الاتحاد العقارية
Union Properties

Annual Report 2024
التقرير السنوي

الاتحاد العقارية
Union Properties

Our subsidiaries

سيرفيو serveU

DUBAI AUTODROME

THE FITOUT ذي فيتاوت

إداكوم EDACOM

GMAMCO

Our projects

MOTORCITY Experience It

Uptown MIRDIFF

Scan Now

UP Profile

تكايا

UNION PROPERTIES

Takaya

Takaya Registration

SERVEU

DUBAI AUTODROME

THE FITOUT

EDACOM

GMAMCO

UPTOWN MIRDIFF

Union Properties (P.J.S.C) and its subsidiaries

Consolidated Financial Statements

31 December 2024

Union Properties (P.J.S.C) and its subsidiaries

Consolidated financial statements

For the year ended 31 December 2024

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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 P.J.S.C (the "Company") and its subsidiaries ("the Group") for the year ended 31 December 2024. The Directors confirm their responsibility for the preparation of the consolidated financial statements of the Group.

To the best of our knowledge, the financial information included in the report fairly present in all material aspects the financial condition, results of operations and cash flows of the Group for the year ended 31 December 2024

Financial position

The Group revenue for 2024 reached to AED 528.7 million *(2023: AED 508.0 million)*, gain on valuation of investment properties amounted to AED 166.3 million *(2023: AED 505.9 million)* resulting in a total profit before taxes of AED 304.1 million *(2023: AED 837.6 million)*, and total comprehensive income amounted to AED 395.8 million *(2023: AED 837.6 million)*.

Financial performance review

The Group has achieved an operating profit of AED 161.8 million (2023: AED 101.5 million) which marks an annual growth of 59% in operating profits. The Group's subsidiaries also posted an impressive performance, which steered its revenue to AED 528.7 million, 4% increase from AED 508.0 million in 2023.

This demonstrates the Group's capability in reaching to sustainable and consistent profits in three consecutive Financial Years: from a net loss of AED 966.8 million in year 2021 to a profit of AED 30.0 million in year 2022, a profit of AED 837.6 million in year 2023 and a net profit after tax of AED 275.6 million in year 2024.

This remarkable achievement highlights the outstanding performance of Union Properties and its subsidiaries in attaining sustainable growth despite the ever-changing market dynamics. This success not only strengthens its market position but also positively impacts the community by fostering economic development and creating new growth opportunities. The performance reflects a notable shift compared to 2023, with 'the Group' registering a net profit after tax of AED 275.6 million in 2024. This is attributed to several key factors, including the efficiency of the Group's approach in enhancing its market position and a marked increase in real estate demand.

The Group's success is also credited to the wise management of its diverse business portfolio, dedication to innovative and sustainable development strategies, a focus on operational efficiency, and a commitment to steering the business in alignment with evolving investor and real estate occupant needs.

The debt restructuring process, successfully initiated during FY 2022-2023 and renegotiated in 2024, has strategically positioned Union Properties (UPP) on a solid foundation to deliver long-term and sustainable value for its shareholders. Through efficient debt management, UPP repaid AED 723.2 million towards bank debt, significantly reducing the total debt from AED 1,207.8 million in year 2023, to AED 575.0 million in year 2024.

This strategic approach has not only improved profitability but also enhanced cash flow generation by effectively reducing the Group's financing costs by AED 81.6 million from AED 110.1 million in 2023 and to AED 28.5 million in 2024.

Since December 2021, an emergency business restructuring program has been successfully implemented by the Chief Executive Officer and Executive Committee. This initiative has significantly transformed several of the entity's business models and management team, effectively addressing challenges and enhancing shareholder value.
The Group has since focused on:

- Growth: Driving growth to achieve scale efficiencies, improve competitive positioning, and increase shareholder value.
- Financial Performance: Enhancing the financial performance of business units to surpass sector benchmarks.
- Cost Efficiency: Reducing costs and raising operational efficiency.
- Liquidity of Outstanding Receivables: Improving the liquidity of outstanding receivables.

As part of a wider recovery plan to ensure Union Properties' business continuity as a Property Developer, the company has sold "non-core" assets at good valuations which generated AED 1.3 billion and granted the necessary funds to service the debt settlement agreements, funding the preliminary costs related to the new real estate projects – TAKAYA Project was launched in October 2024 and other projects are under the launching pipeline - honouring the agreement reached with "Dubai land" in 2023 – this last one unlocked all full potential of the Company's landbank adjusted to the market demand along with all the potential from developing it within the next 5 years.

These strategic priorities have positioned the Group for sustained success and long-term value creation for shareholders.

Union Properties' transformation program is built on three pillars: governance, organizational, and business transformation

Fiscal discipline was the primary focus in 2023 and 2024. Combined with growing annual revenues, this improved financial performance and delivered positive EBITDA. The goal was to halt the decline in profitability and transform the Group into a sustainably profitable organization, ensuring stable performance and solid shareholder returns.

Going concern

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

As of 31 December 2024, the Group's accumulated losses reached an amount of AED 1,869.5 million from an issued capital of AED 4,289.5 million hence reaching 43.6% of its issued share capital. The Group successfully achieve its recovery with a ratio of 43.6% Accumulated Losses / Capital Ratio in year 2021 that is 68.3%.

Conclusion

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

In December 2021, shareholders elected new board members who subsequently appointed a new Managing Director. Following this, a new senior executive management team was established with a focus on strengthening the supervisory function of internal audit and controls, restructuring operations to achieve a leaner organization, and recovering misappropriated funds through legal procedures. Simultaneously, they developed a new growth strategy to generate shareholder value.

With a diverse portfolio encompassing residential, commercial, and mixed-use developments, Union Properties is strategically positioned to capitalize on the increasing opportunities within Dubai's dynamic real estate market. The Group remains committed to delivering premium products and services to its clients and partners, driven by a noticeable increase in contracts and the wide adoption of the latest technological innovations.

The present rise in operating profit is a testament to Union Properties' unwavering dedication to upholding transparency with both the market and its clients.

As Dubai's real estate market continues its robust growth, the Group aims to strengthen its expansion and growth plans, ensuring solid progression into the future.

With its robust foundation and strategic vision, the Group is well-positioned to seize new opportunities and play a significant role in Dubai's flourishing real estate sector, further contributing valuable advancements to the industry.

The Group also continues to reform its corporate culture, renewing corporate ethics, appropriately disclosing corporate information, and enhancing compliance-focused management.

Critical lawsuits and claims

While the Group may face various claims or lawsuits with counterparties and third parties due to past business practices, it is actively addressing these challenges. The new management team is committed to resolving any potential legal issues efficiently and transparently. By taking proactive measures and implementing robust legal strategies, the Group aims to minimize any impact on its business performance and continue its path towards sustainable growth and shareholder value.

Compliance and reputation

The Group is actively enhancing governance by reforming corporate culture, renewing corporate ethics, ensuring appropriate disclosure of corporate information, and strengthening compliance-focused management.

Risk and Control

The Board of Directors has established robust standards and principles of internal control within the Group, aimed at providing objective, independent, and reliable advice. These standards create an ideal environment for internal control that meets the Board's requirements and enhances the roles of the Board of Directors, the Audit, Risk & Compliance Committee, and the Executive Committee, ensuring the proper performance of their duties, functions, and responsibilities. Additionally, the responsibilities of the Internal Audit Department are governed by the Charter approved by the Audit Committee and the Board of Directors.

We extend our heartfelt gratitude to the UAE leadership for their visionary guidance, which provides a solid platform for all participants and economic agents to excel and contribute to the growth of the UAE. We also express our sincere thanks to the regulators, government bodies, our shareholders, debtholders, customers, partners, and employees, who have been the pillars of our journey

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	CEO and Board Member
Mr. Darwish Abdulla Ahmed Al Ketbi	Board Member
Mr. Abdulrahman Hussamuddin Sharaf	Board Member
Mr. Saif Bin Abdulaziz Bin Yagub Alserkal	Board Member
Ms. Afaf Al-Kontar	Board Member

On behalf of the Board

Mohamed Fardan Ali Al Fardan
Chairman

Grant Thornton

Grant Thornton Audit and Accounting Limited (Dubai Branch)

The Offices 5
Level 3
Office 302, 303, 308
One Central, DWTC
Dubai, UAE

P.O. Box 1620
T +971 4 388 9925
F +971 4 388 9915
www.grantthornton.ae

Independent Auditor's Report

To the Shareholders of Union Properties PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Union Properties PJSC (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Independent Auditor's Report
To the Shareholders of Union Properties PJSC

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

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
i) Valuation of investment properties The Group's investment properties portfolio is carried at AED 2,220 million (2023: AED 2,957 million) (as disclosed in note 11 to these consolidated financial statements) under the fair value model including a net fair value gain recorded amounting to AED 166 million (2023: gain of AED 506 million). The Group engaged professionally qualified external valuers to fair value its investment properties. The valuers performed their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation Global Standards. The fair value definition as per RICS Valuation Standards, adopted by the external valuers, complies with the fair value definition under IFRS. The valuation of the portfolio is a significant judgement area and is underpinned by a number of assumptions. The existence of significant estimation uncertainty warrants specific audit focus in this area as any error in determining the fair value could have a material impact on the value of the Group's investment properties and the fair value gain or loss recognised in respect of these investment properties. Refer to note 11.5 to the consolidated financial statements which includes disclosures regarding the use of estimates and judgements by management in determining the fair valuation of investment properties. During the year the Group has investment properties amounting to AED 540 million (2023: AED 933 million) as held for sale. The key associated risk which warrants specific audit focus in this area is determining the Group's compliance with IFRS 5.	We performed the following audit procedures: • We assessed the competence, independence and integrity of the external valuers, read their terms of engagement to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work; • On a sample basis, we performed audit procedures to assess whether the source data used for determining the value are reasonable by comparing it to the underlying supporting information; • We involved our real estate valuation specialist, who, on a sample basis, reviewed valuation methodologies used in the valuation process and challenged the assumptions for key estimates of market rent, cost to complete, future rental income, operating cost, occupancy rates, discount rates, capitalisation and terminal yield rates used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Alongside our valuation specialist, we also held discussions with the Group's management to assess the appropriateness of methodology adopted and reasonableness of the key valuation assumption used; • We performed sensitivity analysis on the significant assumptions to evaluate the extent of the impact of changes in the key assumptions to the conclusions reached by the management; • We assessed that the conditions are met for the asset to be reclassified as held for sale in compliance IFRS 5 and inspected the underlying supporting evidence to verify the measurement of the estimated net realisable value; and • We assessed the adequacy and sufficiency of the associated disclosures in the consolidated financial statements, which include the presentation and classification in compliance with the requirements of IFRS's.

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Independent Auditor's Report

To the Shareholders of Union Properties PJSC

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

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the key audit matter
ii) Revenue recognition The Group earns revenues through manufacturing, contracting, trading and services business and recognizes revenue in accordance with IFRS 15 (as disclosed in note 5 to these consolidated financial statements). The Group recognises revenue either at point in time or over time depending on the terms of contracts with its customer. Revenue recognition was considered a key audit matter that warrant additional audit focus as it includes key elements of judgements which include analysing whether the contracts comprise one or more performance obligations and determination of whether the performance obligations are satisfied over time or at a point in time and carries the presumed risk of fraud. Rental income from leased properties is recognised in accordance with the terms of the lease agreed with the tenants on a straight-line basis from the operating lease commencement date over the period of the lease. The lease agreements may include certain clauses relating to (i) lease income computed based on lessee turnover; and (ii) tenant incentives which may affect the amount of rental income recognized during the year. Considering the inherent risks around the existence and accuracy, rental income from leased properties warrants additional audit focus.	We performed the following audit procedures: • We obtained an understanding of the revenue process implemented by the Group; • We assessed the appropriateness of the revenue recognition accounting policies adopted by the Group and its compliance with International Financial Reporting Standards ("IFRS"); • We performed test of design and implementation of relevant controls for those components where in there is significant reliance on controls; • On a sample basis, we reviewed the contracts to identify the performance obligations of the Group under these contracts and assessed whether these performance obligations are satisfied over time or at a point in time in accordance with the requirements of IFRS 15; • On a sample basis, we have tested significant items of computation by comparing these to the relevant supporting documents including payment certificates to ascertain the existence and accuracy of the revenue recognised during the year and it's compliance with IFRS; and • We assessed the disclosures made in the consolidated financial statements in relation to IFRS 15 and IFRS 16.
iii) Valuation of trade and retention receivables The Group has trade and retention receivables that are overdue and not impaired (as disclosed in note 17 and 31 to these consolidated financial statements). The key associated risk is the recoverability of receivables. Management's allowance for expected credit losses (ECL) is subjective and is influenced by assumptions concerning the probability of default and probable losses in the event of default.	We performed the following audit procedures: • We obtained an understanding of the Group's process for estimating ECL and assessed the appropriateness of ECL methodology and its compliance with IFRS 9; • We assessed the reasonableness of management's key assumptions and judgments made in determining the allowance for ECL, segmenting of receivables and macroeconomic factors; and • We tested the key inputs of the model such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing to historical data.

