مكسيكان جريل المحدودة وديكر و حلبي ورابيد فينتشرز المحدودة ومنصب الرئيس التنفيذي وعضو مجلس إدارة في شركة جلوبال انفسمنت هاوس مقرها الكويت.



**السيد / عامر عبد العزيز حسين خانصاحب**  
**عضو مجلس ادارة تنفيذي**  
**العضو المنتدب**

تم انتخابه كعضو مجلس ادارة لشركة الاتحاد العقارية خلال الجمعية العمومية للشركة المنعقدة بتاريخ 14 ديسمبر 2021.

يشغل السيد/ عامر خانصاحب حالياً منصب المدير العام في خانصاحب للاستثمار و هو مسؤول عن قيادة نمو وتنوع استثمارات خانصاحب عبر صناعات متعددة، البناء وإدارة المرافق والعقارات والتصنيع والأغذية والمشروبات والتدريب على الطيران والرعاية الصحية. كجزء من دوره مدير العام لشركة خانصاحب للاستثمار و بالإضافة إلى دوره، فإن السيد خانصاحب عضو أيضاً في مجلس إدارة الشركات التابعة للاستثمار في خانصاحب وقد شغل السيد/ خانصاحب المناصب التالية خلال حياته المهنية رئيس - CFA جمعية الإمارات ومدير المشروع - خانصاحب للهندسة المدنية ومستشار في شركة - Deloitte LLP (خدمات الاستشارات المالية) ومهندس موقع / وكيل موقع - خانصاحب للهندسة المدنية.

السيد عامر خانصاحب حاصل على درجة الماجستير في إدارة المشاريع بالشراكة مع جامعة مانشستر وشهادة البكالوريوس في الهندسة المدنية والبيئية مع الجامعة الأمريكية في بيروت.





السيد / درويش عبد الله درويش الكتبي  
عضو مجلس ادارة مستقل – غير تنفيذي

تم انتخابه كعضو مجلس ادارة شركة الاتحاد العقارية خلال الجمعية العمومية المنعقدة بتاريخ 18 يونيو 2020.

يتمتع السيد / درويش الكتبي بخبرة ترصد في سوق الأوراق المالية مع معرفة متعمقة حول الاستثمارات البديلة والمنتجات المنظمة، واستراتيجيات التجارة المتطورة.

السيد / الكتبي حاصل على درجة البكالوريوس في العلوم في إدارة الأعمال تخصص المالية وشهادة التعليم بلومبرغ يشغل حالياً عدة مناصب ، عضو مجلس إدارة درويش سايرتيك الهند الخاصة المحدودة وكذلك مدير الاستثمار والمحافظ لدى درويش بن أحمد وأولاده.



**السيد / فراس كريم اسماعيل حسن الرامحي**  
**عضو مجلس الادارة مستقل - غير تنفيذي**

تم انتخابه كعضو مجلس ادارة شركة الاتحاد العقارية خلال الجمعية العمومية السنوية المنعقدة بتاريخ 14 ديسمبر 2021.

يتمتع السيد الرمحي بخبرة واسعة في إدارة الأصول وتمويل الشركات والخدمات المصرفية الاستثمارية من مسيرة مهنية تمتد إلى 26 عامًا حتى الوقت الحالي تم تعيينه في منصب الرئيس التنفيذي لشركة أبوظبي للاستثمار وشغل هذا المنصب على مدار السنوات الخمس الماضية حتى تاريخ يوليو 2021 . قبل عمله في شركة أبوظبي للاستثمار كان السيد/ فراس مستشاراً لرئيس مجلس إدارة "مصدر" ووزيراً لمكتب الدولة. شغل سابقاً منصب المدير المالي لمركز خدمة المزارعين مبادرة حكومية تهدف إلى تسويق قطاع الزراعة في أبوظبي والذي يشمل 24,000 مزرعة و1,500 موظف وأكثر من 700 مليون درهم في مبيعاتها.

كان السيد/ فراس أيضاً شريكاً إدارياً في شركة CAPM للاستثمارات وهي شركة استشارية محلية للاستثمارات تقدم الاستشارات بشأن الأسهم المدرجة والأسهم الخاصة والعقارات وإعادة الهيكلة المالية، و تولى منصب العضو المنتدب للشركة الوطنية للوساطة المالي و شغل ايضاً رئيس قسم الأسهم المدرجة في ADIC ونائب رئيس قسم إدارة الأصول في شركة المستثمر الوطني.

تم تعيين سعادة فراس عبد الكريم حسن الرمحي بموجب مرسوم صادر عن رئيس الدولة "مديراً عاماً للهيئة العامة للمعاشات والتأمينات الاجتماعية"

السيد/ الرمحي حاصل على درجة البكالوريوس في إدارة الأعمال من جامعة ويسكونسن ميلووكي في الولايات المتحدة.



**السيد /سيف بن عبد العزيز السركال**

**عضو مجلس الادارة**

**مستقل - غير تنفيذي**

تم تعيينه كعضو مجلس ادارة مستقل لشركة الاتحاد العقارية خلال اجتماع مجلس الإدارة المؤرخ بتاريخ 17 يونيو 2022.

تخرج بدرجة البكالوريوس في الشؤون المالية من جامعة ولاية كاليفورنيا ، وانضم إلى شركة برايس ووترهاوس كوبرز في سبتمبر 2010 الى سنة 2013 ، وعمل على عمليات اندماج البنوك في دول مجلس التعاون الخليجي ، وقد قدم المشورة بشأن تصنيفات السندات وعمليات الاستحواذ في المنطقة و بعد أن اشترك في مركز الشيخ حمدان بن محمد التراثي كمدير للتدقيق الداخلي عمل على تثبيت نظام تدقيق ، وتعزيز نظام المدفوعات والذمم المدينة ، وإدارة جميع نفقات بطولات سموه. و في عام 2017 انضم إلى المال كابيتال حيث عمل في استثمارات مباشرة ، وتمكن من العمل في صفقة عقارية ، وعمل على طرح أول صندوق استثمار عقاري في سوق دبي المالي .

يتأأس السيد سيف السركال تطوير الأعمال في شركة المال كابيتال ، كما عمل على استثمارات في شركات التكنولوجيا في الولايات المتحدة ، إلى جانب استثمارات في العقارات في الولايات المتحدة أيضاً.



**السيدة / عبير محمد عمر بن حيدر**

**عضو مجلس الادارة**

**مستقل - غير تنفيذي**

تم انتخابها كعضو مجلس ادارة لشركة الاتحاد العقارية خلال الجمعية العمومية المنعقدة بتاريخ 14 ديسمبر 2021.

السيدة/ عبير بن حيدر هي عضو مجلس إدارة والمدير التنفيذي المالي في مجموعة محمد عمر بن حيدر القابضة ش.م.ع. لديها خبرة في مجال القيادة و حاصلة على مؤهل علمي في إدارة الأعمال والاستراتيجية المالية وقد امتدت إنجازاتها من مختلف الصناعات وقطاعات الأعمال في جميع أنحاء الإمارات العربية المتحدة والعديد من مواقع الأعمال التكتيكية العالمية حول العالم و كونها خبيرة في الإدارة العليا و تحتفظ في المعرفة العملية دائماً بكل مجال وظيفي تشغيلي وقرار عمل تكتيكي و قد ألهمت أصحاب الأداء العالي والمتفوقين للوصول إلى أهدافهم بمهاراتها القيادية الاستثنائية.

و تقود حجر الأساس لقسم التمويل لمجموعة محمد عمر بن حيدر القابضة و لديها مكانتها المعروفة في الإدارة المالية كقائدة مبتكرة ، يتماشى نهجها مع احتياجات الموظفين من خلال تقديم ثقافة عالية الأداء تثير الاهتمام باكتشاف وجهات نظر جديدة تحفز كلا من الشركة وطاقم عملها على التعلم والنمو معاً بشكل مستمر لتحقيق نتائج أعمال محددة وواضحة وغيرها من أفضل الفرص.

حاصلة على درجة البكالوريوس في إدارة الأعمال من الجامعة الأمريكية في الإمارات في كلية إدارة الأعمال في دبي ، الإمارات العربية المتحدة عام 2011.

## ب. بيان بنسبة تمثيل العنصر النسائي في مجلس الإدارة للعام 2022.

خلال اجتماع الجمعية العمومية المنعقدة بتاريخ 14 ديسمبر 2021 تم تعيين السيدة عبير بن حيدر كعضو في مجلس إدارة الشركة.

## ت. بيان بأسباب عدم ترشح أي عنصر نسائي لعضوية مجلس الإدارة.

لا ينطبق

## ث. بيان بما يلي:

### 1. مجموع مكافآت أعضاء مجلس الإدارة المدفوعة عن العام 2021.

لا يوجد أية مكافآت .

### 2. مجموع مكافآت أعضاء مجلس الإدارة المقترحة عن العام 2022 والتي سيتم عرضها في اجتماع الجمعية العمومية السنوي للمصادقة عليها.

لم يتم اقتراح أية مكافآت لأعضاء مجلس الإدارة لحضورهم اجتماعات مجلس الإدارة أو اللجان المنبثقة عنه عن العام المالي المنتهي بتاريخ 2021 . و تطبيقاً لتعديلات دليل حوكمة الشركات المساهمة العامة المرفق بقرار رئيس مجلس إدارة الهيئة رقم (3/ر.م) لسنة 2020 الذي أجاز ان يصرف لعضو مجلس الإدارة أتعاباً عبارة عن مبلغ مقطوع لا يتجاوز (200,00) مائتي ألف درهم في نهاية السنة المالية، وحيث ان النظام الأساسي للشركة قد تم تعديله تزامناً والتزاماً مع المرسوم بقانون إتحادي رقم (32) لسنة 2021 بشأن الشركات التجارية وقد تم تعديل نص المادة (38) من النظام الأساسي للشركة التي اجازت صرف الاتعاب لأعضاء مجلس الإدارة بعد موافقة الجمعية العمومية للشركة في حال عدم تحقيق الشركة أرباحاً . وعليه تم اقتراح صرف اتعاب لأعضاء مجلس إدارة الشركة نظراً للجهود المبذولة وتم ادراج بند الموافقة على مقترح بشأن (أتعاب) أعضاء مجلس الإدارة وتحديداتها في جدول أعمال الجمعية العمومية السنوية للشركة من أجل المصادقة عليه.

### 3. تفاصيل بدلات حضور جلسات اللجان المنبثقة عن مجلس الإدارة التي تقاضاها أعضاء مجلس الإدارة عن السنة المالية للعام 2022 وفقاً للجدول التالي:

لم يتقاضى أعضاء مجلس الإدارة أي بدلات أو رواتب أو أتعاب إضافية.



**ج. عدد اجتماعات مجلس الإدارة التي عقدت خلال السنة المالية 2022 مع بيان تواريخ انعقادها، وعدد مرات الحضور الشخصي لجميع الأعضاء مع بيان الأعضاء الحاضرين بالوكالة ( يجب أن تطابق أسماء أعضاء مجلس الإدارة حسب ما هو مذكور في البند (3 أ) أعلاه.**

| م | تاريخ الاجتماع | عدد الحضور   | عدد الحضور بالوكالة | أسماء الأعضاء الغائبين |
|---|----------------|--|---------------------|------------------------|
| 1 | 24 مارس 2022   | 6 أعضاء من إجمالي 7 كما يلي : (محمد الفردان، عبد الوهاب الحلبي، عامر خانصاحب، درويش الكتبي، فراس الرمحي، ، راشد الشريف )                                     | لا يوجد             | عبير بن حيدر           |
| 2 | 12 مايو 2022   | 6 أعضاء من إجمالي 7 كما يلي : (محمد الفردان، عبد الوهاب الحلبي، عامر خانصاحب، درويش الكتبي، فراس الرمحي، عبير بن حيدر، ) (نظرا لاستقالة السيد / راشد الشريف) | لا يوجد             | لا يوجد                |
| 3 | 04 أغسطس 2022  | 7 أعضاء من إجمالي 7 كما يلي : (محمد الفردان، عبد الوهاب الحلبي، عامر خانصاحب، درويش الكتبي، فراس الرمحي، سيف السركال، عبير بن حيدر)                          | لا يوجد             | لا يوجد                |
| 4 | 31 أكتوبر 2022 | 6 أعضاء من إجمالي 7 كما يلي : (محمد الفردان، عبد الوهاب الحلبي، عامر خانصاحب، درويش الكتبي، فراس الرمحي، سيف السركال)  | لا يوجد             | عبير بن حيدر           |

**ح. عدد قرارات مجلس الإدارة التي صدرت بالتمرير خلال السنة المالية 2022 مع بيان تواريخ انعقادها.**

قام مجلس الإدارة باتخاذ ستة قرارات بالتمرير بتاريخ 2022/2/3 و 2022/3/15 و 2022/4/26 ، وفي 2022/6/17 و 2022/6/29 و 2022/9/21 خلال السنة المالية المنتهية بتاريخ 2022/12/31 .

خ. بيان مهام واختصاصات مجلس الإدارة التي قام بها أحد أعضاء المجلس أو الإدارة التنفيذية خلال عام 2022 بناءً على تفويض من المجلس مع تحديد مدة وصلاحيّة التفويض

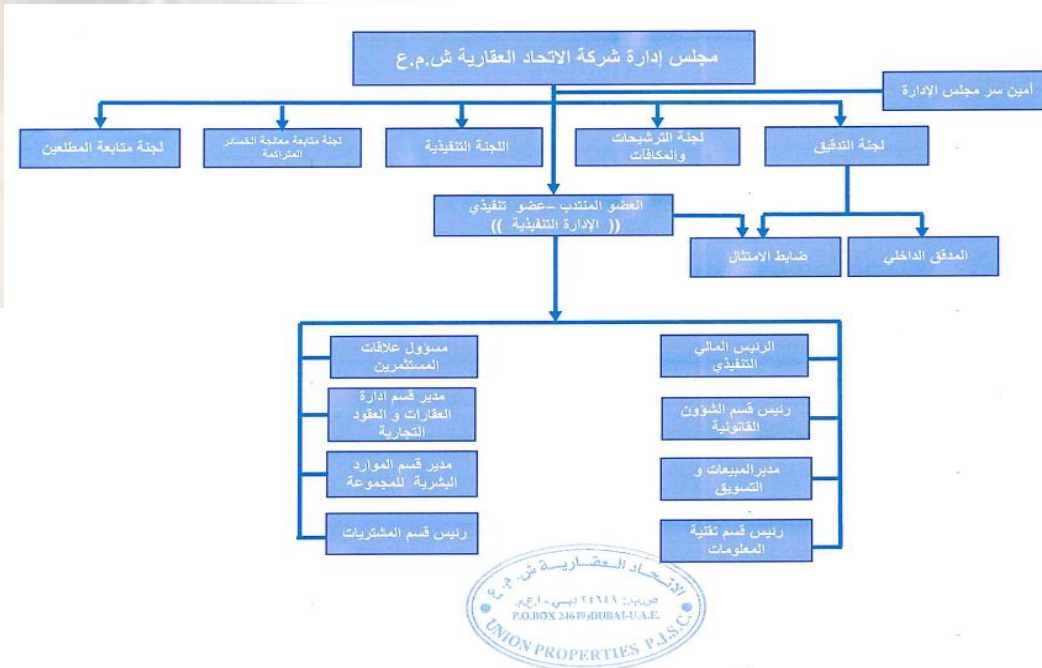
#### حسب الجدول التالي

| م | اسم الشخص المفوض                   | صلاحيّة التفويض  | مدة التفويض            |
|---|------------------------------------|--|------------------------|
| 1 | السيد/ عامر عبدالعزيز حسين خانصاحب | عضو مجلس الإدارة والعضو المنتدب ينوب عن الشركة ويمثلها في جميع الأمور المالية والإدارة والقانونية والتشغيلية المفوض بالتوقيع عن الشركة بموجب الوكالة القانونية الممنوحة له من قبل مجلس إدارة الشركة. | تنتهي بتاريخ 2023/5/30 |

د. بيان بتفاصيل التعاملات التي تمت مع الأطراف ذات العلاقة (أصحاب المصالح) خلال عام 2022

لم يتم أية معاملات مع الأطراف ذات العلاقة من أصحاب المصالح خلال العام 2022

ذ. الهيكل التنظيمي الكامل الخاص بالشركة بحيث يشمل الصف الأول والثاني بحد أدنى، على أن يشمل العضو المنتدب و/أو المدير العام و/أو الرئيس التنفيذي ونائب المدير العام والمدراء العاملين في الشركة كالمدير المالي



**ر. بيان تفصيلي لكبار الموظفين التنفيذيين في الصف الأول والثاني حسب ما ورد في الهيكل التنظيمي للشركة (حسب 3 - د) ووظائفهم وتواريخ تعيينهم مع بيان بمجموع الرواتب والمكافآت المدفوعة لهم، وذلك حسب الجدول التالي:**

| م  | المنصب                                    | تاريخ التعيين  | مجموع الرواتب والبدلات المدفوعة لعام 2021 (درهم) | مجموع المكافآت المدفوعة لعام 2021 (درهم) Bonuses | أي مكافآت أخرى نقدية/عينية للعام 2021 أو تستحق مستقبلاً |
|----|---|--|--|--|---|
| 1  | الرئيس المالي التنفيذي                    | 21 فبراير 2022   | 700,450.68                                       | لا يوجد  | لا يوجد   |
| 2  | رئيس قسم الشؤون القانونية                 | 10 فبراير 2022   | 623,889.04                                       | لا يوجد  | لا يوجد   |
| 3  | مدير المبيعات و التسويق                   | 5 مايو 2022 ومن 14 نوفمبر 2022                                     | 210,450.68                                       | لا يوجد  | لا يوجد   |
| 4  | رئيس قسم تقنية المعلومات                  | 7 مارس 2022  | 277,469.17                                       | لا يوجد  | لا يوجد   |
| 5  | رئيس قسم المشتريات                        | 6 سبتمبر 2020  | 600,000.00                                       | لا يوجد  | لا يوجد   |
| 6  | مسؤول علاقات المستثمرين                   | 3 سبتمبر 2018  | 246,000.00                                       | لا يوجد  | لا يوجد   |
| 7  | مدير قسم إدارة العقارات و العقود التجارية | 29 يونيو 2022  | 274,475.33                                       | لا يوجد  | لا يوجد   |
| 8  | مدير قسم الموارد البشرية                  | 1 يوليو 2022   | 211,500.00                                       | لا يوجد  | لا يوجد   |
| 9  | مدير التطوير و المشاريع                   | 15 ديسمبر 2019   | 600,000  | لا يوجد  | لا يوجد   |
| 10 | ضابط الامتثال                             | تم التعيين بتاريخ 9 ديسمبر 2018 و تاريخ انتهاء العمل 16 يونيو 2022 | 82,890.41  | لا يوجد  | لا يوجد   |



#### 4- مدقق الحسابات الخارجي:

##### أ. تقديم نبذة عن مدقق حسابات الشركة للمساهمين.

شركة Grant Thornton International Ltd (GTIL) هي شركة خاصة محدودة الضمان ، تأسست في إنجلترا وويلز. إنها منظمة شاملة تقوم تسليم الخدمات من قبل الشركات الأعضاء في Grant Thornton حول العالم ويشار إلى GTIL والشركات الأعضاء مجتمعة باسم Grant Thornton. في دولة الإمارات العربية المتحدة ، وتدار الشركة من قبل السيد فاروق محمد - رئيس مجلس الإدارة وهشام فاروق - الرئيس التنفيذي وفريق القيادة الذي يتكون من قادة من جميع مجالات الخدمة. يجتمع فريق القيادة لمناقشة التطوير الاستراتيجي والتشغيلي والمالي ، مع الحفاظ دائماً على عملائها وموظفيها في المقدمة.