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Independent Auditor's Report
To the Shareholders of Union Properties PJSC

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

Other Information

Management is responsible for the other information. The other information comprises information included in the Directors' report but does not include the consolidated financial statements and our auditors' report thereon. We obtained the Directors' Report prior to date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of the auditors' report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law no. 32 of 2021 and Articles of Association, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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Independent Auditor's Report
To the Shareholders of Union Properties PJSC

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Independent Auditor's Report
To the Shareholders of Union Properties PJSC

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law no. 32 of 2021, for the year ended December 31, 2024, we report that:

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

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

iii) The Group has maintained proper books of accounts;

iv) The financial information included in the Directors' Report, in so far as it relates to these consolidated financial statements, is consistent with the books of accounts of the Group;

v) As disclosed in note 2, the Group has purchased and invested in shares during the year ended December 31, 2024;

vi) Note 18 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2024, any of the applicable provisions of the UAE Federal Decree Law no. 32 of 2021 or in respect of the Group, its Articles of Association, which would materially affect its activities or its consolidated financial position as at December 31, 2024; and

viii) As disclosed in note 1 the Group did not have any social contributions made during the year ended December 31, 2024.

Grant Thornton

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

GRANT THORNTON UAE

Dr. Osama El-Bakry
Registration No: 935
Dubai, United Arab Emirates

13 February 2025

Union Properties (P.J.S.C) and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Revenue	5.1	528,752	508,009
Direct costs	5.2	(426,118)	(404,326)
Gross profit		102,634	103,683
Administrative and general expenses	6	(145,894)	(103,215)
Other operating income	7	46,634	30,659
Gain on sale of investment properties	11.4	158,472	70,416
Operating profit		161,846	101,543
Gain on valuation of investment properties, net	11.2	166,350	505,880
Share of results of equity accounted investees	13	(10,771)	(59,413)
Other income	7	18,109	401,964
Finance costs	8	(31,659)	(114,073)
Finance income		275	1,716
Profit before tax for the year		304,150	837,617
Income tax for the year	32	(28,511)	-
Profit for the year		275,639	837,617
Other Comprehensive Income:			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of land-net of tax	21	120,174	-
Total comprehensive income for the year		395,813	837,617
Basic and diluted earnings per share (AED)	23	0.0643	0.1953

The notes from 1 to 34 form an integral part of these consolidated financial statements.

The independent auditor's report is set out on the pages 4 to 9.

Union Properties (P.J.S.C) and its subsidiaries

Consolidated statement of financial position

As at 31 December 2024

	Notes	31 December 2024 AED'000	31 December 2023 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	455,791	309,684
Right-of-use assets	10	14,224	8,090
Development properties	12.2	230,528	11,912
Investment properties	11	2,220,143	2,957,379
Investments in an associate	13	9,143	19,914
Non-current receivables	15	28,347	11,575
Total non-current assets		2,958,176	3,318,554
Current assets			
Investment properties held for sale	11.6	540,960	932,960
Investments at fair value through profit or loss	14	965	699
Inventories	12.1	4,758	5,852
Contract assets	16	17,829	29,575
Trade and other receivables	17	711,696	413,807
Cash and cash equivalents	19	181,213	78,305
Total current assets		1,457,421	1,461,198
Total assets		4,415,597	4,779,752
EQUITY AND LIABILITIES			
Equity			
Share capital	20	4,289,540	4,289,540
Statutory reserve	21	437,953	397,857
Asset revaluation surplus	21	332,863	212,689
Accumulated losses		(1,869,567)	(2,105,110)
Total equity		3,190,789	2,794,976
Non-current liabilities			
Non-current portion of bank loans	24	176,360	220,935
Non-current payables	11.3	84,000	244,000
Lease liabilities	10	12,669	8,979
Provision for staff terminal benefits	26	32,128	30,600
Deferred tax liabilities	32	28,073	-
Total non-current liabilities		333,230	504,514
Current liabilities			
Trade and other payables	27	410,091	437,046
Contract liabilities	25	42,321	12,452
Lease liabilities	10	2,070	2,245
Bank overdrafts	28	26,101	41,589
Current tax liability	32	12,323	-
Current portion of bank loans	24	398,672	986,930
Total current liabilities		891,578	1,480,262
Total liabilities		1,224,808	1,984,776
Total equity and liabilities		4,415,597	4,779,752

These consolidated financial statements were authorised for issue by the Board of Directors on 13 February 2025

Chairman

Board Member & CEO

The notes from 1 to 34 form an integral part of these consolidated financial statements.
The independent auditor's report is set out on the pages 4 to 9.

Union Properties (P.J.S.C) and its subsidiaries

Consolidated statement of cash flows

For the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Operating activities			
Profit before tax for the year		304,150	837,617
Adjustments for:			
Depreciation of property, plant and equipement	9	11,411	7,159
Depreciation of right of use assets	10	2,188	1,986
Gain on sale of investment properties	11.4	(158,472)	(70,416)
Gain on fair valuation of investment properties	11.2	(166,350)	(505,880)
Share of results of equity accounted investees	13	10,771	59,413
Allowance for expected credit losses	31	16,351	(7,290)
Gain on financial instruments at FVTPL	14	(266)	-
Write back of liabilities	7	(18,109)	(401,964)
Finance income		(275)	(1,716)
Finance cost	8	31,659	114,073
Allowance for expected credit losses - contract assets		-	(2,986)
Operating cash flows before working capital changes		33,058	29,996
Change in inventories		1,094	(1,451)
Change in contract assets		11,746	2,258
Change in contract liabilities		29,869	-
Change in trade and other receivables		61	(9,737)
Change in trade and other payables and contract liabilities		(26,955)	(89,828)
Change in staff terminal benefits - net		1,528	(30)
Net cash generated from/used in operating activities		50,401	(68,792)
Investing activities			
Additions to property, plant and equipment	9	(25,459)	(19,178)
Additions to investment properties	11	(559)	(1,812)
Additions to development properties	12.2	(4,905)	(2,020)
Proceeds from the sale of investment properties held for sale		206,134	-
Proceeds from sale of investment properties		678,337	261,903
Interest received		275	1,716
Change in non-current payables		(160,000)	-
Change in non-current receivable		(16,772)	-
Change in deposit with banks and escrow accounts		25,235	2,902
Net cash generated from investing activities		702,286	243,511
Financing activities			
Bank loans availed	24	90,410	101,227
Repayment of bank loans	24	(723,243)	(130,943)
Payment of lease liabilities	10	(2,763)	(2,977)
Interest paid		(23,930)	(112,994)
Net cash used in financing activities		(659,526)	(145,687)
Net increase in cash and cash equivalents		93,161	29,032
Cash and cash equivalents at the beginning of the year		29,812	780
Cash and cash equivalents at the end of the year	19	122,973	29,812

The notes from 1 to 34 form an integral part of these consolidated financial statements.

The independent auditor's report is set out on the pages 4 to 9.

Union Properties (P.J.S.C) and its subsidiaries

Consolidated statement of changes in equity

For the year ended 31 December 2024

	Share capital AED'000	Statutory reserve AED'000	Asset revaluation surplus AED'000	Accumulated losses AED'000	Total equity AED'000
At 1 January 2023	4,289,540	355,976	212,689	(2,900,846)	1,957,359
Total comprehensive income for the year	-	-	-	837,617	837,617
Other equity movements					
Transfer to statutory reserve (note 21)	-	41,881	-	(41,881)	-
At 31 December 2023	**4,289,540**	**397,857**	**212,689**	**(2,105,110)**	**2,794,976**
At 1 January 2024	4,289,540	397,857	212,689	(2,105,110)	2,794,976
Total comprehensive income for the year	-	-	120,174	275,639	395,813
Other equity movements					
Transfer to statutory reserve (note 21)	-	40,096	-	(40,096)	-
At 31 December 2024	**4,289,540**	**437,953**	**332,863**	**(1,869,567)**	**3,190,789**

The notes from 1 to 34 form an integral part of these consolidated financial statements.

The independent auditor's report is set out on the pages 4 to 9.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Union Properties (P.J.S.C) ("the Company") was incorporated on 28 October 1993 as a (P.J.S.C) by a United Arab Emirates Ministerial decree. The Group'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 2.5.

The Company and its subsidiaries as set out in note 2.5 are collectively referred to as ("the Group").

The Group has made no material monetary social contributions during the year ended 31 December 2024.

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 Decree Law No. (32) of 2021 and Articles of Association of the Company.

2.2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties and land, revaluation of the financial assets at fair value through profit or loss at the end of each reporting period, as explained in the accounting polices given below.

2.3 Comparative information

The consolidated financial statements provide comparative information in respect of the previous period.

2.4 Business Combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. If the Group acquires a controlling interest in a business in which it previously held an equity interest, that equity interest is remeasured to fair value at the acquisition date with any resulting gain or loss recognised in profit or loss or other comprehensive income, as appropriate. Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.
Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

2.5 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Group and its subsidiaries on 31 December 2024, as set out in the following pages.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

2 BASIS OF PREPARATION (CONTINUED)

2.5 Basis of consolidation (continued)

Subsidiaries	Incorporated in	Effective ownership 2024	2023	Principal activities
Gulf Mechanical A/C Acoustic Manufacturing (GMAMCO) LLC	UAE	100%	100%	Central air conditioning, requisites manufacturing, fire fighting equipment assembling.
Al Ethiad Cold Storage LLC	UAE	100%	100%	Cold storage and warehousing
ServeU LLC	UAE	100%	100%	Facilities management, security, mechanical, electrical and plumbing works and energy management services.
Dubai Autodrome LLC	UAE	100%	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%	100%	Manufacturing and interior decoration.
The Fitout Industries LLC*	UAE	100%	100%	Manufacturing and interior decoration.
EDACOM Owners Association Management	UAE	100%	100%	Owners Association Management
Al Ethiad Real Estate Development LLC	UAE	100%	100%	Real estate development
Union Holding LLC	UAE	100%	100%	Investment in equities.
UPP Capital Investment LLC	UAE	100%	100%	Investment in equities.
Motor city LLC	UAE	100%	100%	Facilities management services.
UPP Investments LLC	UAE	100%	100%	Investment in equities.
Takaya Real Estate Development LLC	UAE	100%	0%	Real estate development
Golden Premier Trading LLC	UAE	100%	100%	Trading Activities
Mercury Investment LLC	UAE	100%	100%	Investment and management of companies
Aydacom Realestate Management LLC	UAE	100%	0%	Owners Association Management
Serveu Life Lifeguard Services LLC	UAE	100%	100%	Lifeguard services
Ehkam Security Services LLC	UAE	100%	100%	Facilities management and security Services
Serveu Maintenance - Sole Proprietorship LLC	UAE	100%	100%	Facilities management, security, mechanical, electrical and plumbing works and energy management services.
Associates				
Properties Investment LLC	UAE	30%	30%	Investment in and development of properties and property related activities.

* Subsidiary of The Fitout LLC

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

2 BASIS OF PREPARATION (CONTINUED)

2.5 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.

2.6 Functional and presentation currency

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

2.7 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 33.

2.8 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.

2 BASIS OF PREPARATION (CONTINUED)

2.8 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 considers 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 (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

2 BASIS OF PREPARATION (CONTINUED)

2.8 Fair Value Measurement (continued)

The Group measures its investment properties at fair value and engages an external valuer to determine the fair value of all its properties.

The determination of the fair value of most of these investment properties is performed using the income approach of valuation, while a residual valuation methodology has been used for investment properties under development.
The Group's determination of fair value for the investment properties requires management to make significant estimates and assumptions related to future rental rates, capitalisation rates and discount rates.

2.9 Financial Commitments

The Group's loans and borrowings as at 31 December 2024 amounted to AED 601.1 million (AED 575.0 million of bank loans and AED 26.1 million of bank overdrafts). Furthermore, the Group has net current assets of AED 564.9 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 MATERIAL ACCOUNTING POLICIES

3.1 Summary of material accounting policies

Associates

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.

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 is accounted for using the equity method.

Under the equity method, the investment in an associate 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 since the acquisition date. Goodwill relating to the associate or is included in the carrying amount of the investment and is not tested for impairment separately.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

Associates (continued)

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

The aggregate of the Group's share of profit or loss of an associate and 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.

The financial statement of the associate is 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. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and it's carrying value, and then recognises the loss within 'Share of profit of associates in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence 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 (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material 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 service activities.

To determine whether to recognise revenue, the Group follows a 5-step process:

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 33.

Trading activities

Revenue from sale of goods is recognised at the point in time when the performance obligation is satisfied i.e., 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 is recognised over time using input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from contracts for interior architecture is recognised over time using output method which directly measures the value of goods or services transferred to the customer relative to remaining performance obligations. Acceptable measures include milestones achieved or surveys of work completed, where appropriate.

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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

Contracting activities (continued)

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.

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 is satisfied over time, because the customer simultaneously receives and consumes the benefits provided by the Group, on a fixed contract basis or using an output 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.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (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 billing or invoicing milestones 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 complete performance obligation 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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material 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.

Income tax

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

The calculation of current and deferred tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method. The carrying amounts of deferred tax are reviewed at the end of each reporting period on the basis of its most likely amount and adjusted if needed. Assessing the most likely amount of current and deferred tax in case of uncertainties (e.g. as a result of the need to interpreting the requirements of the applicable tax law), requires the group to apply judgments in considering whether it is probable that the taxation authority will accept the tax treatment retained.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- Deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

Deferred tax(continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change.

The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

Foreign currencies(continued)

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 loan to associate. 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.

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 2024 and 2023, 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.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

Property, plant and equipment and depreciation (continued)

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:

Assets	*Number of years*
Buildings and leasehold improvements	2 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.

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 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.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

Investment properties (continued)

Transfer from investment properties to development properties

Certain properties are transferred from investment properties to development properties when those properties are either released from rental or for capital appreciation or both. The properties under investment properties are transferred to development properties at carrying value. Subsequent to initial recognition, such properties are valued at the lower of fair value less cost to sell and the carrying value.

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.

Development properties

Development properties consists of property being developed principally for sale and is stated at the lower of cost or net realisable value. Cost comprises all direct costs attributable to the design and construction of the property including direct staff costs, and for qualifying assets (if any), borrowing costs capitalised in accordance with the Group's accounting policy. Net realisable value is the estimated selling price in the ordinary course of the business less estimated costs to complete and applicable variable selling expenses.

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*.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

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

i) Financial assets (continued)

Initial recognition and measurement (continued)

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 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 marketplace (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.

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.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

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

i) Financial assets (continued)

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.

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).

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Impairment of financial assets (continued)

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.

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(EIR).

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.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

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.

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 assets 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 considered. 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.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

Impairment of non-financial assets (continued)

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 assets 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.

The cost of other inventories is based on the weight average 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.

Properties held for sale

The Group classifies certain assets as held for sale in accordance with the requirements of International Financial Reporting Standard IFRS 5, Non-current Assets Held for Sale and Discontinued Operations. Assets classified as held for sale are measured at the lower of carrying value and net realisable value. The estimates of net realisable values are based on the most reliable evidence available at the reporting date of the amount that the Group is expected to realise from the sale of these properties in its ordinary course of business.

Assets held for sale as of 31 December 2024 primarily consist of investment properties. The reclassification of these assets as held for sale signifies the Group's intention to dispose of them within the near term, typically within one year.

The Group discloses the major classes of assets held for sale and the asset's carrying amounts are presented separately from other assets in the consolidated statement of financial position.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

Properties held for sale (continued)

Any liabilities directly associated with the assets held for sale are presented separately from other liabilities in the consolidated statement of financial position. Liabilities directly associated with assets held for sale are recognized at their carrying amount, except for liabilities that will be settled after the expected sale date, which are recognized at their present value (if any).

The Group recognizes any gain or loss arising from the derecognition of assets classified as held for sale in profit or loss in the period in which the criteria for classification as held for sale are met. At each reporting period the criteria for measurement under IFRS 5 is reassessed to confirm classification.

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. When the Group expects some or all a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

Leases

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

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 2 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 recognized 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 (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Summary of material accounting policies (continued)

Leases (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.

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

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 (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Changes in accounting policies and disclosures

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

New standards adopted as at 1 January 2024

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted do not have a significant impact on the Group's financial results or position.

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

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

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

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

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Annual Improvements to IFRS Accounting Standards – Volume 11
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

These amendments do not have a significant impact on these consolidated financial statements in the period of initial application and therefore the disclosures have not been made.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

- IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 Climate-related Disclosures

- IFRS S2 sets out the requirements for identifying, measuring, and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.
- The Group is currently assessing the impact of the IFRS S1 and IFRS S2 on the consolidated financial statements.

4 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

Overview

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

- Financial Risk
- Credit risk
- Liquidity risk
- Market risk 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.

Financial risk

The Group's Corporate Finance and Treasury function provides services to the business, coordinates access to domestic, monitors and manages financial risks relating to operations of the Group based on internally developed models, benchmarks and forecasts which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group does not enter or trade financial instruments, including derivative financial instruments, for speculative purposes.

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, financial institutions and other financial instruments.

Union Properties (P.J.S.C) and its subsidiaries

4 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTINUED)

Credit risk (continued)

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 2024 and 2023, 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.. Furthermore, the risk of financial loss to the Group on account of customer default is low as the property title acts as collateral.

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 on 31 December 2024 and 2023 is the carrying amounts as illustrated in Note 31.

4 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTINUED)

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

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.

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 to support its business thereby increasing shareholder's value and benefits for other stakeholders.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

5 REVENUE AND DIRECT COSTS

5.1 Disaggregated revenue and cost information

	For the year ended 31 December 2024			
Segments	Real estate	Contracting	Goods and services	Total
	AED'000	AED'000	AED'000	AED'000
Type of goods or service				
Facility management and maintenance services	-	-	375,043	375,043
Interior architecture	-	25,606	-	25,606
Motor racing services	-	-	64,221	64,221
Sale of goods	-	-	16,570	16,570
Total revenue from contracts with customers	-	25,606	455,834	481,440
Other operating income				
Property rentals	47,312	-	-	47,312
Total revenue	47,312	25,606	455,834	528,752
Timing of revenue recognition				
Goods and services transferred at a point in time	-	-	80,791	80,791
Services transferred over time	-	-	375,043	375,043
Goods and services (bundled) transferred over time	-	25,606	-	25,606
Total revenue from contracts with customers	-	25,606	455,834	481,440
Property rentals	47,312	-	-	47,312
Total revenue	47,312	25,606	455,834	528,752
Direct costs	(17,420)	(31,355)	(377,343)	(426,118)
Gross profit	29,892	(5,749)	78,491	102,634

	For the year ended 31 December 2023			
Segments	Real estate	Contracting	Goods and services	Total
	AED'000	AED'000	AED'000	AED'000
Type of goods or service				
Facility management and maintenance services	-	-	347,720	347,720
Interior architecture	-	43,557	-	43,557
Motor racing services	-	-	57,721	57,721
Sale of goods	-	-	17,175	17,175
Total revenue from contracts with customers	-	43,557	422,616	466,173
Other operating income				
Property rentals	41,836	-	-	41,836
Total revenue	41,836	43,557	422,616	508,009
Timing of revenue recognition				
Goods and services transferred at a point in time	-	-	74,896	74,896
Services transferred over time	-	-	347,720	347,720
Goods and services (bundled) transferred over time	-	43,557	-	43,557
Total revenue from contracts with customers	-	43,557	422,616	466,173
Property rentals	41,836	-	-	41,836
Total revenue	41,836	43,557	422,616	508,009
Direct costs	(22,108)	(34,367)	(347,851)	(404,326)
Gross profit	19,728	9,190	74,765	103,683

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

5 REVENUE AND DIRECT COSTS (CONTINUED)

5.2 Direct costs information

Direct cost includes the following.

	2024 AED'000	2023 AED'000
Staff costs	**205,805**	193,988
Project cost	**194,111**	164,356
Utilities	**13,496**	14,221
Depreciation (note 9.2)	**7,594**	4,604
Others	**5,112**	27,157
	426,118	404,326

5.3 Contract balances

Trade receivables

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

Retention receivable

Retention receivable is 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. Retention receivables serve as guarantees to customers for the proper execution of the contract during and after completion of the projects.

Contract assets

Contract assets represents unbilled revenue arising from the Groups contracting activities which pertains to the Group's right to consideration in exchange for goods or services that it has transferred to the customers. Where payments from customers are received after the associated performance obligations being met and therefore revenue recognised in the profit or loss account, contract assets are recognised. These contracts have remaining performance obligations (unsatisfied or partially unsatisfied) which is expected to be recognised as revenue over the remaining tenor of these contracts. In 2024, allowance for expected credit losses on contract assets was recognised at AED 11.3 million (2023: 3.1 million) (note 16).

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).

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.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

5 REVENUE AND DIRECT COSTS (CONTINUED)

5.4 Performance obligations (continued)

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 or the Group's performance creates or enhances an asset that the customer controls as it's created or creates an asset with no alternative use and the entity has an enforceable right to payment for performance completed to date.Payment is generally due upon submission of payment certificates and acceptance of the same by customers.

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.

6 ADMINISTRATIVE AND GENERAL EXPENSES

	2024 AED'000	2023 AED'000
Staff costs	64,846	41,341
Professional fees and licenses	29,399	19,766
Expected credit loss expense on receivables and contract assets	16,351	4,252
Marketing and advertising expenses	6,907	2,921
Depreciation of property, plant and equipment (note 9.2)	3,817	2,555
Depreciation of right of use assets (note 10)	1,238	1,987
Other expenses	23,336	30,393
	145,894	103,215

7 OTHER INCOME AND OTHER OPERATING INCOME

	2024 AED'000	2023 AED'000
Write back of liabilities / reversal of provision (note a)	3,714	392,815
Foreign exchange gain (note b)	14,395	9,149
Other income	18,109	401,964
Other operating income (note c)	46,634	30,659
Total other income and other operating income	64,743	432,623

7 OTHER INCOME AND OTHER OPERATING INCOME (CONTINUED)

a Write back of liabilities/reversal of provision

For the current year, the write back of liabilities pertain to reversal of provision no longer required. In the prior year, the write back of liabilities in the are mainly related to payables and accruals in relation to completed projects and cancellation of contracts for which management assessed that no settlement will be required against.

b Foreign exchange gain

Foreign exchange gain represents gain on account of overdraft balance held in Egyptian pound

c Other operating income

Other operating income includes the gain on valuation of investments at fair value through profit or loss amounting to AED 0.266 million (note 14).

8 FINANCE COSTS

	2024	2023
	AED'000	AED'000
Interest on bank loans	**28,496**	110,136
Interest expense on lease liabilities (note 10)	**833**	1,079
Others	**2,330**	2,858
	31,659	114,073

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

9 PROPERTY, PLANT AND EQUIPMENT

	Land AED'000	Buildings and leasehold improvements AED'000	Plant and machinery AED'000	Furniture, fixtures and office equipment AED'000	Motor vehicles AED'000	Equipment and tools AED'000	Capital work-in-progress AED'000	Total AED'000
Cost and revaluation:								
At 1 January 2023	251,977	108,664	26,941	85,914	45,249	12,457	7,797	533,999
Additions	-	9,222	109	7,571	1,751	193	332	19,178
Disposals	-	(3,294)	(68)	-	(848)	-	-	(4,210)
Transfer to investment properties (note 11)	(10,136)	-		-	-	-		(10,136)
Write off during the year	-	(11,586)	-	(15,596)	-	-	-	(27,182)
At 31 December 2023	241,841	103,006	26,982	77,889	46,152	12,650	3,129	511,649
Additions		11,915	1,956	7,061	3,388	535	604	25,459
Revaluations (note 21)	132,059							132,059
Disposals	-	-	-	-	(966)	-		(966)
Write off during the year*		(23,111)	(6,365)	(5,382)	(18,507)	(5,211)	(456)	(59,032)
At 31 December 2024	**373,900**	**91,810**	**22,573**	**79,568**	**30,067**	**7,974**	**3,277**	**609,169**
Depreciation:								
At 1 January 2023	-	60,903	25,748	82,942	40,940	11,992	-	222,525
Charge for the year	-	3,578	217	2,207	1,013	144	-	7,159
Disposals		(3,294)	(68)	-	(848)	-		(4,210)
Write off during the year	-	(7,913)	-	(15,596)	-	-	-	(23,509)
At 31 December 2023	-	53,274	25,897	69,553	41,105	12,136	-	201,965
Charge for the year		4,996	544	4,080	1,222	569	-	11,411
Disposals	-			-	(966)	-	-	(966)
Write off during the year*	-	(25,360)	(6,295)	(6,457)	(15,567)	(5,353)	-	(59,032)
At 31 December 2024	-	**32,910**	**20,146**	**67,176**	**25,794**	**7,352**	-	**153,378**
Net carrying amount:								
At 31 December 2024	**373,900**	**58,900**	**2,427**	**12,392**	**4,273**	**622**	**3,277**	**455,791**
At 31 December 2023	241,841	49,732	1,085	8,336	5,047	514	3,129	309,684

*As at 31 December, 2024, AED 59.0 million of property plant and equipment have been fully depreciated

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 Depreciation

Depreciation is allocated in profit or loss as follows:

	2024 AED'000	2023 AED'000
Recoginsed as direct cost (note 5.2)	**7,594**	4,604
Recognised as general and administrative expenses (note 6)	**3,817**	2,555
	11,411	7,159

9.3 Transfer to investment properties

The transfer during the prior year represents a transfer due to change in use as this asset was now held for the purpose of earning rental income with the management intending to lease these out.

9.4 Valuation of land

As of 31 December 2024, the fair value of land is based on valuations performed by an accredited independent registered valuer. A valuation model in accordance with that recommended by the International Valuation Standards Council has been applied.

The 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.

Valuation is performed every 3 to 5 years, however if the land's fair value fluctuates significantly, more frequent revaluations may be needed, to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. In addition, the Group measures land 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

10 LEASES

10.1 Group as lessee

The Group has lease contracts for plots of lands located in Al Qouz and Dubai Investment Park and a factory located in Jebel Ali, UAE used for 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:

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

10 LEASES (CONTINUED)

10.1 Group as lessee (continued)

	AED'000
Cost:	
As at January 1, 2023	24,999
Termination of lease	(596)
As at December 31, 2023	24,403
Lease modification	1,216
As at December 31, 2024	**25,619**
Depreciation:	
At 1 January 2023	14,923
Charge for the year	1,987
Termination of lease	(597)
At 31 December 2023	16,313
Charge for the year	2,189
Lease modification	(7,107)
As at December 31, 2024	**11,395**
Net book value	
As at December 31, 2024	**14,224**
As at December 31, 2023	8,090

Depreciation on right of use asset has been charged to direct cost AED 0.95 million (2023: Nil) and to administrative expenses of AED 1.24 million (2023: 1.9 million).