##### ب. بيان الأتعاب والتكاليف الخاصة بالتدقيق أو الخدمات التي قدمها مدقق الحسابات الخارجي ، وذلك حسب الجدول التالي:-

| إسم مكتب التدقيق واسم المدقق الشريك   | مكتب التدقيق:<br>Grant Thornton UAE<br>Dr. Osama El-Bakry & Anand Prabhu  |
|---|---|
| عدد السنوات التي قضاها كمدقق حسابات خارجي للشركة  | السنة الأولى (1)  |
| عدد السنوات التي قضاها المدقق الشريك في تدقيق حسابات الشركة   | 1   |
| إجمالي أتعاب التدقيق ومراجعة للبيانات المالية (المرحلية والسنوية) لعام 2022 (درهم) – يتعين بيان المبالغ بالتفصيل  | Q1-22 by Mazars: AED 52,000<br>Q2-22 till Year end by GT UAE: AED 325,000 |
| أتعاب وتكاليف الخدمات الخاصة الأخرى بخلاف التدقيق للبيانات المالية لعام 2022 (درهم) (إن وجدت وفي حال عدم وجود أية أتعاب أخرى يتم ذكر ذلك صراحةً)          | لا يوجد   |
| تفاصيل وطبيعة الخدمات المقدمة الأخرى (إن وجدت) وفي حال عدم وجود خدمات أخرى يتم ذكر ذلك صراحةً   | لا يوجد   |
| بيان بالخدمات الأخرى التي قام مدقق حسابات خارجي آخر غير (إن وجد) وفي مدقق حسابات الشركة بتقديمها خلال 2022 حال عدم وجود مدقق خارجي آخر يتم ذكر ذلك صراحةً | لا يوجد   |

**ج. بيان يوضح التحفظات التي قام مدقق حسابات الشركة بتضمينها في القوائم المالية  
المرحلية والسنوية للعام 2022 وفي حال عدم وجود أي تحفظات يجب أن يتم ذكر ذلك صراحةً.  
لا يوجد**

## 5- لجنة التدقيق:

أ. إقرار من رئيس لجنة التدقيق بمسؤوليته عن نظام اللجنة في الشركة وعن مراجعته  
لآلية عمله والتأكد من فعاليتها.

"يقر السيد / عبد الوهاب الحلبي ، رئيس لجنة التدقيق بمسؤوليته عن نظام اللجنة في الشركة وعن  
مراجعته لآلية عملها والتأكد من فعاليتها"

ب. أسماء أعضاء لجنة التدقيق، وبيان اختصاصاتها والمهام الموكلة لها.

- السيد/ عبد الوهاب الحلبي (رئيس اللجنة)

- السيد / فراس الرامحي (عضو)

- السيد / درويش الكاتبي (عضو)

○ اختصاصات ومهام لجنة التدقيق :

تتولى لجنة التدقيق المهام والواجبات التالية:

- 1- مراجعة السياسات والإجراءات المالية والمحاسبية في الشركة.
- 2- مراقبة سلامة البيانات المالية للشركة وتقاريرها ( السنوية و نصف السنوية وربح السنوية ) وأنظمة  
الرقابة الخاصة بها، ومراجعتها كجزء من عملها العادي خلال السنة، وعليها التركيز بشكل خاص على  
ما يلي:
- أ. أي تغييرات في السياسات والممارسات المحاسبية.
- ب. إبراز النواحي الخاضعة لتقدير الإدارة.
- ج. التأكد من تحديث الشركة بشكل سنوي لسياساتها وإجراءاتها وأنظمة  
الرقابة بها.
- د. التعديلات الجوهرية الناتجة عن التدقيق.
- هـ. افتراض استمرارية عمل الشركة.
- و. التقيد بالمعايير المحاسبية التي تقررها الهيئة.
- ز. التقيد بقواعد الإدراج والإفصاح وغيرها من المتطلبات القانونية المتعلقة بإعداد التقارير المالية.

- 3- التنسيق مع مجلس إدارة الشركة والإدارة التنفيذية العليا والمدير المالي أو المدير القائم بنفس المهام في الشركة في سبيل أداء مهامها.
- 4- النظر في أي بنود هامة وغير معتادة ترد أو يجب إيرادها في تلك التقارير والحسابات، وعليها إيلاء الاهتمام اللازم بأية مسائل يطرحها المدير المالي للشركة أو المدير القائم بنفس المهام أو ضابط الامتثال أو مدقق الحسابات
- 5- رفع توصية لمجلس الإدارة بشأن اختيار أو استقالة أو عزل مدقق الحسابات وفي حالة عدم موافقة مجلس الإدارة على توصيات لجنة التدقيق بهذا الشأن، فعلى مجلس الإدارة أن يضمن في تقرير الحوكمة بيانات يشرح توصيات لجنة التدقيق والأسباب التي دعت مجلس الإدارة لعدم الأخذ بها
- 6- وضع وتطبيق سياسة التعاقد مع مدقق الحسابات، ورفع تقرير لمجلس الإدارة تحدد فيه المسائل التي ترى أهمية اتخاذ إجراء بشأنها مع تقديم توصياتها بالخطوات اللازمة اتخاذها.
- 7- التأكد من إستيفاء مدقق الحسابات للشروط الواردة في القوانين والأنظمة والقرارات المعمول بها والنظام الأساسي للشركة ومتابعة ومراقبة استقلاليتها.
- 8- الاجتماع بمدقق الحسابات للشركة دون حضور أي من أشخاص الإدارة التنفيذية العليا أو من يمثلها ومناقشته حول طبيعة ونطاق عملية التدقيق ومدى فعاليتها وفقا لمعايير التدقيق المعتمدة.
- 9- اعتماد أي أعمال إضافية يقوم بها مدقق الحسابات الخارجي لصالح الشركة والأتعاب التي يتقاضاها مقابل تلك الأعمال.
- 10- بحث كل ما يتعلق بعمل مدقق الحسابات وخطة عمله ومراسلاته مع الشركة وملاحظاته ومقترحاته وتحفظاته وأي استفسارات جوهرية يطرحها المدقق على الإدارة التنفيذية العليا بخصوص السجلات المحاسبية أو الحسابات المالية أو أنظمة الرقابة ومتابعة مدى استجابة إدارة الشركة لها وتوفيرها للتسهيلات اللازمة للقيام بعمله
- 11- التأكد من رد مجلس الإدارة في الوقت المطلوب على الاستيضاحات والمسائل الجوهرية المطروحة في رسالة مدقق الحسابات.
- 12- مراجعة وتقييم أنظمة التدقيق الداخلي وإدارة المخاطر في الشركة.
- 13- مناقشة نظام التدقيق الداخلي مع مجلس الإدارة، والتأكد من أدائها لواجبها في إنشاء نظام فعال للرقابة الداخلية.
- 14- النظر في نتائج التحقيقات الرئيسية في مسائل التدقيق الداخلي التي يكلفها بها مجلس الإدارة أو تتم بمبادرة من اللجنة وموافقة مجلس الإدارة.
- 15- الاطلاع على تقييم المدقق لإجراءات التدقيق الداخلي والتأكد من وجود التنسيق فيما بين المدقق الداخلي ومدقق الحسابات الخارجي.
- 16- التأكد من توفر الموارد اللازمة لوظيفة التدقيق الداخلي ومراجعة ومراقبة فعالية تلك الإدارة.
- 17- دراسة تقارير التدقيق الداخلي ومتابعة تنفيذ الإجراءات التصحيحية للملاحظات الواردة فيها.

- 18- وضع الضوابط التي تمكن موظفي الشركة من الإبلاغ عن أي مخالفات محتملة في التقارير المالية أو التدقيق الداخلي أو غيرها من المسائل بشكل سري والخطوات الكفيلة بإجراء تحقيقات مستقلة وعادلة لتلك المخالفات.
- 19- مراقبة مدى تقييد الشركة بقواعد السلوك المهني.
- 20- مراجعة تعاملات الأطراف ذات العلاقة مع الشركة والتأكد من عدم وجود أي تضارب في المصالح والتوصية بشأنها لمجلس الإدارة قبل إبرامها.
- 21- ضمان تطبيق قواعد العمل الخاصة بمهامها والصلاحيات الموكلة إليها من قبل مجلس الإدارة.
- 22- تقديم التقارير والتوصيات إلى مجلس الإدارة عن المسائل المذكورة أعلاه والواردة في هذه المادة.
- 23- النظر في أي موضوعات أخرى يحددها مجلس الإدارة.

**ج. عدد الاجتماعات التي عقدتها لجنة التدقيق خلال عام 2022 وتواريخها لمناقشة المسائل المتعلقة بالبيانات المالية وأية أمور أخرى، وبيان عدد مرات الحضور الشخصي للأعضاء في الاجتماعات المنعقدة.**

| الأعضاء الحاضرين   |                     |                          |                          |   |
|--------------------|---------------------|--------------------------|--------------------------|---|
| السيد/ فراس الرمحي | السيد/ درويش الكتبي | السيد/ عبد الوهاب الحلبي |                          |   |
| حضر                | حضر                 | حضر                      | اجتماع بتاريخ 2022-2-14  | 1 |
| حضر                | حضر                 | حضر                      | اجتماع بتاريخ 2022-03-24 | 2 |
| حضر                | حضر                 | حضر                      | اجتماع بتاريخ 2022-05-12 | 3 |
| حضر                | حضر                 | حضر                      | اجتماع بتاريخ 2022-08-03 | 4 |
| حضر                | حضر                 | حضر                      | اجتماع بتاريخ 2022-10-28 | 5 |

**6- لجنة الترشيحات والمكافآت:**

- أ. إقرار من رئيس لجنة الترشيحات والمكافآت بمسؤوليته عن نظام اللجنة في الشركة وعن مراجعته لآلية عمله والتأكد من فعاليتها.
- يقر السيد / سيف عبد العزيز السركال، رئيس لجنة الترشيحات والمكافآت بمسؤوليته عن نظام اللجنة في الشركة وعن مراجعته لآلية عملها والتأكد من فعاليتها

## ب. أسماء أعضاء لجنة الترشيحات والمكافآت، وبيان اختصاصاتها والمهام الموكلة لها.

التشكيل من تاريخ 15 ديسمبر 2021

السيد / راشد أمين الشريف – عضو مستقيل (رئيس اللجنة)

السيدة / عبير بن حيدر (عضو اللجنة)

السيد / عامر خانصاحب (عضو)

قرر السادة أعضاء مجلس الإدارة في اجتماعهم المنعقد في تاريخ 31 أكتوبر 2022 إعادة تشكيل لجنة الترشيحات والمكافآت بعد تعيين عضو مجلس الإدارة الجديد بتاريخ 2022/6/17 حيث تم إعادة تشكيل اللجنة من السادة الأعضاء التالية أسمائهم على ان تقوم اللجنة بانتخاب الرئيس حيث تم انتخاب رئيس اللجنة خلال اجتماع لجنة الترشيحات والمكافآت المنعقد في 22 نوفمبر 2022 وجاء التشكيل كالتالي:

السيد / سيف السركال (رئيس اللجنة)

السيد / فراس الرمحي (عضو اللجنة)

السيد / درويش الكتي (عضو اللجنة)

## بيان اختصاصات ومسؤوليات ومهام لجنة الترشيحات والمكافآت.

وضع سياسة خاصة بالترشح لعضوية مجلس الإدارة والادارة التنفيذية تهدف إلى مراعاة التنوع بين الجنسين ضمن التشكيل وتشجيع المرأة من خلال مزايا وبرامج تحفيزية وتدريبية، وموافاة الهيئة بنسخة عن هذه السياسة وبأي تعديلات تطرأ عليها.

1- تنظيم ومتابعة الإجراءات الخاصة بالترشيح لعضوية مجلس الإدارة بما يتفق والقوانين والأنظمة المعمول بها وأحكام هذا القرار.

2- التحقق من استمرار توافر شروط العضوية لأعضاء مجلس الإدارة بشكل سنوي.

3- التأكد من استقلالية الأعضاء المستقلين بشكل مستمر

4- إذا تبين للجنة أن أحد الأعضاء فقد شروط الاستقلالية وجب عليها عرض الأمر على المجلس ليقوم بإخطار العضو بكتاب مسجل على عنوانه الثابت بالشركة بمبررات انتفاء صفة الاستقلالية عنه، وعلى العضو أن يرد على مجلس الإدارة خلال خمسة عشر يوما من تاريخ إخطاره، ويصدر مجلس الإدارة قرارا باعتبار العضو مستقلا أو غير مستقل في أول اجتماع يلي رد العضو أو انقضاء المدة المشار إليها في الفقرة السابقة دون رد.



- 5- مع مراعاة نص المادة 145 من قانون الشركات، إذا كان من شأن قرار مجلس الإدارة انتفاء أسباب أو مبررات الاستقلالية عن العضو التأثير على الحد الأدنى للنسبة الواجب توافرها من أعضاء المستقلين، قام مجلس الإدارة بتعيين عضو مستقل يحل محل هذا العضو إذا قدم الأخير استقالته لانتفاء صفة الاستقلالية عنه وفي حال رفض العضو تقديم الاستقالة يتعين على مجلس الإدارة عرض الأمر على الجمعية العمومية لاتخاذ قرار بالموافقة على تعيين عضو آخر محله أو بفتح باب الترشح لانتخاب عضو جديد.
- 6- إعداد السياسة الخاصة بمنح المكافآت والمزايا والحوافز والرواتب الخاصة بأعضاء مجلس إدارة الشركة والعاملين فيها، ومراجعتها بشكل سنوي، وعلى اللجنة أن تتحقق من أن المكافآت والمزايا الممنوحة للإدارة التنفيذية العليا معقولة وتناسب مع أداء الشركة.
- 7- التأكد من ربط المكافآت والعلاوات بما في ذلك الخيارات و المكافآت المؤجلة الأخرى والمزايا المعروضة على الإدارة التنفيذية العليا بأداء الشركة على المدى المتوسط والطويل.
- 8- المراجعة السنوية للاحتياجات المطلوبة من المهارات المناسبة لعضوية مجلس الإدارة وإعداد وصف للقدرة والمؤهلات المطلوبة لعضوية مجلس الإدارة، بما في ذلك تحديد الوقت الذي يلزم أن يخصصه العضو لأعمال مجلس الإدارة.
- 9- مراجعة هيكل مجلس الإدارة ورفع التوصيات في شأن التغييرات التي يمكن إجراؤها.
- 10- تحديد احتياجات الشركة من الكفاءات على مستوى الإدارة التنفيذية العليا والموظفين وأسس اختيارهم
- 11- إعداد السياسة الخاصة بالموارد البشرية والتدريب في الشركة ومراقبة تطبيقها، ومراجعتها بشكل سنوي.

**ج. بيان بعدد الاجتماعات التي عقدتها اللجنة خلال عام 2022 وتواريخ انعقادها، مع بيان عدد مرات الحضور الشخصي لجميع أعضاء اللجنة.**

| الأعضاء الحاضرين              |                     |                      |                             |   |
|-------------------------------|---------------------|----------------------|-----------------------------|---|
| السيد / سيف عبدالعزيز السركال | السيد / فراس الرمحي | السيد / درويش الكتبي |                             |   |
| حضر                           | حضر                 | حضر                  | اجتماع بتاريخ<br>2022-11-22 | 1 |
| حضر                           | حضر                 | حضر                  | اجتماع بتاريخ<br>2022-12-13 | 2 |

## 7- لجنة متابعة والإشراف على تعاملات الأشخاص المتطلعين

أ. إقرار من رئيس اللجنة بمسؤوليته عن نظام اللجنة في الشركة وعن مراجعته لآلية عمله والتأكد من فعاليتها.

"يقر السيد / روى كويلهو ، رئيس متابعة والإشراف على تعاملات الأشخاص المتطلعين بمسؤوليته عن نظام اللجنة في الشركة وعن مراجعته لآلية عملها والتأكد من فعاليتها"

ب. أسماء أعضاء لجنة متابعة والإشراف على تعاملات الأشخاص المتطلعين، وبيان اختصاصاتها والمهام الموكلة لها.

- رئيس قسم المالية: السيد/ روى كويلهو (رئيس اللجنة)
- رئيس الشؤون القانونية السيد/ فادي سابا (عضو اللجنة)
- العضو المنتدب السيد/ عامر خانصاحب (عضو اللجنة)

## ج. ملخص عن تقرير أعمال اللجنة خلال العام 2022.

قرر السادة أعضاء مجلس الإدارة في اجتماعهم المنعقد في تاريخ 31 أكتوبر 2022 تشكيل لجنة الإشراف والمتابعة على معاملات المطلعين ، وتم تحديد وظيفتها والموافقة على ميثاق اللجنة وتحديث قائمة المطلعين وتم تزويد الهيئة وسوق دبي المالي بالقائمة المحدثة وان الشركة ملتزمة بشكل دوري بتزويد السوق المالي بالقائمة المحدثة في حال طرأ أي تعديل وبشكل دوري، وعليه تم تشكيل اللجنة التي قامت على الأعمال التالية :

- إعداد سجل خاص وشامل لجميع المطلعين ، بما في ذلك الأشخاص الذين يمكن اعتبارهم مطلعين والذين يحق لهم أو يمكنهم الوصول إلى المعلومات الداخلية للشركة قبل النشر. يجب أن يتضمن السجل أيضاً الإفصاحات السابقة واللاحقة للمطلعين .

- تم عقد اجتماع لجنة المطلعين بتاريخ 3 نوفمبر 2022 و تم توقيعه

- تم تعميم القائمة على المطلعين وضوابط التداول المنصوص عليها حسب قرار رئيس مجلس إدارة

الهيئة رقم 3 ر.م. لسنة 2020 م وتعديلاته بشأن حوكمة الشركات المساهمة العامة بالشركة

- تقوم اللجنة بشكل دوري بمتابعة والإشراف على تداول الأشخاص المطلعين وملكياتهم والاحتفاظ بسجل خاص بهم.

- تم إخطار هيئة الأوراق المالية والسلع والسوق بقائمة محدثة من المطلعين في بداية السنة المالية وأي تعديلات تطرأ عليها خلال العام وتم تقديم نسخة من سجل المطلعين إلى هيئة الأوراق المالية والسلع وكذلك عند الطلب.

## 8- اللجنة التنفيذية :

أ. إقرار من رئيس اللجنة بمسؤوليته عن نظام اللجنة في الشركة وعن مراجعته لآلية عمله والتأكد من فعاليته

" يقر السيد / محمد الفردان ، رئيس اللجنة التنفيذية بمسؤوليته عن نظام اللجنة في الشركة وعن مراجعته لآلية عملها والتأكد من فعاليتها"

ب. أسماء أعضاء اللجنة، وبيان اختصاصاتها والمهام الموكلة لها.

- السيد / محمد الفردان - (رئيس اللجنة)

- السيد / عبد الوهاب الحلبي \_ (عضو اللجنة)

- السيد / عامر خنصاحب - (عضو اللجنة)

### بيان اختصاصاتها والمهام الموكلة لها.

قرر رئيس وأعضاء مجلس الإدارة في اجتماعهم المنعقد في 15 ديسمبر 2021 تشكيل اللجنة التنفيذية خلال الاجتماع ، وهدفها الرئيسي هو الإشراف على قرارات الإدارة التنفيذية للشركة وتقديم الدعم خلال مرحلة إعادة الهيكلة.

#### الغرض

- مساعدة مجلس إدارة الشركة في أداء مسؤولياته الرقابية
- التصرف نيابة عن مجلس الإدارة والتوصية بالنتائج التي يتوصلون إليها
- ضمان تنسيق أنشطة الأعمال بين لجان المجلس
- العمل كمنبر لتمثيل رئيس مجلس الإدارة في الإدارة العامة لأعمال وشؤون الشركة
- اتخاذ القرارات التي تم رفعها إلى المجلس بناءً على مستوى الصلاحيات المفوضة

#### الصلاحيات

- تعمل اللجنة التنفيذية كمستشار لمجلس الإدارة وتقوم بمراجعة وتقييم وتقديم التوصيات لمجلس الإدارة بشأن مختلف الأمور المطروحة على المجلس.
- أن اللجنة مكلفة بمراجعة وتقديم التوصيات إلى المجلس بشأن المسائل المعروضة عليها حتى لو كانت فوق مستوى الصلاحيات المفوضة إليها.



- يجوز للجنة التنفيذية تعيين المستشارين القانونيين وغيرهم لمساعدة اللجنة في تنفيذ مهامها . وقد يكون هؤلاء المستشارون هم المستشارون المعتمدون بشكل منتظم لدى الشركة.
- جميع التوصيات التي تُقدم إلى مجلس الإدارة يجب أن يتم اتخاذها بأغلبية بسيطة. وسوف يكون الصوت المُرجح في حالة تعادل الأصوات هو صوت رئيس اللجنة التنفيذية.

#### المسؤوليات: تشتمل مسؤوليات اللجنة على ما يلي:

- رفع التقييمات والتوصيات لمجلس الإدارة حول خطة المراجعة السنوية بالإضافة إلى استراتيجية وجدول أنشطة الشركة.
- عقد الاجتماعات الدورية مع اللجان الأخرى في جلسات تنفيذية منفصلة لمناقشة أي مسائل تعتقد اللجنة أو اللجان الأخرى أنه ينبغي مناقشتها على انفراد.
- مراجعة تقارير الإدارة حول مجريات الأعمال ورفع التوصيات لمجلس الإدارة.
- الإشراف على سياسات الاستثمار والائتمان واتخاذ القرارات ضمن حدود الصلاحيات الموكلة إليها، ورفع التوصيات إلى المجلس وذلك بالمسائل التي تتخطى حدود الصلاحيات الموكلة إلى اللجنة .
- المراجعة المبدئية للتقارير الدورية للشركة وتقديم التوصيات إلى مجلس الإدارة (يتم تقديم نسخ من التقارير الكاملة إلى المجلس ومناقشتها في اجتماع المجلس).
- مراجعة وتقديم التوصيات لمجلس الإدارة بشأن المكتسبات والتصفيات وغيرها من الأعمال التشغيلية الخاصة بالشركة.
- مراجعة وتقديم التوصيات لمجلس الإدارة فيما يتعلق بفتح الفروع الجديدة وإغلاق الفروع الحالية و تعيين المدراء و منحهم الصلاحيات.
- مراجعة وتعديل وتقديم التوصيات بشأن السياسات التي وجهها المجلس لعرضها على المجلس من خلال اللجنة

#### د.بيان بعدد الاجتماعات التي عقدتها اللجنة خلال عام 2022 وتواريخ انعقادها، مع بيان عدد مرات الحضور الشخصي لجميع أعضاء اللجنة.

تم تشكيل اللجنة بتاريخ 15 ديسمبر 2021 ، وقامت اللجنة بالبدء في عقد اجتماعاتها في بداية العام 2022 وتم عقد اجتماع بتاريخ 1 مارس 2022.

## 9- نظام الرقابة الداخلية:

أ. إقرار من المجلس بمسؤوليته عن نظام الرقابة الداخلية في الشركة وعن مراجعته لآلية عمله والتأكد من فعاليته.

يقرّ مجلس الإدارة بمسؤوليته تجاه تطبيق ومراجعة وفعالية نظام الرقابة الداخلية من خلال الحفاظ على آلية رقابة داخلية فعّالة وقوية وقد ألزم مجلس الإدارة نفسه بتعزيز ونشر أفضل الممارسات في إدارة المخاطر والتطبيق السليم لقواعد الحوكمة والتحقّق من إمتثال الشركة وموظفيها للقوانين واللوائح والقرارات التي تستند إليها عملياتها، وكذلك للإجراءات والسياسات الداخلية ومراجعة البيانات المالية التي يتم إرسالها إلى الإدارة العليا للشركة والمستثمرين وجميع المساهمين بشكل عام.

ب. أسم مدير الإدارة ومؤهلاته وتاريخ التعيين.

المسؤولين على عملية التدقيق الداخلي للشركة كلا من ضابط الامتثال السيد / محمد بلال بالاشتراك مع Standard Mentors كمكتب استشاري خارجي قائم على متابعة اعمال التدقيق الداخلي بالشركة. حيث قامت لجنة التدقيق باتخاذ قرار بتعيين مكتب Standard Mentors لتقديم خدمات التدقيق الداخلي للشركة كمكتب استشاري خارجي قائم على متابعة اعمال الرقابة والتدقيق الداخلي بالشركة. وعليه بعد استقالة موظف الشركة المدقق الداخلي وضابط الامتثال السيد / محمد بلال قرر السادة أعضاء لجنة التدقيق اسناد مهام عمل جديدة لمكتب Standard Mentors على ان يقوم بتقديم خدمات متابعة اعمال التدقيق الداخلي بالشركة على ان تكون مهام فريق العمل كما يلي:

- تجهيز وتحديث ميثاق لجنة التدقيق الداخلي
- تجهيز مذكرات تقييم ومراقبة المخاطر
- وضع خطة استراتيجية للتدقيق الداخلي
- تجهيز سجل مخاطر موحد للشركة
- اعداد خطة التدقيق الداخلي السنوية / أو ثلاث سنوات ذات الأولوية
- تقديم عرض تنفيذي الى مجلس الإدارة يلخص فيه المنهجية والتهج والمخاطر الرئيسية وتحديد الأولويات.
- تنفيذ خطة التدقيق الداخلي والإبلاغ عن القضايا ذات الصلة
- متابعة نتائج التدقيق على أساس ربع سنوي.

ج. أسم ضابط الإمتثال ومؤهلاته وتاريخ التعيين.

السيد / محمد بلال أكبر تم تعيينه في تاريخ 1 فبراير 2019 ، كمسؤول الامتثال. السيد / محمد بلال أكبر هو عضو في جمعية المحاسبين القانونيين المعتمدين (ACCA) والمعهد الباكستاني للمحاسبين الماليين

(PIPFA) وجمعية المحاسبين والمراجعين (AAA). يتمتع بخبرة واسعة وخبرة متنوعة في التأهيل لأكثر من أربع سنوات في مجال المراجعة والتأمين والاستشارات المحاسبية وإدارة المخاطر والضرائب. لقد أدار العديد من المهام بما في ذلك عمليات المراجعة الكاملة ، وتدقيق الامتثال المحدود ، والإجراءات المتفق عليها ، والتدقيق الداخلي ، والتدقيق الخاص وفقاً لمعايير التقارير المالية الدولية والمتطلبات التنظيمية المحلية. قبل انضمامه إلى الاتحاد العقارية ، عمل السيد أكبر لدى "موريسون مينون" ، محاسبون قانونيون و Crowe International في أبو ظبي ، بالإضافة إلى شركات أخرى في باكستان.

نظراً إلى استقالة السيد محمد بلال أكبار موظف الشركة تقوم الشركة حالياً بإنهاء إجراءات تعيين ضابط امتثال ذو كفاءة عالية لضمان استمرار العملية الوظيفية على أكمل وجه .

**د. كيفية تعامل إدارة الرقابة الداخلية مع أية مشاكل كبيرة بالشركة أو تلك التي تم الإفصاح عنها في التقارير والحسابات السنوية (في حالة عدم وجود مشكلات كبيرة يجب ذكر أنه لم تواجه الشركة أي مشكلات).**

عندما يتم تحديد مشكلة عالية الخطورة من قبل قسم التدقيق الداخلي ، يتم تصعيد الأمر نفسه إلى لجنة التدقيق في شركة الاتحاد العقارية لتقديمه إلى مجلس إدارة الشركة من أجل اتخاذ الإجراءات اللازمة وتسوية الأمر بشكل فوري.

**هـ. عدد التقارير الصادرة من إدارة الرقابة الداخلية لمجلس إدارة الشركة.**

قدم قسم التدقيق الداخلي تقريرين إلى لجنة التدقيق للمراجعة والموافقة عليهما خلال اجتماعهم في 4 أغسطس 2022 "تقرير ملخص المراجعة" الذي لخص سجل التدقيق من عام 2018 حتى 2022 ونتائجه وتقرير خطة التدقيق الداخلي الأولية لعام 2023-2025 الذي غطي منهجية التدقيق وتدقيق العمليات مع موازنة زمنية.

وكذلك تم تقديم تقريرين إلى لجنة التدقيق بتاريخ 2022-10-28 تقرير مجمع عن نتيجة التدقيق الداخلي وتقرير عن الخطة النهائية للتدقيق الداخلي التي تم اعتمادها في نفس الاجتماع.

## **10- تفاصيل المخالفات المرتكبة خلال عام 2021 وبيان أسبابها، وكيفية معالجتها وتجنب تكرارها مستقبلاً.**

حسب سجلاتنا، فقد تم اخطار الشركة بمخالفة واحدة خلال العام 2022 من قبل هيئة الأوراق المالية والسلع ، وهي مخالفات عن عدم التزام الشركة بالامتثال إلى قرارات رئيس مجلس إدارة هيئة الأوراق المالية والسلع الخاصة بحوكمة الشركات في شأن 2022 في شأن أسباب عدم التقيد بالإفصاح عن البيانات

المالية المرحلية للربع الثاني من عام 2022 من خلال نظام XBRL خلال الفترة المحددة والمنتهية بتاريخ 2022/8/14. نود ان نفيد سيادتكم علماً ان شركة الاتحاد العقارية قد سعت جاهداً الى الإفصاح خلال الفترة المحددة والمنتهية بتاريخ 2022/8/14، في الموعد المحدد الا ان مشكلة تقنية من خلال البرنامج قد واجهت فريق العمل القائم على تحميل البيانات على نظام ال XBRL.

## 11- بيان بالمساهمات النقدية والعينية التي قامت بها الشركة خلال العام 2022 في تنمية المجتمع المحلي والحفاظ على البيئة. (في حالة عدم وجود مساهمات فيجب ذكر أن الشركة لم تقم بأي مساهمات).

المسؤولية الاجتماعية للشركات مع بلدية دبي، - الذي بدأ في يناير 2022 كجزء من مبادرات المسؤولية الاجتماعية للشركات المسؤولية الاجتماعية للشركات في ServeU ، تعاونت الشركة مع بلدية دبي لدعم نشاط تنظيف الطرق. كان الهدف من هذه المبادرة هو رد الجميل للمجتمع والمساهمة في نظافة المدينة وجمالها. خلال شارك أكثر من 50 من موظفي ServeU وقاموا بتنظيف منطقة بالقرب من شارع الشيخ زايد. واستمرت المشاركة في عدة نشاطات خلال السنة.

دبي أوتودروم - التبرع بقسائم x4 كارتينج لجمع التبرعات من كرة الشبكة لمدرسة دبي كوليدج و حيث قامت بي أوتودروم بتقديم تجربة قيادة BMW و Sparkle Passenger Hotlap - مزاد صامت لجمع الأموال لمتطلبات تعليم الأطفال واستمرت التبرعات خلال السنة الماضية.

## 12- معلومات عامة:

أ. بيان بسعر سهم الشركة في السوق (سعر الإغلاق، أعلى سعر، وأدنى سعر) في نهاية كل شهر خلال السنة المالية للعام 2022.  
جدول حركة التداول السوقي للسهم

| نهاية شهر   | أدنى سعر LOW | أعلى سعر | سعر الإغلاق |
|-------------|--------------|----------|-------------|
| يناير 2022  | 0.30         | 0.30     | 0.31        |
| فبراير 2022 | 0.27         | 0.27     | 0.27        |
| مارس 2022   | 0.25         | 0.26     | 0.25        |
| أبريل 2022  | 0.28         | 0.29     | 0.28        |



الاتحاد العقارية  
Union Properties

|      |      |      |             |
|------|------|------|-------------|
| 0.26 | 0.27 | 0.26 | مايو 2022   |
| 0.23 | 0.23 | 0.23 | يونيو 2022  |
| 0.25 | 0.25 | 0.24 | يوليو 2022  |
| 0.27 | 0.27 | 0.26 | أغسطس 2022  |
| 0.25 | 0.25 | 0.25 | سبتمبر 2022 |
| 0.26 | 0.26 | 0.25 | أكتوبر 2022 |
| 0.26 | 0.26 | 0.25 | نوفمبر 2022 |
| 0.28 | 0.28 | 0.27 | ديسمبر 2022 |

ب. بيان بالأداء المقارن لسهم الشركة مع مؤشر السوق العام ومؤشر القطاع الذي تنتمي إليه الشركة خلال العام 2022.

| مؤشر العقارات<br>Not updated | مؤشر DFM | سعر الإغلاق | الشهر (نهاية كل شهر) |
|------------------------------|----------|-------------|----------------------|
|                              | 3,203.08 | 0.31        | يناير 2022           |
|                              | 3,354.64 | 0.27        | فبراير 2022          |
|                              | 3,526.6  | 0.25        | مارس 2022            |
|                              | 3,719.63 | 0.28        | أبريل 2022           |
|                              | 3,347.24 | 0.26        | مايو 2022            |
|                              | 3,223.29 | 0.23        | يونيو 2022           |
|                              | 3,337.96 | 0.25        | يوليو 2022           |
|                              | 3,443.11 | 0.27        | أغسطس 2022           |
|                              | 3,339.15 | 0.25        | سبتمبر 2022          |
|                              | 3,331.76 | 0.26        | أكتوبر 2022          |
|                              | 3,323.96 | 0.26        | نوفمبر 2022          |
|                              | 3,336.07 | 0.28        | ديسمبر 2022          |



**ج. بيان بتوزيع ملكية المساهمين كما في 2022/12/31 (أفراد، شركات، حكومات) مصنفة على النحو التالي: محلي، عربي، وأجنبي.**

| نسبة الأسهم المملوكة **          |        |        |        | تصنيف   | م |
|----------------------------------|--------|--------|--------|---------|---|
| UPP Total Shares : 4,289,540,134 |        |        |        | المساهم |   |
| مجموع النسبة %                   | حكومة  | شركات  | أفراد  |         |   |
| %81.24                           | %0.007 | %21.60 | %59.64 | محلي    |   |
| %13.47                           |        | %2.70  | %10.77 | عربي    |   |
| %5.28                            |        | %1.90  | %3.38  | أجنبي   |   |
| %100                             | %0.007 | %26.85 | %73.79 | المجموع |   |

**د. بيان بالمساهمين الذين يملكون 5% أو أكثر من رأس مال الشركة كما في 2022/12/31 حسب الجدول التالي:**

|        |  |   |
|--------|--|---|
| 9.26 % | 211,000,000 سهم بنسبة 4.92 %<br>186,000,000 سهم بنسبة 4.34 % | سالم عبد الله سالم الحوسني<br>وشركة السالم المحدودة |
|--------|--|---|

**ه. بيان بكيفية توزيع المساهمين وفقاً لحجم الملكية كما في 2022/12/31 حسب الجدول التالي:**

| م | ملكية الأسهم (سهم)              | عدد المساهمين | عدد الأسهم المملوكة | نسبة الأسهم المملوكة من رأس المال |
|---|---------------------------------|---------------|---------------------|-----------------------------------|
| 1 | أقل من 50,000                   | 5808          | 81,539,672          | 1.9%                              |
| 2 | من 50,000 إلى أقل من 500,000    | 3,449         | 578,424,661         | 13.48%                            |
| 3 | من 500,000 إلى أقل من 5,000,000 | 842           | 1,172,211,597       | 27.33%                            |
| 4 | أكثر من 5,000,000               | 120           | 2,457,364,204       | 57.29%                            |

## و. بيان بالإجراءات التي تم اتخاذها بشأن ضوابط علاقات المستثمرين مع بيان

ما يلي:-

### اسم مسؤول علاقات المستثمرين

عملاً بالمادة 51 من القرار (3/ر.م لسنة 2020) عينت الشركة السيد جاد خويص مسؤولاً عن علاقات المستثمرين والتواصل مع المساهمين.

### - بيانات التواصل مع علاقات المستثمرين :

البريد الإلكتروني: IR@up.ae

الهاتف: 04-8066667

الفاكس: 04-8066777

صندوق بريد : 24649

### - الرابط الإلكتروني لصفحة علاقات المستثمرين على الموقع الإلكتروني للشركة.

<https://up.ae/investor-relations>

## **ز. بيان بالقرارات الخاصة التي تم عرضها في الجمعية العمومية المنعقد خلال عام 2022 والإجراءات المتخذة بشأنها.**

- بتاريخ تم عقد بتاريخ 29 ابريل 2022 اجتماع الجمعية العمومية السنوية للشركة وتم الموافقة على القرارات الخاصة التالية:  
قرارات خاصة:

1- الموافقة على تعديل بعض مواد عقد تأسيس الشركة ليتوافق مع التعديلات الجديدة التي نص عليها المرسوم بقانون اتحادي رقم (32) لسنة 2021 في شأن الشركات التجارية ووافق السادة المساهمين بالأغلبية على تعديل بعض مواد عقد تأسيس الشركة ليتوافق مع التعديلات الجديدة التي نص عليها المرسوم بقانون اتحادي رقم (32) لسنة 2021 في شأن الشركات التجارية. وتم تعديل عقد تأسيس الشركة تطبيقاً للقرار.

2- النظر في استمرارية الشركة في مباشرة نشاطها أو حلها قبل الأجل المحدد لها وفقاً لمتطلبات المادة رقم (309) من القانون الاتحادي رقم (32) لسنة 2021 في شأن الشركات التجارية ووافق السادة المساهمين بالأغلبية على استمرارية الشركة في مباشرة نشاطها و على خطة معالجة الخسائر المتراكمة.



### ح. اسم مقرر اجتماعات مجلس الإدارة وتاريخ تعيينه.

- اسم مقرر اجتماعات مجلس الإدارة

الأستاذة / منار إبراهيم

- تاريخ تعيينه

تم تعيين الأستاذة منار إبراهيم أمين سر مجلس إدارة الشركة خلال اجتماع مجلس الإدارة المنعقد في 15 مارس 2022 لتولي دور أمين سر مجلس الإدارة وفقاً للمادة 8.3 تماشياً مع قرار رئيس مجلس إدارة الهيئة (رقم 03 /ر.م) لسنة 2020 وتعديلاته بشأن اعتماد دليل حوكمة الشركات المساهمة العامة علماً بأن الأستاذة منار إبراهيم أمين سر مرخص من قبل سوق دبي المالي وتتمتع بالخبرة في شؤون مجلس الإدارة وحوكمة الشركات المساهمة العامة وهي حاصلة على درجة الليسانس في العلوم الاجتماعية والإدارة ودبلوم في العلاقات العامة . وجاء تعيينها بعد استقالة أمين مجلس الإدارة السابق من منصبه في 15 ديسمبر 2021 .

### ط. بيان تفصيلي بالأحداث الجوهرية والإفصاحات الهامة التي صادفت الشركة خلال العام 2022.

| التاريخ        | الحدث  |
|----------------|--|
| 28 مارس 2022   | إعلان الشركة عن خبر صحفي بخصوص البيانات المالية المجمعة المدققة عن السنة المالية المنتهية في 2021.               |
| 5 مايو 2022    | إعلان الشركة عن خبر صحفي متعلق بنتائج اجتماع الجمعية العمومية السنوية للشركة المنعقدة في 2022-04-29              |
| 13 مايو 2022   | إعلان الشركة عن خبر صحفي متعلق بالبيانات المالية المرحلية للربح الأول من العام المالي 2022                       |
| 4 يوليو 2022   | إعلان الشركة عن خبر صحفي عن المزيد من التحسينات التشغيلية ودمج ثلاث وحدات تحت إدارة الشركة التابعة إداكوم        |
| 4 أغسطس 2022   | إعلان الشركة عن خبر صحفي عن بيان صحفي بخصوص النتائج المالية للربع الثاني من عام 2022                             |
| 18 أكتوبر 2022 | إعلان الشركة عن خبر صحفي عن نجاح إعادة هيكلة ديون بقيمة 595 مليون درهم   |
| 1 نوفمبر 2022  | إعلان الشركة عن خبر صحفي بيان صحفي بخصوص النتائج المالية للربع الثالث من عام 2022                                |
| 6 ديسمبر 2022  | الاتحاد العقارية تعزم إطلاق مشروع جديد متعدد الغرض بقيمة 6.1 مليار درهم وإطلالة متميزة على دبي أوتودروم وأفق دبي |

ي. بيان بالصفقات التي قامت بها الشركة خلال عام 2022 والتي تساوي 5% أو أكثر من رأس مال الشركة.

لا يوجد

ك. بيان نسبة التوطين في الشركة بنهاية عام 2022 (يستبعد العمال بالنسبة للشركات العاملة في مجال المقاولات).

- 2020 : 5.18 %

- 2021 : 3.56 %

- 2022 : 2.3 %

خ. بيان بالمشاريع والمبادرات الابتكارية التي قامت بها الشركة أو جاري تطويرها خلال العام 2021.

- تنفيذ ابتكارات التصميم لاستخدام مواد صديقة للبيئة لتطورات المباني لدينا >
- اعتماد تصاميم موفرة للطاقة مثل استخدام مصابيح LED كجزء من تصميم واستخدام نوافذ الإضاءة الطبيعية
- دراسة تطوير محطة معالجة مياه الصرف الصحي لتكون أكثر كفاءة وفعالية من حيث التكلفة.
- دراسة حول تحسين البنية التحتية لمدينة موتور سيتي ورفع مستوى جميع الخدمات الحالية لتكون صديقة للبيئة وفعالة من حيث التكلفة



الاتحاد العقارية  
Union Properties



ختم الشركة الرسمي

السيد / محمد الفردان

توقيع رئيس مجلس الإدارة

التاريخ : 2023/ 03 /10



ختم الشركة الرسمي

السيد / عبد الوهاب الحلبي

توقيع رئيس لجنة التدقيق

التاريخ : 2023/ 03 /10



ختم الشركة الرسمي

السيد / سيف السركال

توقيع رئيس لجنة الترشيحات والمكافآت

التاريخ : 2023/ 03 /10

Union Properties  
Public Joint Stock Company  
and its subsidiaries

Consolidated financial statements  
*31 December 2022*

# Union Properties Public Joint Stock Company and its subsidiaries

## Consolidated financial statements

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31 December 2022

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## Directors' report

The Directors have the pleasure of presenting their report together with the audited consolidated financial statements of Union Properties Public Joint Stock Company (the "Company") and its subsidiaries ("the Group") for the year ended 31 December 2022. The Directors confirm their responsibility for the preparation of the consolidated financial statements of the Group.

## Financial results

The Group revenue for 2022 reached to AED 419.2 million (2021: AED 398.7 million), gain on valuation of properties amounted to AED 25.9 million (2021: loss of AED 1,109 million) resulting in a total profit of AED 30 million (2021: loss of AED 966.8 million), and total comprehensive income amounted to AED 30 million (2021: total comprehensive loss of AED 966.8 million).