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

	2024 AED'000	2023 AED'000
Opening balance	11,224	13,122
Interest charge for the year (Note 8)	833	1,079
Payment during the year	(2,763)	(2,977)
Adjustments	5,445	-
	14,739	11,224
Current	2,070	2,245
Non-current	12,669	8,979

The Group does not have lease contracts that contain variable payments

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

10 LEASES (CONTINUED)

10.1 Group as lessee (continued)

	Minimum lease payments due			
	Less than one year AED'000	1 to 5 years AED'000	More than five year AED'000	Total AED'000
As at December 31, 2024				
Lease payments	**2,957**	**10,857**	**5,460**	**19,274**
Finance charges	**(887)**	**(2,995)**	**(653)**	**(4,535)**
Net present value	**2,070**	**7,862**	**4,807**	**14,739**
As at December 31, 2023				
Lease payments	2,918	7,778	1,800	12,496
Finance charges	(673)	(334)	(265)	(1,272)
Net present value	2,245	7,444	1,535	11,224

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 33).

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 16.7 million exercisable within five years.

10.2 Group as lessor

The Group has entered 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 47.0 million (2023: AED 41.8 million).

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.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

11 INVESTMENT PROPERTIES (CONTINUED)

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

	2024 AED'000	2023 AED'000
At 1 January	**2,957,379**	3,163,998
Additions during the year	**559**	1,812
Transfer from property, plant and equipment (note 9)	-	10,136
Transfer to development properties (note 12.2)	**(213,711)**	-
Investments held for sale (note 11.6)	-	(932,960)
Gain on fair valuation (note 11.2)	**166,350**	905,880
Sale of investment properties (note 11.4)	**(690,434)**	(191,487)
At 31 December	**2,220,143**	2,957,379

11.1 Transfer from property, plant, and equipment

During the previous year, the Group has transferred a property from property, plant, and equipment to investment properties upon change in use amounting AED 10.1 million. The transfer represented a transfer due to change in use as this asset was now held for the purpose of earning rental income with the management intending to lease these out.

11.2 Valuation of investment properties

As of 31 December 2024, the fair values of the properties are based on valuations performed by an accredited independent registered valuer. 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 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 2024 and 2023.

The fair values have been determined by taking into consideration the discounted cash flows where the Group 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 Group 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 considering the 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.

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.

11 INVESTMENT PROPERTIES (CONTINUED)

11.2 Valuation of investment properties (continued)

Accordingly, based on the above valuation, gross fair value gains of AED 166.4 million has been recognised in the consolidated statement of profit or loss for the year ended 31 December 2024 *(2023: Gross gain of AED 905.8 million and net gain of AED 505.8 million (note 11.3))*. The Group's Board of Directors have 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 Updates to affection plans with gross floor area

During the year ended 31 December 2023 , the Group had conducted a survey of the Masterplan for Dubai Motorcity (built and non-built area) and submitted formal requests to the concerned regulatory authorities for the issuance of revised affection plans with amended Gross Floor Areas ("GFA") and requesting to repurpose the land usage (in some cases).

After a long journey and constructive negotiation, the Group announced in 2023, a major step forward by achieving a settlement with the regulator. Under such agreement, the amounts payable to "Dubai Land" amounted to AED 400.0 million to be repaid by instalments over a three-year period, and "Dubai land" provided a no objection certificate, allowing the Group to repurpose parts of its Motor City master plan including the Theme Park land. Hence the net gain on valuation of investment properties amounted to AED 505.8 million for the year ended 31 December 2023.

During the year the Group paid to "Dubai land" the amount of AED 194.0 million, resulting in an outstanding payable as at 31 December, 2024 of AED 206.0 million, of which AED 84.0 million has been classified as non-current payables and AED 122.0 million has been classified as current portion (note 27).

This allowed the Group to apply to the zoning authority for a change of usage permit also allowing the Group to develop additional residential zones and/or increased GFA, thereby unlocking further value in Union Properties Motor City master plan, resulting in increased shareholder value.

11.4 Sale of investment properties

During the year, investment properties with a carrying value of AED 690.4 million *(2023: AED 191.4 million)* were disposed of for a total consideration of AED 859.9 million less cost to sell AED 11.0 million *(2023: AED 261.8 million)* resulting in a gain of AED 158.5 million *(2023: AED 70.4 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.

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.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

11 INVESTMENT PROPERTIES (CONTINUED)

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

Income valuation approach (continued)

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 value.

The valuation basis and assumptions used for the valuation of investment properties are consistent with those adopted in 2023. There were no changes to the valuation techniques during the year.

11.6 Investment properties held for sale

Investment properties held for sale represent plots of land intended to be sold in the next 12 months. During the year the Group sold properties amounting to AED 392.0 million. The balance of these properties as at the year-end amounted to AED 540.9 million. (2023: AED 932.9 million)

As at 31 December 2024, the Group determined net realisable value of the investment properties held for sale. The estimates of net realisable values are based on the most reliable evidence available at the reporting date of the amount that the Group is expected to realise from the sale of these properties in its ordinary course of business.

12 INVENTORIES AND DEVELOPMENT PROPERTIES (CONTINUED)

12.1 INVENTORIES

Trading and project related inventories

	2024 AED'000	2023 AED'000
Project related material - gross	**1,194**	2,339
Stock-in-trade	**2,736**	525
Spares and consumables	**1,417**	3,577
Less : provision for slow moving materials	**(589)**	(589)
	4,758	5,852

12.2 Development properties

	2024 AED'000	2023 AED'000
At 1 January	**11,912**	9,892
Addition during the year	**4,905**	2,020
Transfer from Investment properties (note 11)	**213,711**	-
At 31 December	**230,528**	11,912

During the year land included in investment property amounting to AED 213.7 million was transferred to development properties relating to Takaya project.

13 INVESTMENT IN AN ASSOCIATE

	2024 AED'000	2023 AED'000
Movement for the year		
Opening balance	**19,914**	79,327
Share of loss	**(10,771)**	(59,413)
Closing balance	**9,143**	19,914
Profit or loss:		
Share of loss in Properties Investment LLC	**(10,771)**	(59,413)

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:

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

13 INVESTMENT IN AN ASSOCIATE (CONTINUED)

	2024 AED'000	2023 AED'000
Financial position:		
Non-current assets	**239,651**	231,639
Current assets	**317,345**	307,950
Current liabilities	**(526,518)**	(469,810)
Non-current liabilities	-	(3,399)
Equity	**30,478**	66,380
Group's share of equity - 30%	**9,143**	19,914
Financial performance		
Revenue	**14,735**	30,238
Net loss	**(35,902)**	(111,977)
Total comprehensive loss	**(35,902)**	(111,977)

14 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	2024 AED'000	2023 AED'000
Unquoted equity	**965**	699

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

	2024 AED'000	2023 AED'000
At 1 January	**699**	699
Gain of valuation (note 7)	**266**	-
At 31 December	**965**	699

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

15 NON-CURRENT RECEIVABLES

	2024 AED'000	2023 AED'000
Retention receivables	**2,360**	4,322
Property sales receivables	**25,866**	7,253
Desposit receivable	**121**	-
	28,347	11,575

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

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

16 CONTRACT ASSETS

	2024 AED'000	2023 AED'000
Contract work-in-progress	25,180	31,835
Unbilled revenue	4,018	910
Allowance for expected credit losses	(11,369)	(3,170)
	17,829	29,575

17 TRADE AND OTHER RECEIVABLES

	2024 AED'000	2023 AED'000
Financial assets		
Trade receivables	288,289	326,823
Retention receivables	17,181	14,386
Property sales receivables	418,140	100,167
	723,610	441,376
Less: provision for expected credit losses (note 17.1)	(111,776)	(110,002)
	611,834	331,374
Other receivables	73,743	61,976
Total (A)	685,577	393,350
Advances to contractors (note 17.2)	5,614	2,499
Prepayments and advances	20,505	17,958
Total (B)	26,119	20,457
Total (A+B)	711,696	413,807

During the previous year the Group has extended a loan to its associate amounting to AED 3.4 million which is included in the other receivables balance above.

17.1 Provision for allowance for expected credit losses

	2024 AED'000	2023 AED'000
Provision against trade and retention receivables (note 17)	111,776	110,002
Provision against advances to contractors (note 17.2)	92,703	90,592
	204,479	200,594

17.2 Advances to contractors

	2024 AED'000	2023 AED'000
Advances to contractors	98,317	93,091
Less: provision for allowance for expected credit losses	(92,703)	(90,592)
	5,614	2,499

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

18 TRANSACTIONS WITH RELATED PARTIES

The Group, in the normal course of business, enters transactions with other enterprises, and individuals which fall within the definition of a related party contained in IAS 24. Such transactions are on terms and conditions approved by the Group's management and are held at arm's length.

During the previous year the Group has extended a loan to its associate AED 3.4 million which is recognized in the consolidated financial statements carrying an interest of 2.75% + 3 months EIBOR (note 17)

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

	2024 AED'000	2023 AED'000
Salaries and other short term employee benefits	7,057	7,717
Directors' fees during the year	5,000	1,400
Provision towards employees terminal benefits	495	444
Commission	2,976	-

19 CASH AND CASH EQUIVALENTS

	2024 AED'000	2023 AED'000
Cash in hand	1,326	1,054
Cash at banks		
– in deposit accounts held under lien	973	6,904
– in Escrow accounts	31,166	-
– in current accounts	147,748	70,347
	181,213	78,305

Balance held in escrow account represents advance collections from customers that are held with banks authorised by the Real Estate Regulatory Authority ("RERA"), Dubai, United Arab Emirates.

	2024 AED'000	2023 AED'000
Cash and cash equivalents comprise:		
Cash in hand and at banks (excluding deposits under lien and escrow accounts)	149,074	71,401
Bank overdrafts (note 28)	(26,101)	(41,589)
	122,973	29,812

(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

	2024 AED'000	2023 AED'000
Issued and fully paid up at 31 December		
4,289,540,134 *(2023: 4,289,540,134)* shares of par value of AED 1 each	4,289,540	4,289,540

On 31 December 2024, 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 Group. All shares rank equally with regard to the Group's residual assets.

On 31 December 2024, the authorised share capital of the Group is 7 billion shares.

SUBSEQUENT EVENTS

Subsequent to the year-end, the Board has approved calling for the Annual General Assembly Meeting to convene and set its agenda, including the recommendation to obtain a Special Decision, to consider reducing the Company's share capital to extinguish the accumulated losses as of 31 December 2024, subject to the approval of the Shareholders and Securities and Commodities Authority.

21 RESERVES

Statutory reserve

In accordance with the UAE Federal Decree Law No. (32) of 2021 and Articles of Association, 10% of the profit for the year of the public joint stock company and 5% of the profit for the year of each UAE limited liability registered company are transferred to a sf reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid-up share capital of the respective companies. Accordingly, for the year ending 31 December 2024, transfers to the statutory reserve are expected to be made by the individual entities within the Group at the end of the year in line with the aforementioned policy. During the current year, the Group transferred an amount of AED 40.1 million (2023: AED 41.8 million) to statutory reserve.

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.

	2024 AED'000	2023 AED'000
At 1 January	**212,689**	212,689
Gain on revaluation of land (note 9)	**132,059**	-
Income tax expense (note 32)	**(11,885)**	-
At 31 December	**332,863**	212,689

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 Group and for performing services outside the scope of their ordinary activities - refer to note 18.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

23 BASIC AND DILUTED EARNINGS PER SHARE

	2024	2023
Profit attributable to shareholders (AED'000)	**275,639**	837,617
Weighted average number of shares	**4,289,540,134**	4,289,540,134
Basic and diluted earnings per share (AED)	**0.0643**	0.1953

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.

	2024 AED'000	2023 AED'000
At 31 December	575,032	1,207,865
Less: Current portion	(398,672)	(986,930)
Non-current portion	176,360	220,935

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

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

	2024 AED'000	2023 AED'000
At 1 January	1,207,865	822,498
Availed during the year	90,410	101,227
Repayments during the year	(723,243)	(130,943)
Movement due to the loan restructure during the year (refer note i)	-	487,192
Settlement against advances to bank	-	(72,109)
At 31 December	575,032	1,207,865

Bank loans mainly include the following facilities:

(i) During the prior year the Group entered into an agreement with a local bank as per the term sheet signed between the parties. Under this term sheet, the Group will pay a settlement amount of AED 850.0 million in instalments within 9 months as of the date of executing the agreement. During the current year the Group availed an extension on the payment of the last instalment of AED 313.0 million due by 15th March 2025.

(ii) Bills discounting facilities having a balance of AED 31.3 million at year-end (*2023: AED 29.6 million)*.

Securities

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

a. Registered mortgage of lands and investment properties with a fair value of AED 2,652.0 million on 31 December 2024 *(2023: AED 1,856 million)*;
b. Assignment of insurance policies of the mortgaged properties;
c. Assignment of lease proceeds of certain rental units;
d. Corporate guarantees of the Group and certain subsidiaries; and
e. Assignment of receivables;

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

25 CONTRACT LIABILITIES

	2024 AED'000	2023 AED'000
Deferred Income	**42,321**	-
Excess billings over project WIP - current	**-**	23,229
	42,321	23,229

Deferred income 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 whereas the excess billing over payments arises as a result of the Group's contracting activities undertaken during the year.

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.

	2024 AED'000	2023 AED'000
At 1 January	**30,600**	30,630
Provision made during the year	**6,497**	5,542
Payments made during the year	**(4,969)**	(5,572)
At 31 December	**32,128**	30,600

27 TRADE AND OTHER PAYABLES

	2024 AED'000	2023 AED'000
Financial liabilities :		
Trade payables	**208,730**	207,013
Retention payables	**2,080**	2,265
Accruals and deposits payables	**117,077**	93,757
Total	**327,887**	303,035
Non financial liabilities:		
Advances received from customers	**16,893**	10,777
Other payables and accruals	**65,311**	123,234
	82,204	134,011
Total	**410,091**	437,046

Trade payable includes current portion of the amount payable to Dubai Land amounting to AED 122.0 million (note 11.3).

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements

27 TRADE AND OTHER PAYABLES (CONTINUED)

Other payables and accruals include:

	2024 AED'000	2023 AED'000
Provisions and accruals against contracting business	3,248	2,492
Provision for staff related payables	22,163	32,338
VAT payables and other accruals	35,093	29,417
Provisions and accruals for payment to contractors cost	4,807	58,987
	65,311	123,234

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

28 BANK OVERDRAFTS

	2024 AED'000	2023 AED'000
Bank overdrafts	26,101	41,589

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:

- Joint and several guarantees of the Group
- Assignment of certain contract and retention receivables.

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

29 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Company and its subsidiaries	2024 AED'000	2023 AED'000
Commitments:		
Capital commitments	1,865	-
Letters of guarantee	36,930	27,901

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 (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

30 SEGMENT REPORTING (CONTINUED)

	Real estate	Contracting	Goods and services	Investments	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
2024					
Segment revenue	47,312	25,606	455,834	-	528,752
Direct costs	(17,420)	(31,355)	(377,343)	-	(426,118)
Gross profit	29,892	(5,749)	78,491	-	102,634
Administrative and general expenses	(96,894)	(6,412)	(42,588)	-	(145,894)
Other operating income	23,253	9,778	12,510	1,093	46,634
Gain on sale of investment properties	158,472	-	-	-	158,472
Operating profit/(loss)	114,723	(2,383)	48,413	1,093	161,846
Gain on valuation of properties, net	164,380	-	1,970	-	166,350
Share of results of equity accounted investees	-	-	-	(10,771)	(10,771)
Other income	3,714	-	-	14,395	18,109
Finance income	275	-	-	-	275
Finance costs	(18,858)	-	(12,801)	-	(31,659)
Corporate tax	(21,407)	(2)	(5,705)	(1,397)	(28,511)
Profit/(loss) for the year	242,827	(2,385)	31,877	3,320	275,639
Capital expenditure	14,530	564	22,250	-	37,344
Depreciation of property, plant and equipment	2,743	190	8,478	-	11,411
Depreciation of right of use assets	1,239	-	950	-	2,189
Segment assets	3,337,288	36,885	1,031,906	377	4,406,456
Investments in associates	-	-	-	9,143	9,143
Total assets	3,337,288	36,885	1,031,906	9,520	4,415,599
Segment liabilities	344,667	36,112	248,701	595,329	1,224,809
2023					
Segment revenue	41,836	43,557	422,616	-	508,009
Direct costs	(22,108)	(34,367)	(347,851)	-	(404,326)
Gross profit	19,728	9,190	74,765	-	103,683
Administrative and general expenses	(56,323)	(8,245)	(38,632)	(15)	(103,215)
Other operating income	14,087	1,617	14,955	-	30,659
Gain on sale of investment properties	70,416	-	-	-	70,416
Operating profit/(loss)	47,908	2,562	51,088	(15)	101,543
Gain on valuation of properties, net	505,880	-	-	-	505,880
Share of results of equity accounted investees	-	-	-	(59,413)	(59,413)
Other income	392,742	-	-	9,222	401,964
Finance income	1,716	-	-	-	1,716
Finance costs	(99,488)	-	(14,585)	-	(114,073)
Corporate tax	-	-	-	-	-
Profit/(loss) for the year	848,758	2,562	36,503	(50,206)	837,617
Capital expenditure	2,520	71	16,587	-	19,178
Depreciation of property, plant and equipment	-	159	7,000	-	7,159
Depreciation of right of use assets	1,427	-	560	-	1,987
Segment assets	4,104,054	47,208	608,283	293	4,759,838
Investments in associates	-	-	-	19,914	19,914
Total assets	4,104,054	47,208	608,283	20,207	4,779,752
Segment liabilities	1,592,413	40,759	308,967	42,637	1,984,776

Union Properties (P.J.S.C) 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 and cash at banks. Financial liabilities of the Group include trade and other payables, 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:

	Notes	At fair value through profit or loss AED'000	At amorized cost AED'000	Total amount AED'000
31 December 2024				
Financial assets				
Non-current receivables	15	-	28,347	28,347
Investments at fair value through profit or loss	14	965	-	965
Trade and other receivables	17	-	685,577	685,577
Cash in hand and at banks	19	-	181,213	181,213
Total		965	895,137	896,102
Financial liabilities				
Trade and other payables	27	-	327,887	327,887
Bank overdrafts	28	-	26,101	26,101
Bank loans	24	-	575,032	575,032
Lease liabilities	10	-	14,739	14,739
Total		-	943,759	943,759

	Notes	At fair value through profit or loss AED'000	At amorized cost AED'000	Total amount AED'000
31 December 2023				
Financial assets				
Non-current receivables	15	-	11,575	11,575
Investments at fair value through profit or loss	14	699	-	699
Trade and other receivables	17	-	393,350	393,350
Cash in hand and at banks	19	-	78,305	78,305
Total		699	483,230	483,929
Financial liabilities				
Trade and other payables	27	-	413,807	413,807
Bank overdrafts	28	-	41,589	41,589
Bank loans	24	-	1,207,865	1,207,865
Lease liabilities	10	-	11,224	11,224
Total		-	1,674,485	1,674,485

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 1.3 million on profit or loss and equity. A 5% devaluation in the Egyptian Pound against the AED would have the opposite effect.

Union Properties (P.J.S.C) 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	2024 AED'000	2023 AED'000
Non-current receivables (refer note below)	15	**28,347**	11,575
Trade and other receivables (refer note below)	17	**685,577**	393,350
Cash at banks	19	**148,721**	77,251
		862,645	482,176

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:

	Advances to contractors	Retentions receivable	Property sales receivable	Trade and other receivables: Current	Past due: 1-90 days	Past due: 91-365 days	Past due: >365 days	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
31 December 2024								
Expected credit loss rate	94.29%	36.21%	0.00%	0.02%	1.91%	6.34%	77.11%	24.88%
Gross amount	98,317	17,181	418,140	88,296	35,410	31,155	133,428	821,927
Expected credit loss	92,703	6,221	-	14	678	1,976	102,888	204,480
31 December 2023								
Expected credit loss rate	97.32%	50.11%	0.00%	0.00%	4.66%	32.12%	72.47%	37.53%
Gross amount	93,091	14,386	100,167	88,289	86,454	28,367	123,713	534,467
Expected credit loss	90,592	7,209	-	-	4,031	9,112	89,650	200,594

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

	2024 AED'000	2023 AED'000
At 1 January	**200,594**	207,884
Provision for the year	**16,150**	4,252
Amounts written off	**(12,264)**	(11,542)
At 31 December (note 17.1)	**204,480**	200,594

Union Properties (P.J.S.C) 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 amount AED'000	Contractual cash flows AED'000	On demand AED'000	Less than one year AED'000	1 to 5 years AED'000	More than five year AED'000
Financial liabilities							
31 December 2024							
Non-derivative financial instruments instruments							
Trade and other payables	*27*	327,887	327,887	-	327,887	-	-
Bank overdrafts	*28*	26,101	26,101	26,101	-		-
Bank loans	*24*	575,032	626,437	11,312	403,155	169,295	42,675
Lease liabilities	*10*	14,739	19,274	-	2,957	10,857	5,460
Total		**943,759**	**999,699**	**37,413**	**733,999**	**180,152**	**48,135**
31 December 2023							
Non-derivative financial instruments instruments							
Trade and other payables	*27*	303,035	303,035	-	303,035	-	-
Bank overdrafts	*28*	41,589	41,589	41,589	-	-	-
Bank loans	*24*	1,207,865	1,351,141	12,345	918,876	227,984	192,626
Lease liabilities	*10*	11,224	12,496	-	2,918	7,778	1,800
Total		1,563,713	1,708,261	53,934	1,224,829	235,762	194,426

31 FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

The Group is exposed to interest rate risk on short-term bank borrowings and long-term bank loans (refer notes 24 and 28) 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:

	2024 AED'000	2023 AED'000
Bank overdrafts (note 28)	26,101	41,589
Bank loans (note 24)	575,032	1,207,865
	601,133	1,249,454

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.

	100 bp increase AED'000	100 bp decrease AED'000
31 December 2024		
Variable rate instruments	(6,011)	6,011
31 December 2023		
Variable rate instruments	(12,495)	12,495

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.

	Level 1 AED'000	Level 3 AED'000
31 December 2024		
Investments at FVTPL	-	965
31 December 2023		
Investments at FVTPL	-	699

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

31 FINANCIAL INSTRUMENTS (CONTINUED)

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

32 INCOME TAX AND DEFERRED TAX EXPENSE

	2024
For the period from 1st January 2024 to 31-Dec 2024	AED'000
Current income tax:	
Current income tax charge	12,323
Deferred tax	
Relating to origination and reversal of temporary differences	16,188
Income tax expense reported in the consolidated statement of profit or loss	28,511
Relating to origination and reversal of temporary differences through OCI	11,885
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	40,396

Reconciliation of effective tax rate:	2024
	AED'000
Accounting profit before income tax	304,150
Adjustments in respect of Taxable Income subject to 0%*	(1,125)
Unrealiazed gains	(179,867)
Share of results of equity accounted investees	10,771
Non-deductible expenses for tax purposes:	2,989
Taxable profit	136,918
At the effective income tax rate of 9%	12,323

**As per the UAE CT Law, the portion of Taxable Income of the Taxable Person not exceeding AED 375,000 is subject to Corporate Tax at the rate of (0%) zero percent*

The deferred tax liabilities comprises of the following temporary differences:

	2024
Reconciliation of deferred tax liabilities, net:	AED'000
Forex gains - unrealised	15,488
Revaluation gains - unrealised	164,380
Revaluation gains through OCI - unrealised	132,059
At 31 December 2024	311,927
At the effective income tax rate of 9%	28,073

The gross movement on the deferred income tax liabilities is as follows:	2024
	AED'000
At 1 January 2024	-
Tax charge recognised during the year	28,073
At 31 December 2024	28,073

33 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:

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

33 SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

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 31 December 2024, the Group's current accumulated losses reached an amount of AED 1,869.5 million from an issued capital of AED 4,290 million which does not exceed 43.6% of its issued share capital. The Group has generated gross profits of AED 102.6 million (2023: AED 103.6 million) and net profits of AED 275.6 million (2023: AED 837.6 million).

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:

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 output method is the best method in measuring progress of the contracting activities as it directly measures the value of goods and services transferred to the customer to date relative to the remaining goods or services promised under the contract. The Group recognises revenue on the basis of direct measurements of the value transferred to the customer (i.e., surveys of performance completed to date, units produced or delivered, or contract milestones) relative to the total value of goods and services promised under the contract.

Union Properties (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements (continued)

33 SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

Significant influence over an associate

The Group concluded that it has significant influence over Properties Investments LLC, an associate. The Group holds 30% shareholding in the associate and is represented on its Board. 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 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 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.

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.

33 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

The Group's management reviews the held for sale properties 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 2024 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 of 31 December 2024 and 2023 for the investment properties and at 31 December 2024 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.

33 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.

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 SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimates and assumptions (continued)

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.

34 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.

Scan Now

UP Profile

Takaya Registration

SERVEU

DUBAI AUTODROME

THE FITOUT

EDACOM

GMAMCO

UPTOWN MIRDIFF

الاتحاد العقـــارية
Union Properties

ESG Report 2024

Table of Content


THE RITZ-CARLTON

CEO & Board Member, Eng. Amer Khansaheb's Message

The year 2024 marked a pivotal year for Union Properties (UP) and its subsidiaries. As we overcame legacy challenges and chartered our growth story, we went through a lot of inward reflection to determine what course to set for ourselves. It gives me great pride to experience the alignment of the organization at all levels behind key moral values that we want reflected in how we do business, and how we impact our surroundings.

The outcome of this reflection can be witnessed in the design of our new projects. As we incorporate high standard specifications, utilising the latest innovations, to reduce the utility consumption of our buildings, and to support other industries' sustainability efforts, such as by enabling EV chargers in the carparking of our projects. The project designs also prioritize enabling its residents to fulfil their ambition in leading a healthy and productive life. Moving forward, our approach to future developments will continue to focus on utilizing the latest technologies and innovations to positively impact the environment and enhance the wellbeing of society.