In accordance to the UAE Federal Law No.32 of 2021, the Company transferred 10% of the Company profit to the Statutory Reserve amounting to AED 3 million (2021: nil).

## Financial performance review in a year of uncertainty

However, in 2021, the company was unfortunately confronted with fraud, misconduct, breach of trust, forgery, misappropriation of funds and several other financial violations perpetrated by the management of the Company.

Due to the extent of such violations, the newly appointed Board members conducted a thorough financial and accounting review and appointed forensic expert in order to review the major suspicious transactions.

Preliminary findings of the forensic expert report include many violations committed by the previous management which happened for more than a year; all those findings have negatively impacted the 2021 financial statements.

The investigation is still on-going, and the final damage amount has not been assessed yet.

From December 2021 onwards, an emergency business restructuring program has been created and being implemented by the Managing Director and Executive Committee which will significantly change some of the entity's business models, management team; to address the challenges and increase value for shareholders.

Since then, the Group has emphasized its plans on:

- Growth – drive growth to achieve scale efficiencies, improve competitive positioning and increase shareholder value
- Financial performance – improve financial performance of business units to be ahead of sector benchmarks
- Cost efficiency – reducing cost and raising efficiency in operations
- Collection of receivables

Fiscal discipline will be the primary focus in 2022, which, together with growing annual revenues, will allow the Group to improve financial performance to deliver positive EBITDA.

We must stem the decline in profitability and transform the Company into an organization that is able to generate sufficient profit and free cash flow on a sustainable basis.

We must ensure stable performance and solid shareholder returns.

Union Properties transformation program consists of three pillars: governance transformation, organizational transformation, and business transformation.



## **Going concern**

The Group's consolidated financial statements have been prepared on a going concern basis.

As of 31st December 2022, the Group's current accumulated losses reached an amount of AED 2,901 million from an issued capital of AED 4,290 million hence exceeding 50% of its issued share capital. Therefore, based on article 302 of the UAE Federal Companies Law No (32) of 2021, and article 4 of SCA's Board of Directors' Decision No. (32/R.T) of 2019, the Group is required to call for a General Assembly Meeting to vote on either dissolving the Group or to continue its activity with an appropriate restructuring plan within 30 days of the issue of these consolidated financial statements.

The Group's management team is committed in implementing a thorough cost rationalization plan reducing its operating costs and overheads along with a change in management program which will create impact on entity's business model, financial structure, and management team, to address challenges in order to increase value of the Company for shareholders.

Additionally, the current management has mandated a forensic audit from a third party to assess the financial impact of the mismanagement attributed to the previous management team.

The management of the Group has prepared a short and medium strategy plan leveraged by a long-term vision for a period of three years from the date of these consolidated financial statements and there is high probability that the Group will have adequate resources to continue its operation in the foreseeable future.

## **Conclusion**

The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's strategy and availability of funding, the Board's risk appetite and the Group's principal risks and how these are managed.

In December 2021's the shareholders elected new board members who in turn appointed a new Managing Director; Thereafter, a new senior executive management team was appointed which main focus is to strengthen the supervisory function of internal audit and controls, restructuring the operations to achieve a leaner organization, and recover the misappropriated funds through legal procedures; all while developing a new growth strategy to generate shareholder value.

The Company also continues to reform its corporate culture, renew corporate ethics, disclose corporate information appropriately and enhance compliance-focused management.

## **Critical lawsuits and claims**

It is probable that the Group may encounter a variety of claims or lawsuits with counterparties and/or third parties in the course of conducting its business, due to the legacy of business malpractices from previous management. With respect to these potential lawsuits and claims, the possibility exists that the Group's assertion may not be accepted or that the outcome may be significantly different from that anticipated. As a result, any such judgment/verdict or settlement could significantly affect the Group's business performance.

## Compliance and reputation

In the wake of the issue of the improper conduct perpetrated by the previous management, the Group conducted a third-party investigation, studied recurrence preventive measures and implementing such measures thoroughly, thereby making a concerted effort to regain the trust of customers and stakeholders.

The Company continues to improve governance, reform the corporate culture, renew corporate ethics, disclose corporate information appropriately and enhance compliance-focused management.

However, compliance issues apply to all actions of all employees, all corporate management team and all directors.

Accordingly, it is difficult to completely prevent such incidents unless the Company itself clearly recognizes the importance of compliance and the need to improve the environment for effective adherence thereto, as well as ensuring that every employee, officer or director truly understands the importance of compliance and acts everyday with compliance in mind. Should the needed governance not fully realized, or any compliance violation recur, the social credibility of the Group and trust in its brand or products could be impaired and significantly affect the Group's business performance.

## Risk and Control

The Board of Directors has established standards and principles of internal control in the Company, which aim at providing objective, independent and reliable advice, as well as providing an ideal environment for internal control that meets the requirements of the Board of Directors and contributes to enhancing the role of the Board of Directors, the Audit, Risk & Compliance Committee and the Executive Committee, in order to contribute to the proper performance of their duties, functions and responsibilities. It should also be noted that the responsibilities of the Internal Audit Department are governed by the Charter approved by the Audit Committee and the Board of Directors.

## Directors

The Board of Directors comprised of:

|   |                                    |
|---|------------------------------------|
| Mr. Mohamed Fardan Ali Al Fardan              | Chairman                           |
| Mr. Abdul Wahab Al Halabi                     | Vice Chairman                      |
| Mr. Amer Abdulaziz Hussain Khansaheb          | Board Member and Managing Director |
| Mr. Faras Abdul Kareem Ismail Hasan Al Ramahi | Board Member                       |
| Mr. Darwish Abdulla Ahmed Al Ketbi            | Board Member                       |
| Mr. Saif Bin Abdulaziz Bin Yagub Alserkal     | Board Member                       |
| Ms. Abeer Mohammed Omar Bin Haider            | Board Member                       |

On behalf of the Board

Mohamed Fardan Ali Al Fardan  
Chairman

# Union Properties Public Joint Stock Company and its subsidiaries

## Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

|   | Notes       | 2022<br>AED'000 | 2021<br>AED'000 |
|---|-------------|-----------------|-----------------|
| Revenue from contracts with customers                     | 5           | 419,187         | 398,699         |
| Direct costs  | 5           | (347,481)       | (330,867)       |
| <b>Gross profit</b>                                       |             | <b>71,706</b>   | 67,832          |
| Administrative and general expenses                       | 6           | (80,529)        | (133,020)       |
| Other operating income                                    | 7           | 16,730          | 20,163          |
| Gain on sale of investment properties                     | 11          | 2,331           | 10,834          |
| <b>Operating profit/(loss)</b>                            |             | <b>10,238</b>   | (34,191)        |
| Gain/(loss) on valuation of investment properties, net    | 11          | 25,997          | (1,109,302)     |
| Net impairment and loss on financial instruments at FVTPL | 14          | -               | (149,282)       |
| Share of results of equity accounted investees            | 13          | (5,086)         | (2,955)         |
| Other income  | 7           | 73,661          | 50,727          |
| Gain from loss of control over a subsidiary               | 8           | -               | 352,401         |
| Finance income  |             | -               | 2,017           |
| Finance costs   | 10, 24 & 28 | (74,830)        | (76,170)        |
| <b>Profit/(loss) for the year</b>                         |             | <b>29,980</b>   | (966,755)       |
| Other comprehensive income                                |             | -               | -               |
| <b>Total comprehensive income/(loss) for the year</b>     |             | <b>29,980</b>   | (966,755)       |
| <b>Basic and diluted earnings per share (AED)</b>         | 23          | <b>0.007</b>    | (0.225)         |

The notes from 1 to 33 form an integral part of these consolidated financial statements.

The independent auditor's report is set out on the pages 4 to 11.

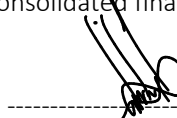
# Union Properties Public Joint Stock Company and its subsidiaries

## Consolidated statement of financial position

As at 31 December 2022

|  | Notes | 31 December 2022<br>AED'000 | 31 December 2021<br>AED'000 |
|--|-------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                                    |       |                             |                             |
| <b>Non-current assets</b>                        |       |                             |                             |
| Property, plant and equipment                    | 9     | 311,474                     | 312,635                     |
| Right-of-use assets                              | 10    | 10,076                      | 21,694                      |
| Investment properties                            | 11    | 3,166,386                   | 3,260,726                   |
| Development properties                           | 12    | 7,504                       | 7,504                       |
| Investments in an associate                      | 13    | 79,327                      | 84,413                      |
| Non-current receivables                          | 15    | 11,830                      | 4,301                       |
| <b>Total non-current assets</b>                  |       | <b>3,586,597</b>            | <b>3,691,273</b>            |
| <b>Current assets</b>                            |       |                             |                             |
| Investments at fair value through profit or loss | 14    | 699                         | 756                         |
| Inventories                                      | 12    | 4,401                       | 4,732                       |
| Contract assets                                  | 16    | 28,847                      | 35,263                      |
| Trade and other receivables                      | 17    | 396,525                     | 425,146                     |
| Cash in hand and at banks                        | 19    | 61,397                      | 65,797                      |
| <b>Total current assets</b>                      |       | <b>491,869</b>              | <b>531,694</b>              |
| <b>Total assets</b>                              |       | <b>4,078,466</b>            | <b>4,222,967</b>            |
| <b>EQUITY AND LIABILITIES</b>                    |       |                             |                             |
| <b>Equity</b>                                    |       |                             |                             |
| Share capital                                    | 20    | 4,289,540                   | 4,289,540                   |
| Statutory reserve                                | 21    | 355,976                     | 352,978                     |
| Asset revaluation surplus                        | 21    | 212,689                     | 212,689                     |
| Accumulated losses                               |       | (2,900,846)                 | (2,927,828)                 |
| <b>Total equity</b>                              |       | <b>1,957,359</b>            | <b>1,927,379</b>            |
| <b>Non-current liabilities</b>                   |       |                             |                             |
| Non-current portion of bank loans                | 24    | 341,371                     | 309,246                     |
| Contract liabilities                             | 25    | 8,118                       | 8,118                       |
| Lease liabilities                                | 10    | 10,498                      | 17,813                      |
| Provision for staff terminal benefits            | 26    | 30,630                      | 29,144                      |
| <b>Total non-current liabilities</b>             |       | <b>390,617</b>              | <b>364,321</b>              |
| <b>Current liabilities</b>                       |       |                             |                             |
| Trade and other payables                         | 27    | 1,143,104                   | 1,193,546                   |
| Contract liabilities                             | 25    | 52,824                      | 50,188                      |
| Lease liabilities                                | 10    | 2,624                       | 4,453                       |
| Bank overdrafts                                  | 28    | 50,811                      | 113,670                     |
| Current portion of bank loans                    | 24    | 481,127                     | 569,410                     |
| <b>Total current liabilities</b>                 |       | <b>1,730,490</b>            | <b>1,931,267</b>            |
| <b>Total liabilities</b>                         |       | <b>2,121,107</b>            | <b>2,295,588</b>            |
| <b>Total equity and liabilities</b>              |       | <b>4,078,466</b>            | <b>4,222,967</b>            |

These consolidated financial statements were authorised for issue by the Board of Directors on 10 March 2023

  
Chairman

  
Board Member & Managing Director

The notes from 1 to 33 form an integral part of these consolidated financial statements.

The independent auditor's report is set out on the pages 4 to 11.

# Union Properties Public Joint Stock Company and its subsidiaries

## Consolidated statement of cash flows

For the year ended 31 December 2022

|  | Notes | 2022<br>AED'000  | 2021<br>AED'000 |
|--|-------|------------------|-----------------|
| <b>Operating activities</b>                                      |       |                  |                 |
| Profit/(loss) for the year                                       |       | <b>29,980</b>    | (966,755)       |
| <i>Adjustments for:</i>  |       |                  |                 |
| Depreciation of property, plant and equipment                    | 9     | <b>7,145</b>     | 7,961           |
| Depreciation of right of use assets                              | 10    | <b>3,415</b>     | 4,677           |
| (Gain)/loss on sale of investment properties                     | 11.4  | <b>(2,331)</b>   | (10,834)        |
| Loss/(gain) on fair valuation of investment properties           | 11    | <b>(25,997)</b>  | 1,109,302       |
| Share of results of equity accounted investees                   | 13    | <b>5,086</b>     | 2,955           |
| Impairment of Property, plant and equipment                      |       | -                | 26,476          |
| Allowance for expected credit losses                             | 31    | <b>1,470</b>     | 17,999          |
| Allowance for expected credit losses - contract assets           | 16    | <b>6,156</b>     | -               |
| Gain on disposal of property, plant and equipment                | 7     | <b>(95)</b>      | (7,095)         |
| (Gain)/loss on financial instruments at FVTPL                    | 14    | -                | (5,361)         |
| Impairment loss on financial instruments at FVTPL                |       | -                | 154,643         |
| Gain from loss of control over a subsidiary                      | 8     | -                | (352,401)       |
| Finance income   |       | -                | (2,017)         |
| Finance cost   |       | <b>74,830</b>    | 76,170          |
| <i>Operating cash flows before working capital changes</i>       |       | <b>99,659</b>    | 55,720          |
| Change in inventories  |       | <b>331</b>       | 3,181           |
| Change in contract assets  |       | <b>6,416</b>     | 19,777          |
| Change in trade and other receivables                            |       | <b>13,466</b>    | (28,425)        |
| Change in due from related parties                               |       | -                | 7,648           |
| Change in trade and other payables and contract liabilities      |       | <b>(95,759)</b>  | (157,786)       |
| Change in staff terminal benefits - net                          |       | <b>1,486</b>     | 2,474           |
| <i>Net cash used in from operating activities</i>                |       | <b>25,599</b>    | (97,411)        |
| <b>Investing activities</b>                                      |       |                  |                 |
| Additions to property, plant and equipment                       | 9     | <b>(6,501)</b>   | (10,127)        |
| Additions to and acquisition of investment properties            | 11    | <b>(6,449)</b>   | -               |
| Proceeds from/investments in financial instruments at FVTPL, net | 14    | <b>57</b>        | 1,846           |
| Proceeds from disposal of property, plant and equipment          |       | <b>612</b>       | 10,059          |
| Proceeds from sale of investment properties                      |       | <b>129,117</b>   | 250,717         |
| Interest received  |       | -                | 2,017           |
| Change in deposit with banks                                     |       | <b>2,695</b>     | (149)           |
| <i>Net cash from investing activities</i>                        |       | <b>119,531</b>   | 254,363         |
| <b>Financing activities</b>                                      |       |                  |                 |
| Bank loans availed   | 24    | <b>244,842</b>   | 73,513          |
| Repayment of bank loans  | 24    | <b>(301,000)</b> | (171,564)       |
| Payment of lease liabilities                                     | 10    | <b>(4,442)</b>   | (4,721)         |
| Interest paid  |       | <b>(23,376)</b>  | (29,509)        |
| <i>Net cash used in financing activities</i>                     |       | <b>(83,976)</b>  | (132,281)       |
| <b>Net decrease in cash and cash equivalents</b>                 |       | <b>61,154</b>    | 24,671          |
| Cash and cash equivalents at the beginning of the year           |       | <b>(60,374)</b>  | (172,765)       |
| Overdraft movement due to loss of control over a subsidiary      |       | -                | 87,720          |
| <b>Cash and cash equivalents at the end of the year</b>          | 19    | <b>780</b>       | (60,374)        |

The notes from 1 to 33 form an integral part of these consolidated financial statements.

The independent auditor's report is set out on the pages 4 to 11.

# Union Properties Public Joint Stock Company and its subsidiaries

## Consolidated statement of changes in equity

For the year ended 31 December 2022

|   | Share<br>capital<br>AED'000 | Statutory<br>reserve<br>AED'000 | Asset<br>revaluation<br>surplus<br>AED'000 | Accumulated<br>losses<br>AED'000 | Total<br>AED'000 |
|---|-----------------------------|---------------------------------|--|----------------------------------|------------------|
| At 1 January 2021                       | 4,289,540                   | 352,978                         | 212,689                                    | (1,961,073)                      | 2,894,134        |
| Total comprehensive loss for the year   | -                           | -                               | -  | (966,755)                        | (966,755)        |
| At 31 December 2021                     | <u>4,289,540</u>            | <u>352,978</u>                  | <u>212,689</u>                             | <u>(2,927,828)</u>               | <u>1,927,379</u> |
| At 1 January 2022                       | 4,289,540                   | 352,978                         | 212,689                                    | (2,927,828)                      | 1,927,379        |
| Total comprehensive income for the year | -                           | 2,998                           | -  | 26,982                           | 29,980           |
| At 31 December 2022                     | <u>4,289,540</u>            | <u>355,976</u>                  | <u>212,689</u>                             | <u>(2,900,846)</u>               | <u>1,957,359</u> |

The notes from 1 to 33 form an integral part of these consolidated financial statements.

The independent auditor's report is set out on the pages 4 to 11.



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements

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### **1 LEGAL STATUS AND PRINCIPAL ACTIVITIES**

Union Properties Public Joint Stock Company (“the Company”) was incorporated on 28 October 1993 as a public joint stock company by a United Arab Emirates Ministerial decree. The Company’s registered office address is P.O. Box 24649, Dubai, United Arab Emirates (“UAE”).

The principal activities of the Company are investment in and development of properties, the management and maintenance of owned properties including the operation of cold stores, the undertaking of property related services on behalf of other parties (including related parties) and acting as the holding company of its subsidiaries and investing in other entities as set out in note 2.4.

The Company and its subsidiaries as set out in note 2.4 are collectively referred to as “the Group”.

### **2 BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB) and the requirements of the UAE Federal Law No. (32) of 2021.

#### **2.2 Basis of measurement**

The consolidated financial statements of the Group have been prepared on the historical cost convention basis except for investment properties, land under property, plant and equipment, and investments at fair value through profit or loss that have been measured at fair value.

#### **2.3 Comparative information**

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the consolidated financial statements.

#### **2.4 Basis of consolidation**

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries at 31 December 2022, as set out below:

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 2 BASIS OF PREPARATION (CONTINUED)

#### 2.4 Basis of consolidation (continued)

| Entity<br>Subsidiaries                                  | Incorporated in | Effective ownership | Principal activities   |
|---|-----------------|---------------------|--|
| Gulf Mechanical A/C Acoustic Manufacturing (GMAMCO) LLC | UAE             | 100%                | Central air-conditioning, requisites manufacturing, fire fighting equipment assembling.  |
| Gmamco Trading LLC                                      | UAE             | 100%                | Fire fighting & safety equipment trading, air condition trading, pumps, engines, valves & spare parts trading, water heaters trading, lighting equipment requisites trading. |
| Gmamco Saudi LLC  | KSA             | 100%                | Central air-conditioning, requisites manufacturing, fire fighting equipment assembling.  |
| ServeU LLC  | UAE             | 100%                | Facilities management, security, mechanical, electrical and plumbing works and energy management services.   |
| Dubai Autodrome LLC                                     | UAE             | 100%                | Building, management and consultancy for all types of race tracks and related developments for all types of motor racing.  |
| The Fitout LLC  | UAE             | 100%                | Manufacturing and interior decoration.   |
| EDACOM Owners Association Management                    | UAE             | 100%                | Owners Association Management  |
| Al Etihad Real Estate Development                       | UAE             | 100%                | Real estate development  |
| Union Holding   | UAE             | 100%                | Investment in equities.  |
| UPP Capital Investment                                  | UAE             | 100%                | Investment in equities.  |
| Union Malls   | UAE             | 100%                | Facilities management services.  |
| UPP Investments LLC                                     | UAE             | 100%                | Investment in equities.  |
| Al Etihad Education                                     | UAE             | 100%                | Investment in educational enterprises & management.  |
| UPP International Investments LLC                       | UAE             | 100%                | Investment in equities.  |
| <b>Associates</b>                                       |                 |                     |  |
| Properties Investment LLC                               | UAE             | 30%                 | Investment in and development of properties and property related activities.   |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 2 BASIS OF PREPARATION (CONTINUED)

#### 2.4 Basis of consolidation (continued)

##### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee when it is exposed to, 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full in preparing these consolidated financial statements.

#### 2.5 Functional and presentation currency

The consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Group's functional currency. All amounts have been rounded to the nearest thousand ("AED'000"), except when otherwise indicated.

#### 2.6 Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 32.

#### 2.7 Fair value measurement

The Group measures certain financial instruments such as financial assets at FVTPL, and certain non-financial assets such as investment properties and land under property, plant and equipment, 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.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 2 BASIS OF PREPARATION (CONTINUED)

#### 2.7 Fair Value Measurement (continued)

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.