Looking inward, we continue to evaluate our internal process, seeking opportunities for improvement in governance, and customer experience. We also take great pride in fostering a work environment that values diversity, inclusivity, and equity, knowing that these pillars are essential catalysts for innovation and development.

Looking ahead, Union Properties and its subsidiaries will continue to integrate these values into every aspect of our ESG strategy, ensuring they remain a cornerstone of our operations and decision-making processes. Our strategic vision is to not only meet but exceed stakeholder expectations, positioning ourselves as a leader in shaping a more sustainable and equitable future for everyone.

Sincerely,

Eng. Amer Khansaheb

CEO & Board Member

Executive Summary

Union Properties stands as a leader in sustainable real estate development in Dubai. Our 2024 ESG Report is a testament to our commitment to environmental stewardship, social responsibility, and exemplary governance.

We focus on elevating our customers' quality of life by delivering high-quality conditions and a diverse range of exceptional services, all while adhering to global standards and best practices. A prime example of our sustainability drive is the ongoing infrastructure upgrades in Motor City and Uptown Mirdif, aimed at enhancing green spaces, reducing power consumption, and improving pedestrian and cycling infrastructure, thereby contributing to a reduced carbon footprint and a superior living experience.

Our latest launched project, Takaya, is a prime example of these principles in action. Valued at AED1.6 billion, this mixed-use development aims to be a model of urban sustainability within the Dubai Motor City landscape. Offering 788 residential and commercial units, Takaya marks our dedication to eco-friendly construction methods and modern urban living needs.

Our journey is defined by a steadfast dedication to creating legacies that enrich communities and contribute positively to our environment and society.

Board of Directors Oversight

The Board of Directors plays a pivotal role in setting standards and principles for internal control, providing objective and independent advice. This approach fosters an environment conducive to internal control that aligns with the Board's expectations and enhances the effectiveness of key committees, including the Audit, Risk & Compliance Committee, and the Executive Committee. Additionally, the Internal Audit Department operates under a Charter, endorsed by the relevant committees and the Board, with a consistent focus on ESG considerations.

Mr. Mohamed Fardan Ali Al Fardan
Chairman

Mr. Abdul Wahab Al-Halabi
Vice Chairman

Eng. Amer Abdulaziz Hussain Khansaheb
Chief Executive Officer & Board Member

Mr. Abdulrahman Sharaf
Board Member

Mr. Saif Al Serkal
Board Member

Mr. Darwish Abdulla Darwish Ahmed Al Ketbi
Board Member

Ms. Afaf Al Kontar
Board Member

Company Values

At the heart of our company are four core values. These values collectively shape our identity, drive our decisions, and inspire us to continually strive for greatness.

Nurturing Growth & Committed to Care: Our people are the heart of our organization. By prioritizing their well-being, fostering growth, and providing meaningful career paths, we create a workplace where individuals can thrive, innovate, and contribute to the ongoing success of our company.

Our Relationships: At the core of our interactions, integrity is our cornerstone, ensuring honesty and ethical conduct. Our commitment to reliability fosters trust, while transparency in communication promotes openness and clarity. United by pride in what we do, we build a foundation of collective accomplishment and dedication to excellence in our pursuits.

Ethical Practices for Positive Impact: We actively engage in ethical and responsible practices that positively impact the well-being of the communities we serve. We believe in conducting ourselves with integrity, fostering positive change, and contributing to a sustainable and thriving society

Excellence & Commitment: We dedicate ourselves to maintaining high standards, ensuring that every task reflects our unwavering commitment to quality.

Innovation & Determination: We encourage creativity and resilience in the face of challenges. This commitment drives us to explore new possibilities and find inventive solutions.

Mission:
Our mission is to realize ambitions by delivering diverse high-quality projects, enhancing our performance with cutting-edge design, technology and management to create dynamic investment opportunities for sustainable growth in the UAE.

Vision:
Our vision is to provide best-in-class opportunities in the UAE real estate sector, empowering our customers to fulfill their ambitions.

Company Overview

For over thirty years, Union Properties has been a significant contributor to Dubai's dynamic development landscape. Starting as a visionary enterprise, we have grown to become a key player in shaping the skyline and communities of Dubai. Our ethos, deeply rooted in the ethos of the city itself, transcends conventional construction, which is about creating sustainable, vibrant communities where quality of life is paramount.

In 2024, this ethos has evolved to meet the challenges and opportunities of a rapidly changing world. We are not just constructing buildings; we are crafting environments that are resilient, sustainable, and in harmony with the natural world. Our projects now are more than just physical structures; they embody our commitment to innovation, sustainability, and customer-centric development.

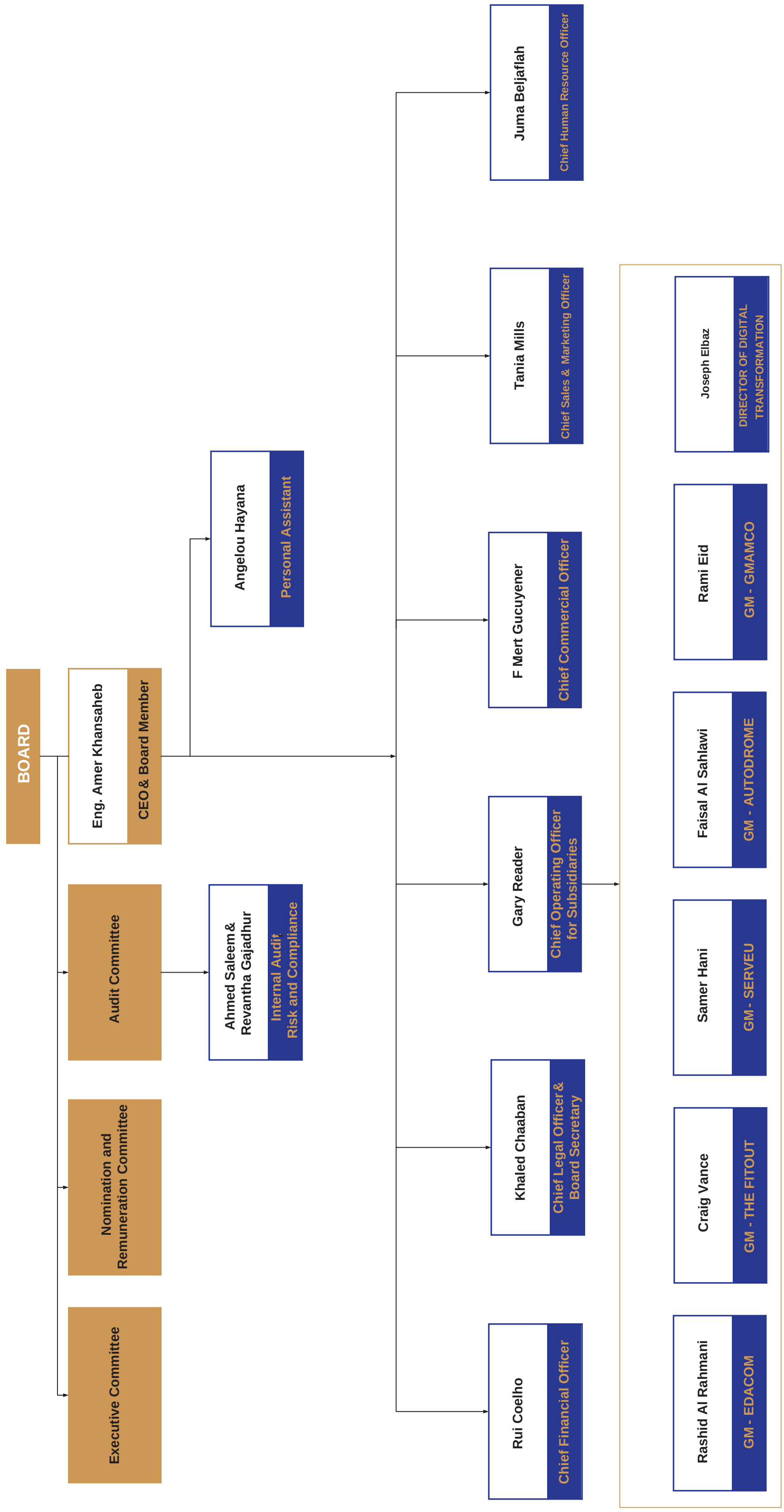
Our growth journey has been marked by a keen awareness of our environmental responsibilities. We have embraced green technologies and sustainable practices not as an option, but as a fundamental aspect of our business model. This commitment is visible in every project we undertake, each one a testimony to our dedication to sustainable development and a better future.

As we look forward, we are excited by the possibilities that the future holds. We are committed to continuing our journey of growth, innovation, and sustainability, striving to create not just buildings, but legacies that enrich communities and contribute positively to the environment and society.

Our People & Culture

Our people embody a set of core values that define our organization. Grounded in trust, experience, and pride in heritage, our diverse team thrives on innovation, future focus, and unity. Transparency is a key element in our communication, and our people share a limitless ambition that drives us to new heights. Together, these qualities drive us toward collective success and a sustainable future.

Corporate Organisation Chart



Our Operations

As visionaries in Dubai and the UAE, we maintain our position through landmark real estate ventures and the operational excellence of our subsidiaries. Dubai Autodrome, ServeU, The Fitout, Edacom and Gmamco each play integral roles in driving our success forward.

UNION PROPERTIES MASTER DEVELOPER

- SERVEU
- DUBAI AUTODROME
- THE FITOUT
- EDACOM
- GMAMCO

Union Properties at a Glance

In 2024, our notable achievements underscored our unwavering dedication to ESG principles.

Installed over 5,000 solar panels, generating 5,638,804.34 kWh and feeding 447,413,750 kWh back to the grid, resulting in AED 900,000 in energy cost savings.

Launched an innovative project, Takaya in Motor City, blending modern living with natural serenity, marking a milestone in shaping the future of real estate.

CEO, Eng. Amer Khansaheb was named one of Forbes Middle East's 'The 100 Most Impactful Real Estate Leaders of 2024.

ServeU achieved significant progress in its paperless transition leading to a 39% decrease despite increased demand from new projects.

Expanded its workforce to 8,506 employees, representing 48 nationalities.

CEO, Eng. Amer Khansaheb was ranked 24th in Construction Business News ME's Top 100 Construction Giants.

Planted 77 Palm trees, 625 Ornamental trees, 158 Olive trees and 20,439 Shrubs in various UAE locations.

Awarded as the 'Real Estate Developer of the Year' at the Construction Innovation Awards 2024.

CEO, Eng. Amer Khansaheb was named among the 30 Real Estate Leaders Bringing Massive Transformation to the Gulf's Realty Sector.

Securely shredded 3,750 kg of paper and recycled 22,000 kg of metal scrap, reducing the need for virgin materials, conserving energy and cutting greenhouse gas emissions.

Proudly received the esteemed title of 'Most Influential Real Estate Thought Leader' at the UAE Realty Awards 2024.

ServeU holds essential ISO certifications, including ISO 9001, ISO 14001, ISO 45001, ISO 41001, ISO 30401, ISO 22301, and ISO 50001.

Reduced emissions by 25% compared to 2020, cutting 3,903.34 tons and achieving cumulative savings of approximately AED 5.3 Million over 5 years.

CEO, Eng. Amer Khansaheb was awarded "CEO of the Year" at the GCC Gov HR & Youth Awards 2024.

The Fitout upholds ISO 9001, ISO 14001, and ISO 45001 certifications and has completed its 2024 surveillance audit without non-conformities. It also holds FSC certification, emphasizing sustainable material sourcing.

Launched Edacom mobile and web app offering e-services such as move-in/move-out, access cards, work permits, fit-out NOC, facility booking, and online payments.

CHRO, Juma Beljaflah was recognized as one of the top pioneering CHROs in 2024 for driving employee engagement and organizational success through employee-centric initiatives.

Edacom achieved ISO 9001, ISO 14001, and ISO 45001 certifications, underscoring its commitment to quality and environmental management.

Upgraded drainage systems, installed dewatering systems and enhanced stormwater management to prevent flooding, improve water flow.

During the "A Guide for Residential Communities" ceremony organized by Dubai Police, Edacom and ServeU were honored for their impactful contributions to the community, with 8 out of 10 certificates awarded to both companies.

Six staff members from Edacom have earned the RERA M100 Certification, demonstrating continued excellence in development & learning.