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, including the level in the fair value hierarchy in which such valuations should be classified.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 2 BASIS OF PREPARATION (CONTINUED)

#### 2.8 Financial Commitments

The Group's loans and borrowings as at 31 December 2022 amounted to AED 873.3 million (AED 822.5 million of bank loans and AED 50.8 million of bank overdrafts). Furthermore, the Group has net current liabilities of AED 1,238 million as at the reporting date.

The management has analysed the Group's liquidity position over a period of 12 months from the reporting date. Based on the Group's available funding facilities, forecasted cash inflows from operations, contractual loan maturities, debt service costs, estimated and committed capital expenditure, and liquid investments management has not identified a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern or to meet its future obligations.

The Board of Directors has reviewed the Group's cash flow projections and concluded that the Group will be able to meet its commitments as they fall due in the foreseeable future.

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Summary of significant accounting policies

##### Associates and joint ventures

Associates are those entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associates and joint venture. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associates or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Summary of significant accounting policies (continued)

##### Associates and joint ventures (continued)

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of associates and a joint venture' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

##### 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 unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Summary of significant accounting policies (continued)

##### **Revenue from contracts with customers**

The Group is in the business of development, sale and leasing of properties as well as involved in manufacturing, contracting, trading and services activities. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or 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 them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 32.

##### ***Trading activities***

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

##### ***Contracting activities***

Revenue from contracts for mechanical, electrical and plumbing works as well as from interior architecture is recognised over time using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., delivery, installation, warranties etc.). In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

##### ***Variable consideration***

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Contracts with customers specify that the Group is liable to pay penalty or for liquidated damages if certain conditions specified in the contract are not met for reasons not attributable to the customer. This penalty amount may vary for different contracts and/or customers. When the Group identifies the existence of variable consideration, it will estimate the amount of the consideration at contract inception by using the expected value approach and recognise a liability for the expected future losses.



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Summary of significant accounting policies (continued)

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

##### *Contracting activities (continued)*

##### *Contract modifications*

Variation orders or modifications to original contracts are common to the Group considering the long-term contracting nature of business. The terms for variation orders are defined in each contract. Generally, variations are priced by reference to the per unit rates agreed in the contract and the revised quantities required for the completion of the contract. In accordance with IFRS 15, the Group will account for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified. Alternatively, the Group will account for a contract modification as a separate contract if the scope of contract increases due to addition of distinct goods or services and price of the contract increases by an amount that reflects the Group's standalone selling prices.

##### *Warranty obligations*

The Group provides its customers warranty against defects arising from normal and/or expected usage and maintenance for a period of 1 year from the date of taking over certificates. Management assessed that 1 year warranty for defects are considered as an assurance type warranty as this warranty is necessary to ensure that the delivered products/services are as specified in the contract for a minimum period. There is no separate performance obligation for this warranty.

The extended warranty which is given by the Group for a period longer than required by the normal practice, is usually for the purpose of detecting errors or defects in the work performed and is necessary to provide assurance that the goods or services comply with the agreed upon specifications, and accordingly, such warranties are treated as assurance type warranty. Otherwise, and in rare cases, such warranty will be treated as a service type warranty and thus will be considered as a separate performance obligation.

Where warranty is considered as an assurance type warranty, the Group accrues for the cost of satisfying the warranty liability on the basis of historical experiences in accordance with the provisions of IAS 37.

##### *Facility management, maintenance and motor racing services*

Revenue from services are satisfied over time, because the customer simultaneously receives and consumes the benefits provided by the Group, on a fixed contract basis or using an input method to measure progress towards complete satisfaction of the service. Sponsorship fees related to motor racing events are recognised in the period in which the related event is held.

##### *Rental income*

Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Summary of significant accounting policies (continued)

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

###### *Revenue from sale of development properties*

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

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

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

###### *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 has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense such costs (included in cost of sales) because the amortisation period of the asset that the Group otherwise would have used is one year or less.

###### *Contract costs*

Contract costs comprise direct contract costs and other costs relating to the contracting activity in general and which can be allocated to contracts. In addition, contract costs include other costs that are specifically chargeable to the customer under the terms of the contracts.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Summary of significant accounting policies (continued)

##### 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.

##### Foreign currencies

###### *Transactions and balances*

Transactions denominated in foreign currencies are initially recorded in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency using the closing rate. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. All foreign currency differences are recognised in the profit or loss.

###### *Investments in other entities*

The assets and liabilities of foreign operations are translated into AED at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

##### Finance income and expense

Finance income comprises interest income on fixed deposits. Interest income is recognised as it accrues in the profit or loss using the effective interest method.

Finance expense comprises interest expense on bank borrowings as well as interest expense on lease liabilities. All borrowing costs, except to the extent that they are capitalised in accordance with the paragraph below, are recognised in the profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Summary of significant accounting policies (continued)

##### Property, plant and equipment and depreciation

###### *Recognition and measurement*

Other than land, items of property, plant and equipment are measured at cost less accumulated depreciation (refer below) and accumulated impairment losses (refer accounting policy on impairment), if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of overheads.

At 31 December 2022 and 2021, land is measured at fair value less accumulated impairment losses recognised after the date of revaluation. Valuation is performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the consolidated statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

###### *Depreciation*

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

| <i>Assets</i>                            | <i>Number of years</i> |
|--|------------------------|
| Buildings and leasehold improvements     | 3 to 20                |
| Plant and machinery                      | 5 to 10                |
| Furniture, fixtures and office equipment | 2 to 4                 |
| Motor vehicles                           | 4                      |
| Equipment and tools                      | 2 to 3                 |

The depreciation method, useful lives and residual values are reassessed at the reporting date.

###### *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 (including borrowing costs and land rent capitalised) are transferred to the respective class of assets. No depreciation is charged on capital work-in-progress.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Summary of significant accounting policies (continued)

##### 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 also classified as investment properties. Where the Group provides ancillary services to the occupants of a property, it treats such a property as an investment property if the services are a relatively insignificant component of the arrangement as a whole.

When the Group begins to redevelop an existing investment property for continued future use as an investment property, the property remains as an investment property, which is measured based on fair value model and is not reclassified as development property during the redevelopment with respect to as an investment property.

###### *Measurement*

Investment properties are initially measured at cost, including related transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Any gain or loss arising from a change in fair value is recognised in the profit or loss. Fair values are determined based on a semi-annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee

Where the fair value of an 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 development properties to investment properties*

Certain properties held for sale under inventory are transferred from development properties to investment properties when those properties are either released for rental or for capital appreciation or both. The properties held for sale under development properties are transferred to investment properties at cost. Subsequent to initial recognition, such properties are valued at fair value in accordance with the measurement policy for investment properties.

###### *Transfer from investment properties to development properties*

When the use of investment properties changes to held for sale, the respective properties are transferred from investment properties to development properties at their fair values on the date of transfer, which becomes its deemed cost for subsequent accounting.

###### *Derecognition*

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Summary of significant accounting policies (continued)

##### Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### i) Financial assets

###### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. 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. Refer to the accounting policies in section *Revenue from contracts with customers*.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

###### *Subsequent measurement*

###### *Financial assets at amortised cost (debt instruments)*

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, retentions receivable and due from related parties.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Summary of significant accounting policies (continued)

##### Financial instruments – initial recognition and subsequent measurement (continued)

###### i) Financial assets (continued)

###### *Subsequent measurement (continued)*

###### *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. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. 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 income.

###### ***Derecognition***

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 pass-through 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Summary of significant accounting policies (continued)

##### Financial instruments – initial recognition and subsequent measurement (continued)

##### i) Financial assets (continued)

###### *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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and retentions receivable and contract assets, including receivables from sale of real estate properties that contain a significant financing component, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### ii) Financial liabilities

###### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, lease liabilities, and loans and borrowings including bank overdrafts.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Summary of significant accounting policies (continued)

##### Financial instruments – initial recognition and subsequent measurement (continued)

##### ii) Financial liabilities (continued)

###### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

###### *Trade and other payables*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

###### *Loans and borrowings*

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

###### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

##### iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank in current and deposit accounts (having a maturity of three months or less and excluding deposits held under lien). Bank overdrafts that are repayable on demand and bills discounted having a maturity of three months or less, if any, form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Summary of significant accounting policies (continued)

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

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGUs fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax 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 Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of one to five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the consolidated statement of other comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

##### **Inventories**

Inventories are valued at the lower of cost and net realisable value.

##### ***Properties held for sale***

Properties held for sale are classified as inventories and stated at the lower of cost and net realisable value. Cost includes the aggregate cost of development, borrowing costs capitalised and other direct expenses. Net realisable value is estimated by the management, taking into account the expected price which can be ultimately achieved, based on prevailing market conditions.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Summary of significant accounting policies (continued)

##### Inventories (continued)

##### *Properties held for sale (continued)*

The amount of any write down of properties under development for sale 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 profit or loss in the period in which the increase occurs.

##### *Other inventories*

The cost of other inventories is based on the first-in-first-out method and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

##### **Provision**

A provision is recognised in the consolidated statement of financial position when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

##### *Provision for contract maintenance*

Provision for contract maintenance is recognised when the underlying contract enters the maintenance period. The provision is made on a case-by-case basis for each job where the maintenance period has commenced and is based on historical maintenance cost data and an assessment of all possible outcomes against their associated probabilities.

##### **Operating lease payments – before 1 January 2019**

##### *Group as a lessee*

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives allowed by the lessor are recognised in the profit or loss as an integral part of the total lease payments made.

##### *Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of 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 revenue in the statement of profit or loss due to its operating nature. 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.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Summary of significant accounting policies (continued)

##### *Leases - from 1 January 2019*

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.

##### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets between 3 to 25 years.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section *Impairment of non-financial assets*.

##### *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.1 Summary of significant accounting policies (continued)

##### *Leases - from 1 January 2019 (continued)*

##### *Group as a lessee (continued)*

##### *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 recognized as revenue in the period in which they are earned.

##### **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.

##### **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, plant 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.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Changes in accounting policies and disclosures

##### Adoption of new and revised International Financial Reporting Standards, amendments and interpretations

###### (a) Standards, amendments and interpretations effective from January 1, 2022

The following amendments to existing standards have been adopted by the Group but are either not relevant to the operations of the Group or do not have significant impact on these financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Interest Rate Benchmark Reform – Phase 2).
- Amendments to IFRS 4, Insurance contracts – deferral of IFRS 9.

###### (b) Standards, amendments and interpretations issued but are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations have been issued but are not yet effective and have not been early adopted by the Group:

- Amendments to IAS 1, Presentation of Financial Statements, clarify how to classify debt and other liabilities as current or non-current (effective from January 1, 2023).
- Amendments to IFRS 3, Business Combinations: Reference to the Conceptual Framework (effective from January 1, 2022).
- Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts- Cost of Fulfilling a Contract (effective from January 1, 2022).
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (Annual improvements to IFRS Standards 2018-2021) (effective from January 1, 2022, except for IFRS 16, which effective date is not yet decided).
- Amendments to IAS 16, Property, Plant and Equipment related to Proceeds before Intended Use (effective from January 1, 2022).
- IFRS 17, Insurance Contracts, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts (effective from January 1, 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2 (effective from January 1, 2023).
- Amendments to IAS 8, Accounting Policies, Change in Accounting Estimates and Error, related to Definition of Accounting Estimates (effective from January 1, 2023).
- Amendments to IAS 12, Income Taxes, related to assets and liabilities of deferred tax (effective from January 1, 2023).
- Amendments to IFRS 16, related to COVID-19 related rent concessions beyond June 30, 2022 (effective from April 1, 2022).



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 4 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

#### Overview

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

- Credit risk;
- Liquidity risk;
- Market risk; and
- Capital Management

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. Furthermore, quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the products offered.

#### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

#### *Trade receivables and contract assets*

Customer credit risk is managed by each business unit 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 2022 and 2021, the Group had receivables from a large number of customers.

The Group is exposed to credit risk on receivables from real estate property sales as the Group allows its customers to make payments in instalments over a period of 2 to 5 years. In order to mitigate the credit risk, the Group receives advances from its customers at the time of the sale and post-dated cheques for the remaining balance at the time of hand over. 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.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 4 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTINUED)

#### Credit risk (continued)

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

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, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 31. The Group does not hold collateral as security.

The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as the balances are due from a large number of customers operating in various industries.

Exposure to credit risk from trade receivables is discussed in details in Note 31.

##### *Financial instruments and cash deposits*

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 high credit ratings assigned by international credit-rating agencies. The Group invests only on quoted equity and debt securities with low credit risk.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 December 2022 and 2021 is the carrying amounts as illustrated in Note 31.

#### 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. Liquidity risk relates to trade and other payables (including non-current payables), security deposits, amounts due to related parties, lease liabilities, short-term bank borrowings, and long-term bank loans. 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. The maturity profile of the Group's financial liabilities is disclosed in Note 31.

#### Market risk

Market risk is the risk resulting from changes in market prices, such as interest rates and equity prices, which 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.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 4 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTINUED)

#### Market risk (continued)

##### *Equity risk*

The Group buys and sells certain marketable securities. The Group's management monitor the mix of securities in the investment portfolio based on market expectations and these dealings in marketable securities are approved by the Board of Directors.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

Interest rate sensitivity analysis is disclosed in Note 31.

##### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's financing activities in relation to debt obligations denominated in Egyptian Pounds.

Foreign currency risk sensitivity analysis is disclosed in Note 31.

#### Capital management

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business thereby increasing shareholder's value and benefits for other stakeholders.

During the last year, the Company's Board of Directors had identified suspected several irregularities and had communicated this to the Regulatory Authorities in UAE. The Company had appointed third party external forensic accountant to investigate the suspected matters and any further matters arising from those irregularities.

The third party external forensic consultant have completed its investigation where they confirmed the findings which included violation of accounting standards, records, and systems to hide the losses incurred by the company by changing the classification of its investments and misappropriation of funds and properties, and all those finding have negatively impacted the 2021 financial statements, and accordingly, the Group decided to record multiple provisions - against their investments at fair value through profit or loss, advances to contractors, Capital work-in-progress, and all other suspected matters arise during the investigation and came to the knowledge of the management and BOD.

Although, the management and BOD will continue to pursue the investigation, and the final amount might differ from the estimate provisions booked during the year ended 31 December 2021.

Based on the results of the ongoing investigation and the indictments by the District Public Prosecutors Office related to misstatements in the Company's annual reports identified by the newly hired management team and the forensic consultant, the Company is under the process of filing several legal cases against the concerned parties.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 5 REVENUE AND DIRECT COSTS

#### 5.1 Disaggregated revenue and cost information

| Segments   | For the year ended 31 December 2022 |                 |                    |                  |
|--|-------------------------------------|-----------------|--------------------|------------------|
|  | Real estate                         | Contracting     | Goods and services | Total            |
|  | AED'000                             | AED'000         | AED'000            | AED'000          |
| <i>Type of goods or service</i>                    |                                     |                 |                    |                  |
| Property rentals                                   | 37,435                              | -               | -                  | 37,435           |
| Facility management and maintenance services       | -                                   | -               | 277,410            | 277,410          |
| Interior architecture                              | -                                   | 40,041          | -                  | 40,041           |
| Motor racing services                              | -                                   | -               | 47,900             | 47,900           |
| Sale of goods                                      | -                                   | -               | 16,401             | 16,401           |
| <b>Total revenue from contracts with customers</b> | <b>37,435</b>                       | <b>40,041</b>   | <b>341,711</b>     | <b>419,187</b>   |
| <i>Timing of revenue recognition</i>               |                                     |                 |                    |                  |
| Assets and goods transferred at a point in time    | -                                   | -               | 16,401             | 16,401           |
| Services transferred over time                     | 37,435                              | -               | 325,310            | 362,745          |
| Goods and services (bundled) transferred over time | -                                   | 40,041          | -                  | 40,041           |
| <b>Total revenue from contracts with customers</b> | <b>37,435</b>                       | <b>40,041</b>   | <b>341,711</b>     | <b>419,187</b>   |
| <b>Direct costs</b>                                | <b>(32,665)</b>                     | <b>(34,846)</b> | <b>(279,970)</b>   | <b>(347,481)</b> |
| <b>Gross profit</b>                                | <b>4,770</b>                        | <b>5,195</b>    | <b>61,741</b>      | <b>71,706</b>    |
| Segments   | For the year ended 31 December 2021 |                 |                    |                  |
|  | Real estate                         | Contracting     | Goods and services | Total            |
|  | AED'000                             | AED'000         | AED'000            | AED'000          |
| <i>Type of goods or service</i>                    |                                     |                 |                    |                  |
| Property rentals                                   | 40,780                              | -               | -                  | 40,780           |
| Mechanical, electricial and plumbing               | -                                   | 7,153           | -                  | 7,153            |
| Facility management and maintenance services       | -                                   | -               | 256,291            | 256,291          |
| Interior architecture                              | -                                   | 39,943          | -                  | 39,943           |
| Motor racing services                              | -                                   | -               | 40,837             | 40,837           |
| Sale of goods                                      | -                                   | -               | 13,695             | 13,695           |
| <b>Total revenue from contracts with customers</b> | <b>40,780</b>                       | <b>47,096</b>   | <b>310,823</b>     | <b>398,699</b>   |
| <i>Timing of revenue recognition</i>               |                                     |                 |                    |                  |
| Assets and goods transferred at a point in time    | -                                   | -               | 13,695             | 13,695           |
| Services transferred over time                     | 40,780                              | 7,153           | 297,128            | 345,061          |
| Goods and services (bundled) transferred over time | -                                   | 39,943          | -                  | 39,943           |
| <b>Total revenue from contracts with customers</b> | <b>40,780</b>                       | <b>47,096</b>   | <b>310,823</b>     | <b>398,699</b>   |
| <b>Direct costs</b>                                | <b>(39,135)</b>                     | <b>(40,704)</b> | <b>(251,028)</b>   | <b>(330,867)</b> |
| <b>Gross profit</b>                                | <b>1,645</b>                        | <b>6,392</b>    | <b>59,795</b>      | <b>67,832</b>    |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 5 REVENUE AND DIRECT COSTS (CONTINUED)

#### 5.2 Direct costs information

Direct costs include the following:

|                                | 2022<br>AED'000 | 2021<br>AED'000 |
|--------------------------------|-----------------|-----------------|
| Staff costs                    | 165,352         | 149,923         |
| Inventories recognised as cost | 71,036          | 62,438          |
| Depreciation (note 9.3)        | 4,768           | 4,950           |

#### 5.3 Contract balances

|  | 2022<br>AED'000 | 2021<br>AED'000 |
|--|-----------------|-----------------|
| Trade and retention receivables (note 15 & 17) | 219,849         | 221,100         |
| Contract assets (note 16)                      | 28,847          | 35,263          |
| Contract liabilities (note 25)                 | 60,942          | 58,306          |

##### **Trade receivables**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days from the date of sale.

##### **Retentions receivable**

Retentions receivable are non-interest bearing and represent payments withheld by customers over a certain period and according to contractual agreements between the Group and the customers. These retentions are calculated based on a certain percentage of the total work billed. Retentions receivable serve as guarantees to customers for the proper execution of the contract during and after completion of the projects.

##### **Contract assets**

Contract assets are initially recognised for revenue earned from contracting activities as receipt of consideration is conditional on acceptance of the customer. Upon acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. In 2022, no allowance for expected credit losses on contract assets was recognised (2021: Nil).

##### **Contract liabilities**

Contract liabilities represent advances received from customers to deliver projects, goods, and services, advances for rental of properties and excess billings (note 25).

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 5 REVENUE AND DIRECT COSTS (CONTINUED)

#### 5.4 Performance obligations

Information about the Group's performance obligations are summarised below:

##### Sales of goods

The performance obligation is satisfied upon collection/delivery of the goods and payment is generally due within 30 to 90 days from the date of sale.

The Group receives short-term advances against the satisfaction of the related performance obligations, which do not contain any financing component, and provides assurance type warranty, which is not considered a separate performance obligation.

##### Contracting

The performance obligation for mechanical, electrical and plumbing works and interior decorations are satisfied over time, because the customer simultaneously receives and consumes the benefits provided by the Group. Payment is generally due upon submission of payment certificates and acceptance of the same by customers. The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

|                 | 2022<br>AED'000 | 2021<br>AED'000 |
|-----------------|-----------------|-----------------|
| Within one year | <u>61,392</u>   | <u>29,384</u>   |

##### Sale of properties

Based on the terms of the current sales contracts in issue, the performance obligation for the sale of properties is satisfied at a point in time, when the Company completes the physical handing over of the sold property. Payment is generally due upon handing over the property and in some cases is deferred in the form of instalments.

##### Rental income from properties

The performance obligation for the rental of properties is satisfied over time, because the customer simultaneously receives and consumes the benefits provided by the Group. The Group usually receives payment against rental contract in advance.

##### Services

The performance obligations for facility management, maintenance and motor racing services are satisfied over time, because the customer simultaneously receives and consumes the benefits provided by the Group.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 6 ADMINISTRATIVE AND GENERAL EXPENSES

|  | 2022<br>AED'000 | 2021<br>AED'000 |
|--|-----------------|-----------------|
| <i>These include the following:</i>                    |                 |                 |
| Staff costs  | 33,758          | 52,738          |
| Professional fees and licenses                         | 12,182          | 22,770          |
| Depreciation of property, plant and equipment (note 9) | 2,377           | 3,011           |
| Depreciation of right of use assets (note 10)          | 3,415           | 4,677           |
| Marketing and advertising expenses                     | 2,320           | 2,654           |
| Expected credit loss expense on receivables (note 31)  | 1,470           | 17,999          |
| Office expenses  | 10,885          | 12,369          |

### 7 OTHER INCOME

|   | 2022<br>AED'000 | 2021<br>AED'000 |
|---|-----------------|-----------------|
| Write back of liabilities (refer note below)      | 73,661          | 50,727          |
| Gain on disposal of property, plant and equipment | 95              | 7,095           |
| Other operating income - miscellaneous income     | 16,635          | 13,068          |
|   | <b>90,391</b>   | <b>70,890</b>   |

The reversals of liabilities are mainly related to payables and accruals in relation to completed projects and cancelation of contracts for which management assessed that no settlement will be required against.

### 8 LOSS OF CONTROL OVER A SUBSIDIARY

During the previous years, a subsidiary of the group was under liquidation and on 8 August 2021 the court appointed a new liquidator where the Group administratively and operationally lost control over its subsidiary.

Accordingly, the management has assessed the provisions required which is equivalent to the net liabilities due securities and guarantees from the parent company on behalf of the subsidiary at the time of loss of control amounting to AED 781 million which will be retained until such time when further information is available or until further developments take place.

Below is a summary of the results from the above mentioned as at date of the loss of control:

|  | AED'000          |
|--|------------------|
| Net equity deficit of the subsidiary                         | (2,277,636)      |
| Parent company receivable from the subsidiary                | 1,143,993        |
| Gross (gain) due to loss of control over a subsidiary        | (1,133,643)      |
| Provision required against future liabilities and securities | 781,242          |
| Net (gain) due to loss of control over a subsidiary          | <b>(352,401)</b> |

The loss of control resulted a gain of AED 352.4 million after netting all the provisions mentioned above.



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 9 PROPERTY, PLANT AND EQUIPMENT

|   | Land<br>AED'000 | Buildings and<br>leasehold<br>improvements<br>AED'000 | Plant and<br>machinery<br>AED'000 | Furniture,<br>fixtures and<br>office<br>equipment<br>AED'000 | Motor<br>vehicles<br>AED'000 | Equipment and<br>tools<br>AED'000 | Capital work-in-<br>progress<br>AED'000 | Total<br>AED'000 |
|---|-----------------|---|-----------------------------------|--|------------------------------|-----------------------------------|---|------------------|
| <b>Cost and revaluation:</b>                    |                 |   |                                   |  |                              |                                   |   |                  |
| At 1 January 2021                               | 251,977         | 127,537   | 35,293                            | 84,792   | 60,166                       | 12,429                            | 30,991                                  | 603,185          |
| Additions                                       | -               | 1,095   | 92                                | 2,768  | 762                          | 180                               | 5,230                                   | 10,127           |
| Movement from loss of control over a subsidiary | -               | (9,354)   | -                                 | (5,706)  | (12,255)                     | (252)                             | -                                       | (27,567)         |
| Disposals                                       | -               | (11,110)  | -                                 | (162)  | (674)                        | (2)                               | -                                       | (11,948)         |
| Impairment of Property, plant and equipment     | -               | -   | -                                 | -  | -                            | -                                 | (26,476)                                | (26,476)         |
| Transfers to investment properties              | -               | -   | -                                 | -  | -                            | -                                 | (8,167)                                 | (8,167)          |
| At 31 December 2021                             | 251,977         | 108,168   | 35,385                            | 81,692   | 47,999                       | 12,355                            | 1,578                                   | 539,154          |
| Additions                                       | -               | 496   | 202                               | 4,304  | -                            | 113                               | 1,386                                   | 6,501            |
| Disposals                                       | -               | -   | (8,646)                           | (82)   | (2,750)                      | (11)                              | (167)                                   | (11,656)         |
| <b>At 31 December 2022</b>                      | <b>251,977</b>  | <b>108,664</b>  | <b>26,941</b>                     | <b>85,914</b>  | <b>45,249</b>                | <b>12,457</b>                     | <b>2,797</b>                            | <b>533,999</b>   |
| <b>Depreciation:</b>                            |                 |   |                                   |  |                              |                                   |   |                  |
| At 1 January 2021                               | -               | 71,505  | 33,977                            | 84,475   | 52,920                       | 12,232                            | -                                       | 255,109          |
| Charge for the year                             | -               | 3,985   | 206                               | 1,849  | 1,850                        | 71                                | -                                       | 7,961            |
| Disposals                                       | -               | (8,705)   | -                                 | (14)   | (265)                        | -                                 | -                                       | (8,984)          |
| Movement from loss of control over a subsidiary | -               | (9,354)   | -                                 | (5,706)  | (12,255)                     | (252)                             | -                                       | (27,567)         |
| At 31 December 2021                             | -               | 57,431  | 34,183                            | 80,604   | 42,250                       | 12,051                            | -                                       | 226,519          |
| Charge for the year                             | -               | 3,472   | 211                               | 2,420  | 980                          | 62                                | -                                       | 7,145            |
| Disposals                                       | -               | -   | (8,646)                           | (82)   | (2,290)                      | (121)                             | -                                       | (11,139)         |
| <b>At 31 December 2022</b>                      | <b>-</b>        | <b>60,903</b>   | <b>25,748</b>                     | <b>82,942</b>  | <b>40,940</b>                | <b>11,992</b>                     | <b>-</b>                                | <b>222,525</b>   |
| <b>Net carrying amount:</b>                     |                 |   |                                   |  |                              |                                   |   |                  |
| <b>At 31 December 2022</b>                      | <b>251,977</b>  | <b>47,761</b>   | <b>1,193</b>                      | <b>2,972</b>   | <b>4,309</b>                 | <b>465</b>                        | <b>2,797</b>                            | <b>311,474</b>   |
| At 31 December 2021                             | 251,977         | 50,737  | 1,202                             | 1,088  | 5,749                        | 304                               | 1,578                                   | 312,635          |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 9.1 Capital work-in-progress

Capital work in progress mainly represents payments towards office renovation and equipment.

#### 9.2 Revaluation of land

The Group changed the accounting policy with respect to the measurement of land on a prospective basis in 2022. Therefore, the fair value of the land was not measured at 1 January 2022.

If land was continued to be measured using the cost model, the carrying amount would be AED 39.3 million.

The fair value of the land was determined using a valuation methodology based on a discounted cash flow model, as there is a lack of comparable market data due to the nature of the property. The valuation at 31 December 2019 was carried by independent valuers with specific valuation experience for similar properties based on assumptions prepared by management and validated by the external valuer. Significant unobservable inputs have been used in estimating the fair value of the property including cash flow projections, future capital expenditures, discount rate and growth rate.

During 2019, management reassessed the significant unobservable inputs used in the valuation performed at 31 December 2018, which resulted in revising certain inputs, and accordingly, the previously recorded gain on revaluation of AED 390 million was decreased by AED 177 million whereby a restated gain of AED 213 million from the revaluation of the land was recognised in OCI in 2018, representing a level 3 revaluation gain. Management believes that the carrying amount of the revalued land at 31 December 2022 does not differ materially from its fair value.

Significant increases (decreases) in the significant unobservable inputs would result in a significantly higher (lower) fair value.

#### 9.3 Depreciation

Depreciation is allocated in profit or loss as follows:

|  | <b>2022</b>         | <b>2021</b>         |
|--|---------------------|---------------------|
|  | <b>AED'000</b>      | <b>AED'000</b>      |
| Recognised as cost (note 5.2)                              | <b>4,768</b>        | 4,950               |
| Recognised as general and administrative expenses (note 6) | <b>2,377</b>        | 3,011               |
|  | <b><u>7,145</u></b> | <b><u>7,961</u></b> |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 10 LEASES

#### 10.1 Group as lessee

The Group has lease contracts for plots of land and an office used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is not restricted from assigning and subleasing the leased lands. There are several lease contracts that include extension and termination options, which are further discussed below.

The Group also has certain leases of buildings and vehicles with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

|                                | <b>AED'000</b> |
|--------------------------------|----------------|
| <b><u>Cost:</u></b>            |                |
| As at January 1, 2021          | 35,725         |
| As at December 31, 2021        | 35,725         |
| Disposal                       | (10,726)       |
| <b>As at December 31, 2022</b> | <b>24,999</b>  |
| <b><u>Depreciation:</u></b>    |                |
| At 1 January 2021              | 9,354          |
| Charge for the year            | 4,677          |
| At 31 December 2021            | 14,031         |
| Depreciation for the year      | 3,415          |
| Disposal                       | (2,523)        |
| <b>As at December 31, 2022</b> | <b>14,923</b>  |
| <b><u>Net book value</u></b>   |                |
| <b>As at December 31, 2022</b> | <b>10,076</b>  |
| As at December 31, 2021        | 21,694         |

Set out below are the carrying amounts of lease liabilities and the movements during the year:

|                              | <b>2022</b>    | 2021    |
|------------------------------|----------------|---------|
|                              | <b>AED'000</b> | AED'000 |
| Opening balance              | <b>22,266</b>  | 25,417  |
| Interest charge for the year | <b>1,889</b>   | 1,570   |
| Payment during the year      | <b>(4,442)</b> | (4,721) |
| Adjustments                  | <b>(6,591)</b> | -       |
|                              | <b>13,122</b>  | 22,266  |
| Current                      | <b>2,624</b>   | 4,453   |
| Non-current                  | <b>10,498</b>  | 17,813  |

The maturity analysis of lease liabilities is disclosed in Note 31.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 10 LEASES (CONTINUED)

#### 10.1 Group as lessee (continued)

The Group had total cash outflows for leases of AED 4.4 million in 2022 (2021: AED 4.7 million), non-cash additions to right-of-use assets and lease liabilities were AED 35.7 million and AED 33.7 million, respectively, in 2019 upon adoption of IFRS 16. There are no future cash outflows relating to leases that have not yet commenced at the reporting date.

The Group does not have lease contracts that contain variable payments.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 32).

The Group accounted for the extension options of all land lease contracts as part of its lease liabilities determination given the short-term contractual terms of these contracts and the long-term business needs of the Group. The undiscounted potential future rental payments relating to periods following the exercise date of the extension option related to the lease of an office that are not included in the lease term are AED 15.3 million exercisable within five years.

#### 10.2 Group as lessor

The Group has entered into operating leases on its investment property portfolio consisting of commercial and residential properties (see Note 11). These leases have terms of between one and five years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties.

Rental income recognised by the Group during the year is AED 37.4 million (2021: AED 40.8 million).

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 11 INVESTMENT PROPERTIES

The Group's investment properties consist of commercial and residential properties as well as land in Dubai Motor City, which are carried at fair value based on level 3 fair value hierarchy. The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The movement in investment properties during the year was as follows:

|  | 2022<br>AED'000  | 2021<br>AED'000  |
|--|------------------|------------------|
| At 1 January   | 3,260,726        | 4,612,744        |
| Additions during the year                            | 6,449            | -                |
| Transfer from property, plant and equipment (note 9) | -                | 8,167            |
| Gain on fair valuation (note 11.2), net              | 25,997           | (1,109,302)      |
| Sale of investment properties (note 11.4)            | (126,786)        | (250,883)        |
| At 31 December                                       | <u>3,166,386</u> | <u>3,260,726</u> |

#### 11.1 Transfer from property, plant and equipment

During the year, the Group has not transferred any properties from property, plant and equipment to investment properties upon change in use amounting (2021: AED 8.2 million).

#### 11.2 Valuation of investment properties

As at 31 December 2022, the fair values of the properties are based on valuations performed by Land Sterling Property Consultants LLC, accredited independent registered valuers. A valuation model in accordance with that recommended by the International Valuation Standards Council has been applied. The independent valuer provides the fair value of the Group's investment property portfolio every year end.

The independent registered valuer carried out the valuation based on an open market valuation in accordance with RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors, adopting the IFRS basis of fair value and using established valuation techniques. The independent valuer reviewed the updated master community development plan for the MotorCity project in forming its view of the fair value of the portfolio as at 31 December 2022 and 2021.

The fair values have been determined by taking into consideration the discounted cash flows where the Company has ongoing lease arrangements. In this regard, the Group's current lease arrangements, which are entered into on an arm's length basis, and which are comparable to those for similar properties in the same location, have been taken into account.

In cases where the Company does not have any on-going lease arrangements, fair values have been determined, where relevant, having regard to recent market transactions for similar properties as well as taking into account of expected changes in the supply of properties in and around the same location as the Group's investment properties. These values are adjusted for differences in key attributes such as property size.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 11 INVESTMENT PROPERTIES (CONTINUED)

#### 11.2 Valuation of investment properties (continued)

For property under construction, the valuation was determined using residual value approach incorporating a combination of both the income and cost approaches. The market value estimate of these properties is on the assumption that the properties are complete as at the date of valuation, and from which appropriate deductions are made for the costs to complete the project in order to estimate the value of the property in its present condition.

Accordingly, based on the above valuation, fair value gains of AED 26 million has been recognised in the consolidated statement of profit or loss for the year ended 31 December 2022 (*2021: loss of AED 1,109.3 million*).

The Company's Board of Directors has reviewed the assumptions and methodology used by the independent registered valuer, and in its opinion, these assumptions and valuation methodology are appropriate and prudent as at the reporting date.

Any significant movement in the assumptions used for the fair valuation of investment properties would result in significantly lower/higher fair values of those assets.

#### 11.3 Valuation gain on additional gross floor area

During the previous years, the Group had undertaken a full review of the Masterplan for Dubai Motorcity and had submitted a formal request to the concerned regulatory authorities for the issuance of revised affection plans with amended Gross Floor Areas (the "GFA's"). Furthermore, in accordance with the directions of Dubai Development Authority, the Group had appointed approved independent third party surveyors to perform a detailed survey of the entire land bank at Dubai Motorcity. Based on the official third party surveyor reports, the Group got an attestation from Dubai Land for an additional GFA and thereafter also got an approval of the Traffic Impact Study from Road and Transport Authority. Based on surveyor reports, valuation and approvals received from the experts and authorities, the management continued with inclusion of the additional GFA to the value of AED 711.1 million in the valuation of the Motorcity land bank in the Group consolidated financial statements as at 31 December 2022 (*31 December 2021: AED 677 million*).

#### 11.4 Sale of investment properties

During the year, investment properties with a carrying value of AED 126.8 million (*2021: AED 250.9 million*) were disposed of for a consideration of AED 129.1 million (*2021: AED 261.7 million*) resulting in a gain of AED 2.3 million (*2021: AED 10.8 million*).

#### 11.5 Description of valuation techniques used and key inputs to valuation of investment properties

The valuations were determined mainly using the income valuation approach or the market (sale comparable) valuation approach based on significant unobservable inputs such that the fair value measurement was classified as level 3.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 11 INVESTMENT PROPERTIES (CONTINUED)

#### 11.5 Description of valuation techniques used and key inputs to valuation of investment properties (continued)

##### *Income valuation approach*

In determining the fair value of properties using the income valuation approach, the valuer took into account property specific information such as the current contracted tenancies agreement and forecasted operating expenses. The valuer applied assumptions for capitalization yield rates and estimated market rent, which are influenced by specific characteristics, such as property location, income return and occupancy of each property in the portfolio, to arrive at the final valuation. The significant unobservable inputs include: estimated rental value per square foot., forecasted operating expenses, long-term vacancy rate and discount rate.

For properties that are under development, the valuer used a residual approach, which takes into account the expectations of perceived market participants of the Gross Development Value for an asset assuming development is complete, less Gross Development Cost (which is the expected cost to complete development) in order to arrive at the property value in its current incomplete state. In this type of approach, additional unobservable inputs are used including comparable rent rates, expected future use of the asset, and expected time and cost to complete development.

##### *Market valuation approach*

In determining the fair value of properties using the market valuation approach, the valuer took into consideration the price per square foot for recent market transactions for comparable properties in and around the same location of the respective property and/or having the same quality and characteristics of the valued property. The significant unobservable input for this type of valuation mainly represents the price per square foot applied on the property area in determining the value of the respective property.

##### *Other information*

Significant increases (decreases) in the significant unobservable inputs would result in a significantly higher (lower) fair values.

The valuation basis and assumptions used for the valuation of investment properties are consistent with those adopted in 2021.

There were no changes to the valuation techniques during the year.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 12 INVENTORIES

#### *Trading and project related inventories*

|  | 2022<br>AED'000 | 2021<br>AED'000 |
|--|-----------------|-----------------|
| Project related material<br>(net of provision for slow moving materials) | 1,442           | 1,666           |
| Stock-in-trade   | 324             | 1,724           |
| Spares and consumables   | 2,635           | 1,342           |
|  | <u>4,401</u>    | <u>4,732</u>    |

#### *Development properties*

|                | 2022<br>AED'000 | 2021<br>AED'000 |
|----------------|-----------------|-----------------|
| At 31 December | <u>7,504</u>    | <u>7,504</u>    |

Development properties at 31 December 2022 are stated net of provision of AED 1.6 million (2021: AED 1.6 million). During the previous year an amount of AED 9.4 million was reversed from the provision balance in profit or loss.

### 13 INVESTMENTS IN AN ASSOCIATE

#### *Investments in associates*

|   | 2022<br>AED'000 | 2021<br>AED'000 |
|---|-----------------|-----------------|
| <b>Movement for the year</b>                        |                 |                 |
| Opening balance                                     | 84,413          | 87,368          |
| Share of profit/(loss)                              | (5,086)         | (2,955)         |
| Closing balance                                     | <u>79,327</u>   | <u>84,413</u>   |
| <b>Profit or loss:</b>                              |                 |                 |
| Share of profit/(loss) in Properties Investment LLC | <u>(5,086)</u>  | <u>(2,955)</u>  |



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 13 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)

#### *Investments in associates (continued)*

##### *Investment in Properties Investment LLC*

The Group has a 30% equity interest in Properties Investment LLC, involved in property investments. Properties Investment LLC is a private entity that is not listed on any public exchange. The Group's interest in Properties Investment LLC is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in Properties Investment LLC:

|                               | 2022<br>AED'000 | 2021<br>AED'000 |
|-------------------------------|-----------------|-----------------|
| <b>Financial position:</b>    |                 |                 |
| Non-current assets            | 258,362         | 412,493         |
| Current assets                | 448,987         | 276,911         |
| Non-current liabilities       | (5,132)         | (741)           |
| Current liabilities           | (437,794)       | (407,286)       |
| Equity                        | 264,423         | 281,377         |
| Group's share of equity - 30% | 79,327          | 84,413          |
|                               | 2022<br>AED'000 | 2021<br>AED'000 |
| <b>Movement for the year</b>  |                 |                 |
| Opening balance               | 84,413          | 87,368          |
| Share of results              | (5,086)         | (2,955)         |
| Closing balance               | 79,327          | 84,413          |

### 14 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at fair value through profit or loss comprise the following:

|                 | 2022<br>AED'000 | 2021<br>AED'000 |
|-----------------|-----------------|-----------------|
| Unquoted equity | 699             | 756             |

The movement in investments at fair value through profit or loss during the year was as follows:

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 14 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

|   | <b>2022</b>    | 2021      |
|---|----------------|-----------|
|   | <b>AED'000</b> | AED'000   |
| At 1 January                                      | <b>756</b>     | 151,884   |
| Additions   | -              | 111,941   |
| Disposals   | <b>(57)</b>    | (113,787) |
| Loss on revaluation                               | -              | 5,361     |
| Impairment loss on financial instruments at FVTPL | -              | (154,643) |
| At 31 December                                    | <b>699</b>     | 756       |

The following table shows reconciliation from the opening balances to the closing balances for level 1 of fair values.

#### Level 1:

|   | <b>2022</b>    | 2021      |
|---|----------------|-----------|
|   | <b>AED'000</b> | AED'000   |
| At 1 January                                      | -              | 151,128   |
| Additions   | -              | 111,941   |
| Disposals   | -              | (113,787) |
| Total loss, net                                   |                |           |
| -in the consolidated statement of profit or loss  | -              | 5,361     |
| Impairment loss on financial instruments at FVTPL | -              | (154,643) |
| At 31 December                                    | -              | -         |

The Group held investment securities which were classified as investments at fair value through profit or loss in accordance with IFRS 9.

#### *Investments in quoted funds and quoted equities*

During the previous year, the Company's Board of Directors had suspected the legitimacy of these investments which was also part of the forensic investigations (refer note 4).