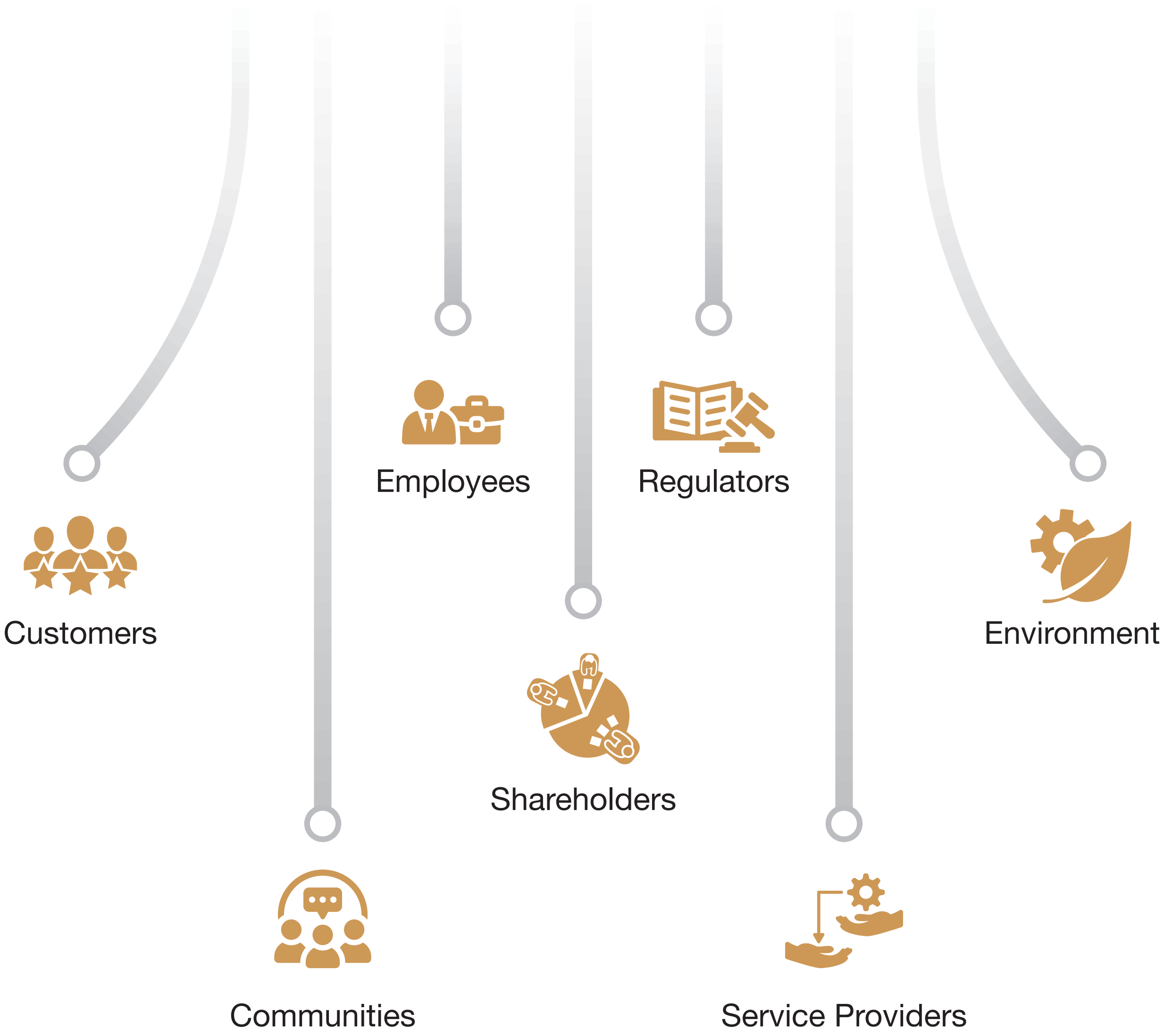
Participated in Earth Hour by switching off lights at its facilities and client locations, saving 5,605.12 kWh of energy.

Edacom's GM, Mr. Rashid Al Rahmani was awarded during Durub Al Atta by H.E. Abdulla Mohammed Busenad for his exceptional leadership and his team's contributions in fostering creativity and positively impacting the community.

Launched an NFC-Powered Smart Asset Tagging solution, integrated with Microsoft Dynamics 365, improving asset management efficiency and reducing tracking time by 30%.

Stakeholders

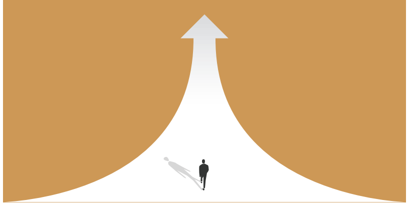
Our stakeholders are the cornerstone of our business. We understand that internal and external stakeholders are equally important and interdependent. This includes our customers, communities, employees, shareholders, regulators, service providers, and the environment. By aligning our objectives with the expectations of our stakeholders, we ensure that our business operations not only fulfil their immediate needs but also contribute positively to broader societal and environmental goals.



ESG Principles & Goals

To solidify our position as a leader in the real estate sector and to drive sustainable growth, we have outlined a clear set of ESG principles and goals:

Leadership in the Emirates



Our goal is to be recognized as the leading local real estate group in the Emirates, offering a breadth and depth of services unmatched in the industry.

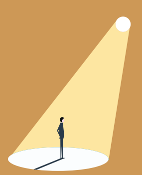
State-of-the-Art Integrated Communities

We are committed to developing unrivalled, state-of-the-art integrated communities across Dubai, focusing on innovative design and sustainability.

Best-in-Class Services

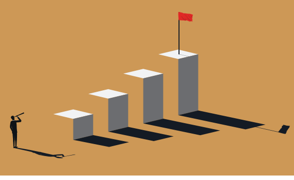
We aim to offer best-in-class services and experiences across our managed communities, ensuring superior quality and customer satisfaction.

Talent Development



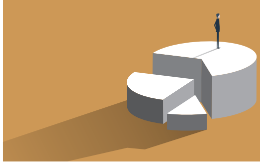
Attracting and retaining top talent is crucial for our growth and success.
We are dedicated to creating a work environment that fosters professional development and innovation.

Scale and Positioned for Growth



Focus on Return on Assets (ROA) and Return on Capital Employed (ROCE) to ensure sustainable growth and profitability.

Sustainable Practices



Implement sustainable practices to increase Return on Equity (ROE) and Earnings Per Share (EPS), with the aim to consistently declare dividends.

Leverage Subsidiary Portfolio

Utilize our subsidiary portfolio to strengthen our Liquidity Ratio and optimize the Debt-Assets Ratio, ensuring financial stability and resilience.

Our People

Invest in our workforce to improve our Cost Efficiency Ratio, fostering a culture of efficiency and productivity.

Our Focus

Our vision extends beyond current market demands, aiming to foresee and shape the real estate landscape of the future. As we navigate through our fourth decade, our zest for innovation and relevance to our stakeholders remains as vital as it was at our inception. Our forward-thinking approach positions us as a trendsetter in the industry.

Embracing the challenges of climate change, as highlighted by our CEO & Board Member, Eng. Amer Khansaheb, we are committed to sustainable development and climate-resilient solutions. This commitment is not just about building durable structures; it is about rethinking our approach to real estate in the face of environmental changes. We are integrating advanced technologies and resilient designs to create properties that are not only sustainable but also adaptable to the evolving climate.

Our focus on developing sustainable cities directly addresses global concerns like carbon emissions, energy efficiency, and water conservation. These efforts are crucial for creating environments that enhance the quality of life and foster community well-being.

Our Journey

In our journey towards sustainability and excellence, we continue to align our practices with the UAE's visionary initiatives, particularly emphasizing the Dubai 2040 Urban Master Plan and the UAE Green Agenda 2015-2030. Governed by the regulations of the Dubai Financial Services Authority (DFSA) and the Dubai International Financial Centre (DIFC), our governance framework is evolving to incorporate these ambitious sustainability goals.

The Dubai 2040 Urban Master Plan, a blueprint for sustainable urban development, resonates with our vision for environmental stewardship and quality living. This plan's focus on green spaces and sustainable urban growth mirrors our commitment to integrating similar principles in our development projects.

Complementing this is our alignment with the UAE Green Agenda 2015-2030, guiding us in integrating sustainable practices and clean energy solutions. This agenda underpins our strategy in promoting sustainable lifestyles and fostering green growth, aligning with global sustainability standards.

Recycling and Waste Management: By 2040, we aim to establish smart recycling stations throughout these communities, contributing to a circular economy.

Energy Efficiency: Our vision includes retrofitting projects with BMS & Energy management systems, water sensor faucets, light sensors, and widespread installation of solar panels to promote energy efficiency and renewable energy adoption.

Green Initiatives: We plan to enhance greenery and create shaded areas to improve environmental comfort while planting the seeds for a sustainable future.

Sustainable Agriculture and Recreation: Our strategy includes polytunnels, recreational facilities, public parks and programs to promote active and healthy lifestyles.

Educational and Health Initiatives: We are committed to fostering community well-being through educational opportunities, health check-ups, and blood drives.

Safety Education and Compliance: We will continue to enhance safety education and compliance mechanisms for the benefit of our communities.

Optimized Building Operations: Our vision includes the integration of advanced systems for efficient building operations.

Our Takaya project, exemplifies our commitment to these sustainability principles, blending growth with environmental consciousness. This project is a milestone in our journey, reflecting our dedication to the UAE's vision of sustainable development.

As we progress towards these ambitious goals, we remain dedicated to transparency, accountability, and continuous improvement in our pursuit of sustainable development. Our journey is marked not just by adherence to regulations but by our active role in contributing to the UAE's transformative sustainability vision. We are committed to being a responsible, forward-thinking organization, contributing to a sustainable future.

Responding to Market Trends

We recognize the importance of adapting to the evolving real estate landscape, influenced by customer preferences and technological advancements. Our strategies include significant infrastructure upgrades focusing on sustainability, such as those in Motor City, and a shift towards customer-centric initiatives that align with the global trend of increased sustainability awareness. These efforts reflect our commitment to staying ahead in a rapidly changing market by providing solutions that meet the current and future needs of our clients.

ENVIRONMENT

Our dedication to environmental stewardship is a cornerstone of our operations. In alignment with the Dubai 2040 Urban Master Plan, we are unwavering in our commitment to creating developments that harmonize with nature, optimize resource use, and minimize environmental impact. This commitment extends across various aspects, including renewable energy, sustainable material sourcing, and urban forestation. Each initiative stands as a testament to our resolve to create eco-friendly and resilient communities.

Energy Savings & GHG Emissions

Our sustainability strategy is deeply rooted in our commitment to renewable and alternative energy, with several key initiatives underway across the group. We're harnessing solar energy in our developments, significantly cutting down on traditional energy dependency and affirming our pledge to clean energy. Our construction approach prioritizes energy efficiency through natural lighting, enhanced insulation, and intelligent systems, yielding properties that are both sustainable and cost-effective.

In 2024, Dubai Autodrome continued to make significant strides in sustainable energy usage by fully operationalizing its solar panels across both the Dubai Autodrome and Dubai Kartdrome venues. This initiative saw the completion of over 5,000 solar panels, which collectively generated a remarkable 5,638,804.34 Kilowatt-Hours of power. Demonstrating a commitment to not just self-sufficiency but also community contribution, Dubai Autodrome fed 447,413,750 Kilowatt-Hours back into the public electricity system, aiding in the power supply across various neighbourhoods in the Emirate.

This shift towards renewable energy sources has yielded substantial financial benefits. For the year 2024, Dubai Autodrome achieved energy cost savings of approximately AED 900,000.

DUBAI AUTODROME

SOLAR ENERGY FIGURES 2024

ENERGY PRODUCED (kWh)	5,638,804.34
CO2 AVOIDED/YEAR	3,677.66 Metric Tons
CARS REMOVED/YEAR	780.82
SMART PHONES CHARGED	447,413,750

Up A subsidiary of Union Properties

Energy Management Edacom

As part of our sustainability program, we began our initial efforts at Motor City in 2020 to reduce energy consumption. In 2024, as part of its ongoing energy management program, Edacom implemented several significant initiatives to further reduce energy consumption and enhance overall energy efficiency. These measures have been carefully designed to optimize energy use across all facilities and contribute to the company's sustainability objectives.

Our effort

1. **BMS Upgrades and Delta T:**

This initiative focuses on upgrading and enhancing the Building Management System (BMS) and Delta T to improve energy management and operational efficiency. As part of the project, BTU sensors have been installed at various chilled water network headers across different floors to collect data. This data is analyzed to optimize the operation of the chilled water system, ensuring it runs under optimal or on-demand conditions. The goal is to achieve efficient and sustainable operations, meeting the targeted Delta T parameters, while also reducing energy consumption and promoting conservation.

The project will eventually be expanded across all buildings, ensuring that the entire system benefits from enhanced monitoring and data-driven insights. This proactive approach will further optimize energy usage and contribute to Edacom's ongoing commitment to improving sustainability and operational performance across its assets.

2. **LED Adoption:** In line with its commitment to reducing its carbon footprint, Edacom continues to transition to energy-efficient LED lighting across all its premises. LEDs consume significantly less power compared to traditional incandescent or fluorescent lights and have a longer lifespan, further reducing energy consumption and maintenance costs.

3. **FAHU Upgrades:** In line with sustainability and energy management practices, Edacom is in process of completing a mock-up, which includes the replacement of heat recovery wheels and the transformation of FAHU operations to an on-demand control system, utilizing the latest technology in VFD/Control unit components.

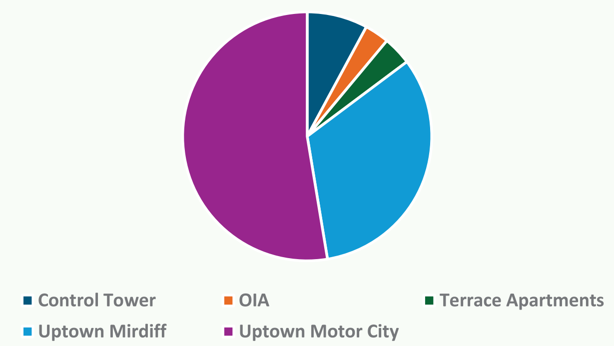
4. **Additional Initiatives:** In addition to these primary measures, Edacom is exploring other innovative strategies to further improve energy management. This includes the installation of smart meters for improved energy monitoring, optimizing building insulation to reduce heating and cooling needs, and conducting energy audits to identify additional areas for improvement.