Funds managed and under custody of several Fund Managing entities have been redeemed and misappropriated, legal actions are being filed for recovery of the misappropriated funds after identifying the identity of the persons to whom the underlying shares or cash were transferred to.

Therefore, the management decided to account for a provision against remaining value of these investments amounting to AED 154.6 million during the year ended 31 December 2021.

The Group also has an investment in a real estate fund valued at AED 0.7 million at end of the period (2021: AED 0.8 million).

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 15 NON-CURRENT RECEIVABLES

|                            | 2022<br>AED'000 | 2021<br>AED'000 |
|----------------------------|-----------------|-----------------|
| Retention receivables      | 4,577           | 4,301           |
| Property sales receivables | 7,253           | -               |
|                            | <u>11,830</u>   | <u>4,301</u>    |

The Group's exposure to credit risk and impairment losses related to financial assets are disclosed in note 31.

### 16 CONTRACT ASSETS

|  | 2022<br>AED'000 | 2021<br>AED'000 |
|--|-----------------|-----------------|
| Contract work-in-progress (note 5.3)             | 34,916          | 34,851          |
| Unbilled revenue                                 | 87              | 412             |
| Allowance for expected credit losses (note 17.1) | (6,156)         | -               |
|  | <u>28,847</u>   | <u>35,263</u>   |

### 17 TRADE AND OTHER RECEIVABLES

|   | 2022<br>AED'000 | 2021<br>AED'000 |
|---|-----------------|-----------------|
| <b>Financial instruments</b>                                    |                 |                 |
| Trade receivables   | 250,985         | 252,750         |
| Retention receivables   | 10,487          | 15,579          |
| Property sales receivables                                      | 63,839          | 65,322          |
|   | <u>325,311</u>  | <u>333,651</u>  |
| Less: allowance for expected credit losses (note 17.1)          | (117,292)       | (116,852)       |
|   | <u>208,019</u>  | <u>216,799</u>  |
| Other receivables   | 52,365          | 65,545          |
| <b>Total (A)</b>  | <u>260,384</u>  | <u>282,344</u>  |
| <b>Non-financial instruments</b>                                |                 |                 |
| Advances to contractors (note 17.2)                             | 4,684           | 11,634          |
| Advances to banks against loan principal and interest (note 24) | 112,000         | 112,000         |
| Prepayments and advances  | 19,457          | 19,168          |
| <b>Total (B)</b>  | <u>136,141</u>  | <u>142,802</u>  |
| <b>Total (A+B)</b>  | <u>396,525</u>  | <u>425,146</u>  |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 17 TRADE AND OTHER RECEIVABLES (CONTINUED)

#### 17.1 Provision for allowance for expected credit losses

|   | 2022<br>AED'000 | 2021<br>AED'000 |
|---|-----------------|-----------------|
| Provision against trade receivables                   | 117,292         | 116,852         |
| Provision against advances to contractors (note 17.2) | 90,592          | 90,592          |
|   | <b>207,884</b>  | <b>207,444</b>  |
| Provision against contract assets (note 16)           | 6,156           | -               |
|   | <b>214,040</b>  | <b>207,444</b>  |

#### 17.2 Advances to contractors

|  | 2022<br>AED'000 | 2021<br>AED'000 |
|--|-----------------|-----------------|
| Advances to contractors                                  | 95,276          | 102,226         |
| Less: provision for allowance for expected credit losses | (90,592)        | (90,592)        |
|  | <b>4,684</b>    | <b>11,634</b>   |

Significant payments aggregating to AED 90.6 million were made, between May and October 2022 to a third party vendor. Those payments were documented internally as related to various design and project management contracts, although the management identified that no or negligible service had been received, therefore the Company decided to classify it as advances to contractors.

The Group's exposure to credit risk and impairment losses related to receivables are disclosed in note 31.

### 18 TRANSACTIONS WITH RELATED PARTIES

The Group, in the normal course of business, enters into transactions with other enterprises, and individuals which fall within the definition of a related party contained in International Accounting Standard No. 24. Such transactions are on terms and conditions approved by the Group's management.

During the previous year, the Group has entered into a sale and purchase agreement with a related party ("the purchaser") to sell investment properties with a carrying value of AED 172.8 million for a consideration of AED 127 million resulting in a loss of AED 45.8 million, however, no such transactions or agreements were concluded during the year ended 31 December 2022.

The Group's exposure to credit risk and liquidity risk related to related party balances are disclosed in note 31.

Compensation to directors and other members of key management are as follows:

|   | 2022<br>AED'000 | 2021<br>AED'000 |
|---|-----------------|-----------------|
| Salaries and other short term employee benefits | 5,480           | 10,939          |
| Provision towards employees terminal benefits   | 463             | 734             |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 19 CASH IN HAND AND AT BANKS

|                                       | 2022<br>AED'000 | 2021<br>AED'000 |
|---------------------------------------|-----------------|-----------------|
| Cash in hand                          | 703             | 1,239           |
| Cash at banks                         |                 |                 |
| – in deposit accounts held under lien | 9,806           | 2,898           |
| – in current accounts                 | 50,888          | 52,057          |
| – in other deposit accounts           | -               | 9,603           |
|                                       | <u>61,397</u>   | <u>65,797</u>   |

#### (a) Cash and cash equivalents

|   | 2022<br>AED'000 | 2021<br>AED'000 |
|---|-----------------|-----------------|
| Cash and cash equivalents comprise:                       |                 |                 |
| Cash in hand and at banks (excluding deposits under lien) | 51,591          | 53,296          |
| Bank overdrafts (refer note 28)                           | (50,811)        | (113,670)       |
|   | <u>780</u>      | <u>(60,374)</u> |

#### (b) Cash at banks in deposit accounts

Cash at banks in deposit accounts carry interest at commercial rates.

The Group's exposure to interest rate risk and sensitivity analysis of financial assets are disclosed in note 31.

### 20 SHARE CAPITAL

|  | 2022<br>AED'000  | 2021<br>AED'000  |
|--|------------------|------------------|
| <i>Issued and fully paid up at 31 December</i> |                  |                  |
| 4,289,540,134 (2021: 4,289,540,134)            |                  |                  |
| shares of par value of AED 1 each              | <u>4,289,540</u> | <u>4,289,540</u> |

At 31 December 2022, the share capital comprised of ordinary equity shares. All issued shares are fully paid. The holders of ordinary equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the General Assembly of the Company. All shares rank equally with regard to the Company's residual assets.

At 31 December 2022, the authorised share capital of the Company is 7 billion shares.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 21 RESERVES

#### Statutory reserve

According to the UAE Federal Law No. (32) of 2021 and the Company's Articles of Association, 10% of the annual profit of the Group is appropriated to statutory reserve until such reserve equals 50% of the paid-up share capital of the Company. Such allocations may be ceased when the statutory reserve equals half of the paid-up share capital of the Company. During the current year, the Company transferred an amount of AED 3 million to statutory reserve given that it incurred a loss (2021: did not make any transfer to statutory reserve given that it incurred a loss).

#### Asset revaluation surplus

Changes in the fair value of the Group's land under property, plant and equipment measured at fair value are recognised in OCI and credited to the asset revaluation surplus in equity.

#### Currency translation reserve

The exchange differences arising on translation of foreign operations are recognised in OCI and are accumulated in equity under currency translation reserve.

### 22 DIRECTORS' FEES

This represents professional fees to the Company's directors for serving on any committee, for devoting special time and attention to the business or affairs of the Company and for performing services outside the scope of their ordinary activities. During 2022 and 2021 no directors' fees were paid.

### 23 BASIC AND DILUTED EARNINGS PER SHARE

|   | 2022                 | 2021          |
|---|----------------------|---------------|
| <i>Profit/(loss) attributable to shareholders (AED'000)</i> | <b>29,980</b>        | (966,755)     |
| Weighted average number of shares                           | <b>4,289,540,134</b> | 4,289,540,134 |
| Basic and diluted earnings per share (AED)                  | <b>0.007</b>         | (0.225)       |

### 24 BANK LOANS

This note provides information about the contractual terms of the Group's interest-bearing bank loans, which are measured at amortised cost. For more information about the Group's exposure to liquidity risk and interest rate risk, refer note 31.

|                       | 2022<br>AED'000  | 2021<br>AED'000 |
|-----------------------|------------------|-----------------|
| At 31 December        | <b>822,498</b>   | 878,656         |
| Less: Current portion | <b>(481,127)</b> | (569,410)       |
| Non-current portion   | <b>341,371</b>   | 309,246         |

The bank loans carry interest at commercial rates. Further details related to bank loans are shown below.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 24 BANK LOANS (CONTINUED)

The movement in bank loans during the year was as follows:

|   | <b>2022</b>      | 2021      |
|---|------------------|-----------|
|   | <b>AED'000</b>   | AED'000   |
| At 1 January                                    | <b>878,656</b>   | 1,463,313 |
| Availed during the year                         | <b>244,842</b>   | 73,513    |
| Repayments during the year                      | <b>(301,000)</b> | (171,564) |
| Movement from loss of control over a subsidiary | -                | (486,606) |
| At 31 December                                  | <b>822,498</b>   | 878,656   |

Bank loans mainly include the following facilities:

- (i) In 2014, the Group entered into an agreement with a local bank, to obtain a term loan of AED 1,078.2 million which was utilised by the Group to settle outstanding short-term bank borrowings that existed at that date. This term loan is repayable in 6 equal annual instalments of AED 100 million commencing on 30 June 2016 and a final payment of AED 477.7 million payable on 30 June 2022, in addition to semi-annual interest payments.

During 2016, the Group made a settlement of AED 100 million against the first instalment and an early settlement of AED 500 million against the remaining annual instalments. This loan is no longer consolidated in these financial statements due to the loss of control of a subsidiary.

- (ii) During the year 2019, the Company obtained a long-term bank loan from a local bank of AED 12.6 million. The loan is repayable in thirteen quarterly instalments that commenced in December 2019 plus interest. At 31 December 2022, the loan amount outstanding is AED 8.6 million. This loan is no longer consolidated in these financial statements due to the loss of control of a subsidiary.

- (iii) During 2016, the Group entered into agreement with a local bank to obtain a long-term bank loan amounting to AED 550 million to partially settle another bank loan (refer i above). The loan is repayable in 36 quarterly equal instalments that commenced in September 2016 and carries commercial interest rate.

As at 31 December 2019, the Company had not complied with one of the bank covenants, and accordingly, the loan was classified as current liability in the consolidated statement of financial position. At 31 December 2022, the loan continues to be classified as a current liability due to breach in contractual payment. As at 31 December 2022, loan amount outstanding is AED 394.9 million (2021: AED 394.9 million).

This loan is being restructured with the bank and during the year ended 31 December 2022, the Company has made payments of AED 112 million during the previous years to the bank (Refer note 17).

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 24 BANK LOANS (CONTINUED)

(iv) During the year 2016, the Company entered into an agreement with two local banks and obtained a long-term bank loan with a limit of AED 290 million for the construction of “Oia”, a residential building in MotorCity. The loan is payable in 12 quarterly equal instalments commencing in September 2019. At 31 December 2022, the company settled the outstanding loan amount of AED 53.7 million.

(v) During the year 2018, the Group entered into an agreement with a local bank to obtain a long-term loan amounting to AED 350 million, which was utilised for early settlement of another bank loan.

During the current year, the Group has made an early settlement amounting to AED 100 million against this long-term bank loan. At 31 December 2022, the loan amount outstanding is AED 216.8 million (2021: AED 316.8 million) where the payment terms were negotiated into two tranches.

(vi) During the year 2018, the Group entered into an agreement with a local bank to obtain a long-term loan amounting to AED 100 million. Which is payable in 24 quarterly equal instalments that commenced in April 2018.

The Group made an early settlement of the full outstanding amount AED 49.4 million against this long-term bank loan.

(vii) During the current year, the Group entered into an agreement with a local bank to obtain a long-term loan amounting to AED 155 million. Which is payable in 40 quarterly instalments that commenced in 30 June 2022. The loan has a balance of AED 145.7 million at year-end.

(viii) Bills discounting facilities having a balance of AED 25.1 million at year-end (2021: AED 23.9 million).

### Securities

The above-mentioned bank loans are secured by one or more of the following:

- a. Registered mortgage of lands and properties with a fair value of AED 1,589.3 million at 31 December 2022 (2021: AED 1,605 million);
- b. Assignment of insurance policies of the mortgaged properties;
- c. Assignment of lease proceeds of certain rental units; and
- d. Corporate guarantees of the Company and certain subsidiaries;
- e. Assignment of receivables; and
- f. Assignment of escrow account of one of the projects



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 25 CONTRACT LIABILITIES

|                                       | 2022<br>AED'000 | 2021<br>AED'000 |
|---------------------------------------|-----------------|-----------------|
| Advances from customers - current     | 16,331          | 4,871           |
| Advances from customers - non-current | 8,118           | 8,118           |
| Excess billings over project WIP      | 36,493          | 45,317          |
|                                       | <u>60,942</u>   | <u>58,306</u>   |

Non-current contract liabilities represent advances received from customers against the sale of properties in accordance with the payment schedules as stated in the respective sale and purchase agreements, whereby the revenue would be recognised upon the handover of the properties.

### 26 PROVISION FOR STAFF TERMINAL BENEFITS

The provision for staff terminal benefits, disclosed as a non-current liability, is calculated in accordance with the UAE Labour Law.

|   | 2022<br>AED'000 | 2021<br>AED'000 |
|---|-----------------|-----------------|
| At 1 January                                    | 29,144          | 32,935          |
| Provision made during the year                  | 8,551           | 8,996           |
| Payments made during the year                   | (7,065)         | (5,710)         |
| Movement from loss of control over a subsidiary | -               | (7,077)         |
| At 31 December                                  | <u>30,630</u>   | <u>29,144</u>   |

### 27 TRADE AND OTHER PAYABLES

|   | 2022<br>AED'000  | 2021<br>AED'000  |
|---|------------------|------------------|
| <b>Financial instruments</b>              |                  |                  |
| Trade payables                            | 84,205           | 113,297          |
| Retention payables                        | 2,978            | 3,589            |
| Other payables and accruals (refer below) | 1,055,921        | 1,076,660        |
| <b>Total</b>                              | <u>1,143,104</u> | <u>1,193,546</u> |

Other payable and accruals include:

|   | 2022<br>AED'000 | 2021<br>AED'000 |
|---|-----------------|-----------------|
| Provisions and accruals against contracting business    | 738,652         | 781,242         |
| Provision for staff related payables                    | 33,505          | 39,294          |
| Provisions and accruals for payment to contractors cost | <u>274,353</u>  | <u>228,118</u>  |

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 31.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 28 BANK OVERDRAFTS

|                 | 2022<br>AED'000 | 2021<br>AED'000 |
|-----------------|-----------------|-----------------|
| Bank overdrafts | <u>50,811</u>   | <u>113,670</u>  |

#### Significant terms and conditions

Bank overdrafts have been obtained from local and foreign/banks to finance the working capital requirements of the Group, which carry interest at commercial rates.

#### Securities

Bank overdrafts are secured by:

- Promissory notes;
- Joint and several guarantees of the Company;
- A letter of undertaking by the Company not to reduce its shareholding in Thermo LLC ("a subsidiary") as long as the banking facilities are outstanding; and
- Assignment of certain contract and retention receivables.

As at 31 December 2019, the Group was in breach of a contractual clause of one of its overdraft facilities wherein the facility was pledged over the Group's entire investment in its foreign associate (the "foreign associate"). In July 2020, the Group's entire investment in the foreign associate was sold by the counterparty at its own discretion and the resulting net sale proceeds amounting to AED 125.5 million were utilized by the counterparty against the outstanding balance under the overdraft facility.

Overdrafts amounting to AED 87.7 million as at 31 December 2021 is no longer consolidated in these financial statements due to the loss of control of a subsidiary.

For more information about the Group's exposure to liquidity risk and interest rate risk, refer note 31.

### 29 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

|                                     | 2022<br>AED'000 | 2021<br>AED'000 |
|-------------------------------------|-----------------|-----------------|
| <i>Company and its subsidiaries</i> |                 |                 |
| Commitments:                        |                 |                 |
| Capital commitments                 | <u>19,715</u>   | <u>28,297</u>   |
| Contingent liabilities:             |                 |                 |
| Letters of guarantee                | <u>224,455</u>  | <u>294,460</u>  |
| <i>An associate</i>                 |                 |                 |
| Contingent liabilities:             |                 |                 |
| Letters of guarantee                | <u>252,500</u>  | <u>252,500</u>  |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 29 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES (continued)

During 2016, a Corporate guarantee was issued by the Company in favour of Dubai Islamic Bank PJSC ("DIB") in respect of 50% of the amounts outstanding under the Murabaha facility agreement dated August 2016 between "Properties Investment LLC" and DIB (the "Murabaha Facility Agreement") for the full duration of the Murabaha Facility Agreement.

#### Contingent liabilities

There are certain claims and contingent liabilities that arise during the normal course of business. The Board of Directors reviews these on a regular basis as and when such complaints and/or claims are received and each case is treated according to its merit and the terms of the relevant contract.

### 30 SEGMENT REPORTING

#### Business segments

The Group's activities include four main business segments, namely, real estate property management, contracting activities, investing activities, and sales of goods and services. The details of segment revenue, segment result, segment assets and segment liabilities are as follows:

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 30 SEGMENT REPORTING (continued)

|   | Real estate<br>AED'000 | Contracting<br>AED'000 | Goods and<br>services<br>AED'000 | Investments<br>AED'000 | Total<br>AED'000 |
|---|------------------------|------------------------|----------------------------------|------------------------|------------------|
| <b>2022</b>   |                        |                        |                                  |                        |                  |
| Segment revenue   | 37,435                 | 40,041                 | 341,711                          | -                      | 419,187          |
| Direct costs  | (32,665)               | (34,846)               | (279,970)                        | -                      | (347,481)        |
| <b>Gross profit</b>                                       | <b>4,770</b>           | <b>5,195</b>           | <b>61,741</b>                    | <b>-</b>               | <b>71,706</b>    |
| Administrative and general expenses                       | (32,568)               | (12,102)               | (35,649)                         | (210)                  | (80,529)         |
| Other operating income                                    | 6,645                  | 36                     | 10,049                           | -                      | 16,730           |
| Gain on sale of investment properties                     | 2,331                  | -                      | -                                | -                      | 2,331            |
| <b>Operating profit/(loss)</b>                            | <b>(18,822)</b>        | <b>(6,871)</b>         | <b>36,141</b>                    | <b>(210)</b>           | <b>10,238</b>    |
| Gain on valuation of properties, net                      | 25,997                 | -                      | -                                | -                      | 25,997           |
| Share of results of equity accounted investees            | -                      | -                      | -                                | (5,086)                | (5,086)          |
| Other income  | 10,833                 | -                      | -                                | 62,828                 | 73,661           |
| Finance costs   | (66,290)               | (17)                   | (8,523)                          | -                      | (74,830)         |
| <b>Profit/(loss) for the year</b>                         | <b>(48,282)</b>        | <b>(6,888)</b>         | <b>27,618</b>                    | <b>57,532</b>          | <b>29,980</b>    |
| <b>Capital expenditure</b>                                | <b>6,666</b>           | <b>73</b>              | <b>6,211</b>                     | <b>-</b>               | <b>12,950</b>    |
| <b>Depreciation of property, plant and equipment</b>      | <b>2,522</b>           | <b>169</b>             | <b>4,454</b>                     | <b>-</b>               | <b>7,145</b>     |
| <b>Depreciation of right of use assets</b>                | <b>2,500</b>           | <b>-</b>               | <b>915</b>                       | <b>-</b>               | <b>3,415</b>     |
| Segment assets  | 3,407,553              | 39,619                 | 551,680                          | 287                    | 3,999,139        |
| Investments in associates                                 | -                      | -                      | -                                | 79,327                 | 79,327           |
| <b>Total assets</b>                                       | <b>3,407,553</b>       | <b>39,619</b>          | <b>551,680</b>                   | <b>79,614</b>          | <b>4,078,466</b> |
| <b>Segment liabilities</b>                                | <b>945,645</b>         | <b>832,039</b>         | <b>290,930</b>                   | <b>51,859</b>          | <b>2,120,473</b> |
| <b>2021</b>   |                        |                        |                                  |                        |                  |
| Segment revenue   | 40,780                 | 47,096                 | 310,823                          | -                      | 398,699          |
| Direct costs  | (39,135)               | (40,704)               | (251,028)                        | -                      | (330,867)        |
| <b>Gross profit</b>                                       | <b>1,645</b>           | <b>6,392</b>           | <b>59,795</b>                    | <b>-</b>               | <b>67,832</b>    |
| Administrative and general expenses                       | (66,139)               | (8,621)                | (53,473)                         | (4,787)                | (133,020)        |
| Other operating income                                    | 11,952                 | 238                    | 7,973                            | -                      | 20,163           |
| Gain on sale of investment properties                     | 10,834                 | -                      | -                                | -                      | 10,834           |
| <b>Operating profit/(loss)</b>                            | <b>(41,708)</b>        | <b>(1,991)</b>         | <b>14,295</b>                    | <b>(4,787)</b>         | <b>(34,191)</b>  |
| Gain on valuation of properties, net                      | (1,109,302)            | -                      | -                                | -                      | (1,109,302)      |
| Net impairment and loss on financial instruments at FVTPL | -                      | -                      | -                                | (149,282)              | (149,282)        |
| Share of results of equity accounted investees            | -                      | -                      | -                                | (2,955)                | (2,955)          |
| Other income  | 50,727                 | -                      | -                                | -                      | 50,727           |
| Gain from loss of control over a subsidiary               | 352,401                | -                      | -                                | -                      | 352,401          |
| Finance income  | 1,973                  | 44                     | -                                | -                      | 2,017            |
| Finance costs   | (39,267)               | (27,685)               | (3,925)                          | (5,293)                | (76,170)         |
| <b>Profit/(loss) for the year</b>                         | <b>(785,176)</b>       | <b>(29,632)</b>        | <b>10,370</b>                    | <b>(162,317)</b>       | <b>(966,755)</b> |
| <b>Capital expenditure</b>                                | <b>9,466</b>           | <b>-</b>               | <b>8,828</b>                     | <b>-</b>               | <b>18,294</b>    |
| <b>Depreciation of property, plant and equipment</b>      | <b>3,568</b>           | <b>231</b>             | <b>4,162</b>                     | <b>-</b>               | <b>7,961</b>     |
| <b>Depreciation of right of use assets</b>                | <b>3,762</b>           | <b>-</b>               | <b>915</b>                       | <b>-</b>               | <b>4,677</b>     |
| Segment assets  | 3,522,906              | 54,224                 | 561,109                          | 315                    | 4,138,554        |
| Investment in an associate and joint venture              | -                      | -                      | -                                | 84,413                 | 84,413           |
| <b>Total assets</b>                                       | <b>3,522,906</b>       | <b>54,224</b>          | <b>561,109</b>                   | <b>84,728</b>          | <b>4,222,967</b> |
| <b>Segment liabilities</b>                                | <b>1,143,093</b>       | <b>838,930</b>         | <b>198,726</b>                   | <b>114,839</b>         | <b>2,295,588</b> |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 31 FINANCIAL INSTRUMENTS

Financial assets of the Group include non-current receivables, investments at fair value through profit or loss, trade and other receivables, amounts due from related parties and cash in hand and at banks. Financial liabilities of the Group include trade and other payables, amounts due to related parties, lease liabilities, short-term bank borrowings and long-term bank loans. Accounting policies of financial assets and financial liabilities are disclosed under note 3. The table below sets out the Group's classification of each class of financial assets and financial liabilities and their fair values for the current and the comparative years:

|  | <i>Notes</i> | <b>At fair value<br/>through profit<br/>or loss<br/>AED'000</b> | <b>At amortized<br/>cost<br/>AED'000</b> | <b>Carrying<br/>amount<br/>AED'000</b> | <b>Fair value<br/>AED'000</b> |
|--|--------------|---|--|--|-------------------------------|
| <b>31 December 2022</b>                          |              |   |  |  |                               |
| <b>Financial assets</b>                          |              |   |  |  |                               |
| Non-current receivables                          | 15           | -   | 11,830                                   | 11,830                                 | 11,830                        |
| Investments at fair value through profit or loss | 14           | 699   | -  | 699                                    | 699                           |
| Trade and other receivables                      | 17           | -   | 260,384                                  | 260,384                                | 260,384                       |
| Cash in hand and at banks                        | 19           | -   | 61,397                                   | 61,397                                 | 61,397                        |
| <b>Total</b>                                     |              | <b>699</b>  | <b>333,611</b>                           | <b>334,310</b>                         | <b>334,310</b>                |
| <b>Financial liabilities</b>                     |              |   |  |  |                               |
| Trade and other payables                         | 27           | -   | 1,143,104                                | 1,143,104                              | 1,143,104                     |
| Bank overdrafts                                  | 28           | -   | 50,811                                   | 50,811                                 | 50,811                        |
| Bank loans                                       | 24           | -   | 822,498                                  | 822,498                                | 822,498                       |
| Lease liabilities                                | 10           | -   | 13,122                                   | 13,122                                 | 13,122                        |
| <b>Total</b>                                     |              | <b>-</b>  | <b>2,029,535</b>                         | <b>2,029,535</b>                       | <b>2,029,535</b>              |

# Union Properties Public Joint Stock Company and its subsidiaries

Notes to the consolidated financial statements (continued)

## 31 FINANCIAL INSTRUMENTS (CONTINUED)

|  | <i>Notes</i> | <b>At fair value<br/>through profit<br/>or loss<br/>AED'000</b> | <b>At amortized<br/>cost<br/>AED'000</b> | <b>Carrying<br/>amount<br/>AED'000</b> | <b>Fair value<br/>AED'000</b> |
|--|--------------|---|--|--|-------------------------------|
| <b>31 December 2021</b>                          |              |   |  |  |                               |
| <b>Financial assets</b>                          |              |   |  |  |                               |
| Non-current receivables                          | 15           | -   | 4,301                                    | 4,301                                  | 4,301                         |
| Investments at fair value through profit or loss | 14           | 756   | -  | 756                                    | 756                           |
| Trade and other receivables                      | 17           | -   | 282,344                                  | 282,344                                | 282,344                       |
| Cash in hand and at banks                        | 19           | -   | 65,797                                   | 65,797                                 | 65,797                        |
| Total  |              | <u>756</u>  | <u>352,442</u>                           | <u>353,198</u>                         | <u>353,198</u>                |
| <b>Financial liabilities</b>                     |              |   |  |  |                               |
| Trade and other payables                         | 27           | -   | 1,193,546                                | 1,193,546                              | 1,193,546                     |
| Bank overdrafts                                  | 28           | -   | 113,670                                  | 113,670                                | 113,670                       |
| Bank loans                                       | 24           | -   | 878,656                                  | 878,656                                | 878,656                       |
| Lease liabilities                                | 10           | -   | 22,266                                   | 22,266                                 | 22,266                        |
| Total  |              | <u>-</u>  | <u>2,208,138</u>                         | <u>2,208,138</u>                       | <u>2,208,138</u>              |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 31 FINANCIAL INSTRUMENTS (CONTINUED)

#### Credit risk

##### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was:

|  | Notes | 2022<br>AED'000 | 2021<br>AED'000 |
|--|-------|-----------------|-----------------|
| Non-current receivables (refer note below)       | 15    | 11,830          | 4,301           |
| Investments at fair value through profit or loss | 14    | 699             | 756             |
| Trade and other receivables (refer note below)   | 17    | 260,384         | 282,344         |
| Cash at banks                                    | 19    | 59,342          | 64,558          |
|  |       | <b>332,255</b>  | <b>351,959</b>  |

##### Impairment losses

Set out below is the information about the credit risk exposure on the Group's trade and retention receivables using a provision matrix:

|                           |                            |                          | Trade receivables |              |                |                |                |
|---------------------------|----------------------------|--------------------------|-------------------|--------------|----------------|----------------|----------------|
|                           |                            |                          |                   | Past due     |                |                |                |
|                           | Advances to<br>contractors | Retentions<br>receivable | Current           | 1-90<br>days | 91-365<br>days | >365<br>days   | Total          |
|                           | AED'000                    | AED'000                  | AED'000           | AED'000      | AED'000        | AED'000        | AED'000        |
| 31 December 2022          |                            |                          |                   |              |                |                |                |
| Expected credit loss rate | 95.08%                     | 0.00%                    | 0.00%             | 0.00%        | 23.38%         | 79.94%         |                |
| Gross amount              | 95,276                     | 15,064                   | 50,462            | 31,294       | 31,816         | 137,413        | 361,325        |
| Expected credit loss rate | <u>90,592</u>              | <u>-</u>                 | <u>-</u>          | <u>-</u>     | <u>7,438</u>   | <u>109,854</u> | <u>207,884</u> |
| 31 December 2021          |                            |                          |                   |              |                |                |                |
| Expected credit loss rate | 88.62%                     | 0.00%                    | 0.00%             | 2.39%        | 20.77%         | 82.81%         |                |
| Gross amount              | 102,226                    | 19,880                   | 66,138            | 20,792       | 33,793         | 132,027        | 374,856        |
| Expected credit loss rate | 90,592                     | -                        | 2                 | 497          | 7,020          | 109,333        | 207,444        |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 31 FINANCIAL INSTRUMENTS (CONTINUED)

#### Credit risk (continued)

##### *Impairment losses (continued)*

The movement in the allowance for expected credit losses in respect of trade and retention receivables during the year is as follows:

|   | <b>2022</b>    | 2021        |
|---|----------------|-------------|
|   | <b>AED'000</b> | AED'000     |
| At 1 January  | <b>207,444</b> | 1,843,054   |
| Provision for the year (refer note 6)                 | <b>1,470</b>   | 17,999      |
| Amounts written off                                   | <b>(1,030)</b> | -           |
| Movement from loss of control over a subsidiary       | -              | (1,744,201) |
| Provision against advances to contractors (note 17.1) | -              | 90,592      |
| At 31 December (note 17.1)                            | <b>207,884</b> | 207,444     |

#### Foreign currency risk

The Group's exposure to foreign currency risk is mainly related to a banking facility denominated in Egyptian Pounds. A 5% strengthening in the Egyptian Pound against the AED will result in a negative impact of AED 5.2 million on profit or loss and equity (2021: AED 5.2 million). A 5% devaluation in the Egyptian Pound against the AED would have the opposite effect.



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 31 FINANCIAL INSTRUMENTS (CONTINUED)

#### Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and the impact of netting agreements at the reporting date:

|   | Notes | Carrying<br>amount<br>AED'000 | Contractual<br>cash flows<br>AED'000 | On demand<br>AED'000 | Less than<br>one year<br>AED'000 | 1 to 5 years<br>AED'000 | More than<br>five year<br>AED'000 |
|---|-------|-------------------------------|--------------------------------------|----------------------|----------------------------------|-------------------------|-----------------------------------|
| <b>Financial liabilities</b>                |       |                               |                                      |                      |                                  |                         |                                   |
| <b>31 December 2022</b>                     |       |                               |                                      |                      |                                  |                         |                                   |
| <b>Non-derivative financial instruments</b> |       |                               |                                      |                      |                                  |                         |                                   |
| Trade and other payables                    | 27    | 1,143,104                     | 1,143,104                            | -                    | 1,143,104                        | -                       | -                                 |
| Bank overdrafts                             | 28    | 50,811                        | 50,811                               | 50,811               | -                                | -                       | -                                 |
| Bank loans                                  | 24    | 822,498                       | 878,656                              | 434,915              | 134,497                          | 111,529                 | 197,715                           |
| Lease liabilities                           | 10    | 13,122                        | 13,122                               | -                    | 13,122                           | -                       | -                                 |
| <b>Total</b>                                |       | <b>2,029,535</b>              | <b>2,085,693</b>                     | <b>485,726</b>       | <b>1,290,723</b>                 | <b>111,529</b>          | <b>197,715</b>                    |
| <b>31 December 2021</b>                     |       |                               |                                      |                      |                                  |                         |                                   |
| <b>Non-derivative financial instruments</b> |       |                               |                                      |                      |                                  |                         |                                   |
| <b>instruments</b>                          |       |                               |                                      |                      |                                  |                         |                                   |
| Trade and other payables                    | 27    | 1,193,546                     | 1,193,546                            | -                    | 1,193,546                        | -                       | -                                 |
| Bank overdrafts                             | 28    | 113,670                       | 113,670                              | 113,670              | -                                | -                       | -                                 |
| Bank loans                                  | 24    | 878,656                       | 878,656                              | 434,915              | 134,497                          | 111,529                 | 249,313                           |
| Lease liabilities                           | 10    | 22,266                        | 22,266                               | -                    | 22,266                           | -                       | -                                 |
| <b>Total</b>                                |       | <b>2,208,138</b>              | <b>2,208,138</b>                     | <b>548,585</b>       | <b>1,350,309</b>                 | <b>111,529</b>          | <b>249,313</b>                    |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 31 FINANCIAL INSTRUMENTS (CONTINUED)

#### Interest rate risk

The Group is exposed to interest rate risk on cash at bank, short-term bank borrowings and long-term bank loans (refer notes 16, 19 and 24) which carry variable interest rates.

At the reporting date, the interest rate profile of the Group's variable interest bearing financial liabilities were as follows:

|                                 | <b>2022</b><br><b>AED'000</b> | <b>2021</b><br><b>AED'000</b> |
|---------------------------------|-------------------------------|-------------------------------|
| Bank overdrafts (refer note 28) | <b>50,811</b>                 | 113,670                       |
| Bank loans (refer note 24)      | <b>822,498</b>                | 878,656                       |
|                                 | <b>873,309</b>                | 992,326                       |

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. The analysis below excludes interest capitalised and assumes that all other variables remain constant.

|                           | <b>Effect on profit or loss<br/>and equity</b> |  |
|---------------------------|--|--|
|                           | <b>100 bp<br/>increase<br/>AED'000</b>         | <b>100 bp<br/>decrease<br/>AED'000</b> |
| <b>31 December 2022</b>   |  |  |
| Variable rate instruments | <b>(8,733)</b>                                 | <b>8,733</b>                           |
| <b>31 December 2021</b>   |  |  |
| Variable rate instruments | <b>(9,923)</b>                                 | <b>9,923</b>                           |

#### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined 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 Group has investments at fair value through profit or loss which are stated at fair value. Also refer to note 14.

|                         | <b>Level 1<br/>AED'000</b> | <b>Level 3<br/>AED'000</b> | <b>Total<br/>AED'000</b> |
|-------------------------|----------------------------|----------------------------|--------------------------|
| <b>31 December 2022</b> |                            |                            |                          |
| Investments at FVTPL    | -                          | 699                        | 699                      |
| <b>31 December 2021</b> |                            |                            |                          |
| Investments at FVTPL    | -                          | 756                        | 756                      |

There have been no reclassifications made between the valuation levels during the current year or the previous year.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 32 SIGNIFICANT ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following are the critical accounting estimates and judgements used by management in the preparation of these consolidated financial statements:

#### **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:

#### ***Going concern assumption***

The Group's consolidated financial statements have been prepared on a going concern basis.

As of 31st December 2022, the Group's current accumulated losses reached an amount of AED 2,901 million from an issued capital of AED 4,290 million hence exceeding 50% of its issued share capital. Therefore, based on article 302 of the UAE Federal Companies Law No (32) of 2021, and article 4 of SCA's Board of Directors' Decision No. (32/R.T) of 2019, the Group is required to call for a General Assembly Meeting to vote on either dissolving the Group or to continue its activity with an appropriate restructuring plan within 30 days of the issue of these consolidated financial statements.

The Group's management team is committed in implementing a thorough cost rationalization plan reducing its operating costs and overheads along with a change in management program which will create impact on entity's business model, financial structure, and management team, to address challenges in order to increase value of the Company for shareholders.

Additionally, the current management has mandated a forensic audit from a third party to assess the financial impact of the mismanagement attributed to the previous management team.

The management of the Group has prepared a short and medium strategy plan leveraged by a long-term vision for a period of three years from the date of these consolidated financial statements and there is high probability that the Group will have adequate resources to continue its operation in the foreseeable future.

#### ***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 satisfaction of sale of real estate properties***

The Group is required to assess each of its contracts with customers for the sale of real estate properties to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the current sale and purchase agreements entered into with customers and the provisions of relevant laws and regulations, where contracts are entered into to provide real estate assets to customer, the Group does not create or enhance an asset that the customer controls as the asset is created or enhanced and the customer receives and consumes the benefits provided by the Group's performance when the asset is transferred to the customer, and accordingly, revenue from such contracts is recognised at a point in time, when the property is handed over to the customer.

The Group also assessed that, in those contracts, the transfer of the legal title of the property is not a criteria in determining the timing of satisfaction of the sale, given that such transfer is usually deferred until full payment from the customer is received, which is considered to be guarantee against receivables.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 32 SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Judgements (continued)

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

The Group's property sales include two alternative payment options for the customer, i.e., payment of the transaction price when the contract is signed and upon handing over of the property, or payment based on a deferred instalments plan. The Group concluded that there is a significant financing component for those contracts where the customer elects to pay in instalments considering the length of time between the customer's payment and the handing over date.

In determining the interest to be applied to the amount of consideration, the Group concluded that the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the property to the amount paid in advance or at the time of handing over) is appropriate because this is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception.

##### *Determining the timing of satisfaction of revenue from contracting activities*

The Group concluded that revenue from contracting activities is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the services under the contract that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group determined that the input method is the best method in measuring progress of the contracting activities services because there is a direct relationship between the Group's incurred cost (i.e., actual cost incurred in the satisfaction of the contract) and the transfer of service and goods to the customer. The Group recognises revenue on the basis of the actual cost incurred relative to the total expected cost to complete the project.

##### *Significant influence over an associate*

The Group concluded that it has significant influence over Palm Hills Development, an associate, even though it holds less than 20 per cent of the voting rights of the entity. The Group holds 12.47% shareholding in the associate and is represented on the Board of the associate with two members out of eleven i.e. 18%. However, through its participation in the decision making process on the Board of the associate, the Group assessed that significant influence is achieved.

##### *Property lease classification – Group as lessor*

The Group has entered into commercial 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 all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 32 SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Judgements (continued)

##### *Determining the lease term of contracts with renewal and termination options – Group as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for all leases of land with short non-cancellable period (i.e., one year). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on the operations if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

#### Estimates and assumptions

The key assumptions concerning the 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.

##### *Determination of project progress in contracting activities*

The Group uses the input method when measuring the progress of the projects and calculating the related contract revenue. Use of input method requires the Group to estimate the costs incurred to date on contracts as a proportion of the total contract costs to be incurred. The accuracy of this estimate has a material impact on the amount of revenue and related profits recognised. Any revision to profit arising from changes in estimates is accounted for in the period when the changes become known.

##### *Useful lives of its 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.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 32 SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Estimates and assumptions (continued)

##### *Provision for warranty expenses*

Provision for warranty expenses is recognised when the contract is completed and handed over to the customer for the period of warranty. The provision is based on historical warranty data and an assessment of all possible outcomes against their associated probabilities.

##### *Impairment losses on property, plant and equipment and intangible assets*

The Group reviews its property, plant and equipment and intangible assets to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recognised in the 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, plant and equipment or intangible assets. 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, plant and equipment or intangible assets.

##### *Impairment losses on properties held for sale in inventory*

The Group's management reviews the held for sale properties under inventory to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recognised in the 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 event or condition to reduce the cost of development properties to its net realisable value.

##### *Estimated useful life and residual value of property, plant and equipment*

The Group's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment on an annual basis. The Group has carried out a review of the residual values and useful lives of property, plant and equipment as at 31 December 2022 and management has not identified any requirement for an adjustment to the residual values and remaining useful lives of the assets for the current or future periods. This assessment is carried out at each reporting date.

##### *Revaluation of property, plant and equipment and investment properties*

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model is used, whenever there is a lack of comparable market data because of the nature of certain properties. In addition, the Group measures land under property, plant and equipment at revalued amounts, with changes in fair value being recognised in OCI. The land was valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2022 and 2021 for the investment properties and at 31 December 2022 for land under property, plant and equipment.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in the notes.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 32 SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Estimates and assumptions (continued)

##### *Provision for obsolete inventory*

The Group reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recognised in the profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realisable value for such product. Accordingly, provision for impairment is made where the net realisable value is less than cost based on best estimates by the management. The provision for obsolete inventory is based on the aging and past movement of the inventory.

##### *Provision for expected credit losses of trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 31.

##### *Provision against claim and contingent liabilities*

The Group's management carries out on a regular basis a detailed assessment of each claim and contingent liabilities that arise during the course of normal business and accordingly makes an assessment of the provision required to settle them. These detailed assessments are based on the past experience of the management in settling these claims and contingent liabilities on commercial terms, weighting of possible outcomes against their associated probabilities. Should the estimate significantly vary, the change will be accounted for as change in estimate and the consolidated financial statements would be significantly impacted in the future.

##### *Leases - Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 32 SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Estimates and assumptions (continued)

##### *Leases - Estimating the incremental borrowing rate*

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

### 33 COMPARATIVE FIGURES

#### *Reclassifications*

Certain comparative figures have been reclassified or regrouped, wherever necessary, to conform to the presentation adopted in these consolidated financial statements. Such reclassifications do not affect the previously reported profit, net assets or equity of the Group.