These actions are part of Edacom's broader commitment to sustainability, aiming at not only reducing operational costs but also contributing to environmental stewardship by lowering the company's overall carbon emissions. By integrating these energy-saving technologies and practices, Edacom is paving the way for a more sustainable, energy-efficient future.

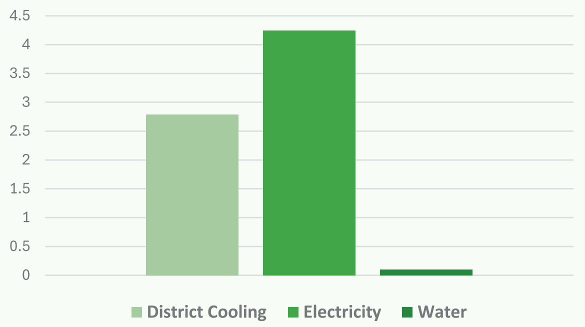
UP Assets Overall Energy Management Dashboard

Baseline Emissions (Kgs)	Actual Emissions (Kgs)	Emissions Reduction (Kgs)	Emissions Reduction (%)
25.79 Millions	18.58 Millions	7.13 Millions	27.70%

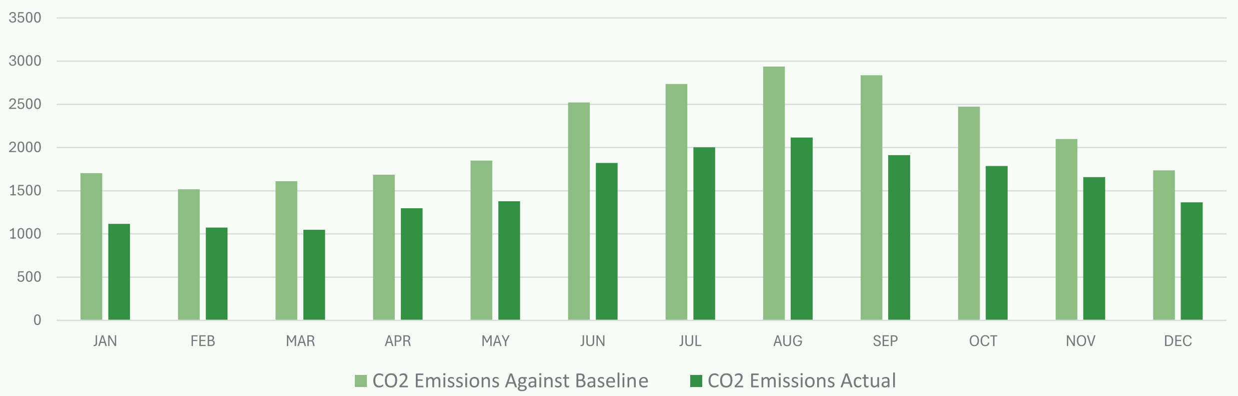
Emissions Reduction Breakdown By Project



2024 Actual Emissions Reduction By Utility
In Million Kgs



CO2 Emissions 2024 Actual Vs Baseline



Number of trees saved due to emissions reduction against baseline

324,090 Trees

Equivinalnt Smart Phones charged based on Carbon Emissions Savings against Baseline

1.6 Billions Phones

serveU

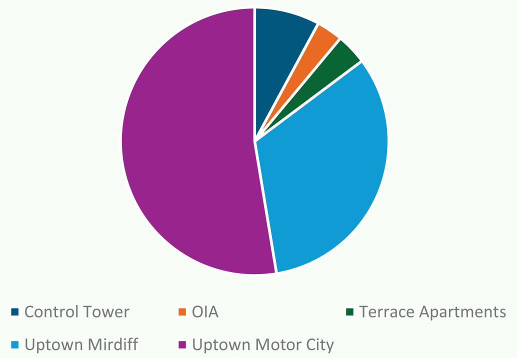
SERVEU ENERGY

EDACOM

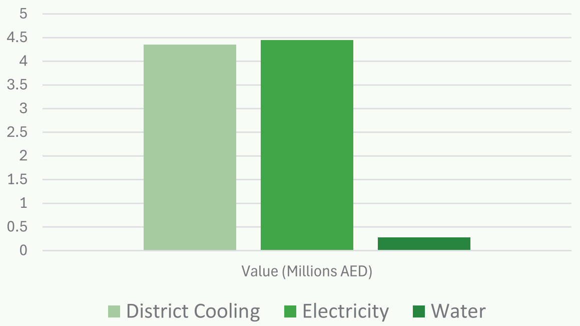
UP Assets Overall Energy Management Dashboard

Baseline Cost (AED)	Actual Cost (AED)	Cost Reduction (Kgs)	Cost Reduction (%)
34.73 Millions	24.99 Millions	9.08 Millions	25.50%

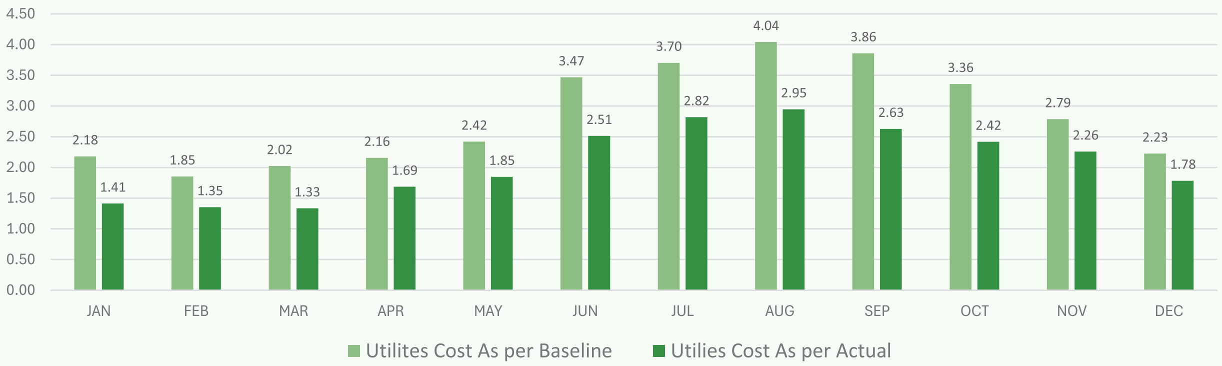
Utilities Cost Reduction Breakdown By Project



2024 Actual Cost Reduction By Utility
In Million AED



Utilies Cost (2024 Actual Vs Baseline)
In Million AED



Installation of Solar Panel at ServeU and The Fitout

ServeU and The Fitout, as subsidiaries of Union Properties, jointly manage and share a common portfolio of building operations. As part of the company's broader strategy to adopt sustainable practices and reduce its environmental impact, management has decided to install solar panels on the roof of the building in 2025. This solar energy initiative will help decrease the facility's reliance on traditional power sources by harnessing renewable energy. By integrating solar panels, the company not only aims to reduce its energy costs but also seeks to make a positive contribution to environmental conservation. This move aligns with the commitment to global sustainability trends, reducing its carbon footprint, and fostering cleaner, more energy-efficient business models.

Furthermore, the energy generated by the solar panels will be used to power both the joinery machinery and office spaces, reinforcing the company's dedication to renewable energy and environmental stewardship. Over time, this investment in solar energy will deliver long-term operational cost savings while advancing the company's corporate social responsibility (CSR) objectives, positioning it as a forward-thinking and environmentally responsible organization.

This new initiative, will significantly reduce our reliance on conventional energy sources, thereby reducing the CO2 emissions associated with our operations. By shifting to renewable energy generated by solar panels, we aim to decrease the amount of electricity sourced from the grid, which will directly reduce our carbon footprint.

Sustainable Material & Purchasing

Our approach to sustainability extends beyond energy efficiency and into the materials and procurement processes we employ. We are committed to a comprehensive green procurement plan that ensures sustainability is woven into every aspect of our operations.

We have developed a green procurement strategy that involves close collaboration with our clients, ensuring that our projects adhere to the highest standards of environmental responsibility. This strategy is not just about fulfilling contractual obligations; it is about leading the way in sustainable development practices.

An example of our commitment is evident at ServeU, one of our key subsidiaries. In 2024, ServeU continued a significant initiative to replace units containing R22 refrigerant gas with environmentally friendly alternatives such as R32, R1343A, and R410 refrigerants. Additionally, a refrigerant gas recovery mechanism was implemented to reduce emissions during maintenance works. This not only aligned with global environmental standards and local authority guidelines but also demonstrated our proactive approach to reducing our ecological footprint.

Our dedication to sustainability is further exemplified in our joinery operations. The Fitout, another subsidiary, is committed to using green materials and eco-friendly practices. This includes sourcing sustainable timber and other materials that meet environmental standards, ensuring that our constructions are not only aesthetically pleasing but also environmentally sound.

When selecting suppliers and materials, we consider the entire lifecycle impact of products. This includes analysing the sourcing, usage, and end-of-life disposal to ensure that every aspect of our supply chain contributes to our sustainability goals.

We invest in training our procurement teams and stakeholders in sustainable purchasing practices. This ensures that everyone involved in our procurement processes is aware of our sustainability goals and is equipped to make decisions that align with these objectives.

Adding to our sustainable practices, Gmamco's adoption of advanced technologies has led to significant energy savings and a reduction in CO_2 emissions. By transitioning to more energy-efficient processes, we have achieved a notable decrease in our carbon footprint. This strategic move reflects our commitment to not only enhance operational efficiency but also to contribute proactively to our sustainability targets.

Moving forward, we are exploring further opportunities to expand our sustainable procurement practices. This includes forming more partnerships with suppliers who are leaders in sustainability and integrating innovative technologies to track and ensure the sustainability of our supply chain.

Paperless Process Implementation

In 2024, ServeU, a subsidiary of Union Properties, continued its paperless transition project, targeting a 75% reduction in paper usage. Based on paper ream consumption data, the first half of the year saw a significant reduction, with the largest drop of 39%, reflecting the impact of digitalization efforts. However, from August to December, paper usage increased due to new projects and additional locations, leading to higher operational demands. Despite this, the overall trend demonstrates ongoing progress in resource efficiency. Future initiatives will further enhance digital integration to minimize paper dependency.

Urban Forestation

Strong emphasis is placed on environmental sustainability, particularly through the integration of urban forestry in existing communities and future developments. Advanced landscaping initiatives are underway to enhance the green spaces within current communities, contributing to an improved environmental quality and aesthetic.


Certificate SGSCH-COC-610016
The Organization
The FITOUT LLC
FSC™ Chain-of-Custody
SGS

This commitment is deepened with a focus on sustainable practices from the planning stage. Central to this is the use of timber sourced in compliance with Forest Stewardship Council (FSC) standards, ensuring responsible forest management and sustainability in construction materials. This approach not only adheres to environmental stewardship but also aligns with our goal of enhancing community well-being and ecological health in every aspect of our developments.

In 2024 ServeU's commitment to environmental sustainability, made significant strides in enhancing green spaces and managing waste responsibly. The team successfully planted 77 Palm trees, 625 Ornamental trees, 158 Olive trees and 20,439 Shrubs enhancing the aesthetics and environmental quality of urban areas. These trees not only beautify the surroundings but also contribute to air purification.

In addition to the above achievements, ServeU has implemented a tree planting initiative focused on selecting long-lasting tree species to avoid the need for frequent replacements. Instead of planting short-lifespan trees, such as Cordia Sebestia trees we have opted for trees like the Tabebuia Rosea and Hibiscus Tiliaceus which have a longer lifespan. This approach not only reduces the effort and costs associated with frequent tree replacements, but also contributes to greater environmental sustainability as the long-lasting trees help improve air quality, provide shade and support urban biodiversity over an extended period.

Sustainable Nursery

ServeU has launched a sustainable nursery to promote biodiversity and environmental stewardship. Focused on drought-tolerant, pollinator-friendly native plants, the nursery aims to restore ecological balance and enhance green spaces. Designed with sustainability at its core, it will utilize organic farming practices and renewable resources to minimize waste.

Additionally, ServeU has engaged in communities through workshops and educational campaigns to raise awareness about sustainable landscaping and its benefits. While challenges like erratic supply chains for temporary plants persist, ServeU remains committed to delivering eco-friendly and high-quality landscaping solutions.

Waste Management & Recycling

In 2024, ServeU, in collaboration with Endosherd, securely shredded and disposed of 3,750 kg of paper, ensuring the confidentiality of sensitive documents. ServeU also implemented a recycling plan for metal waste, leading to the proper segregation and disposal of 22,000 kg of metal scrap which was managed through our waste management supply chain. This effort not only contributed to organizing workspaces, but also played a vital role in resource conservation. By recycling this substantial amount of metal, ServeU effectively reduced the need for raw material extraction, conserving energy, and reducing greenhouse gas emissions.

In a parallel effort, The Fitout's approach to waste management shows their commitment to environmental sustainability. Central to their operations is a robust waste management system, emphasizing waste prevention, reduction, reuse, and recycling. This system is augmented by comprehensive waste tracking and documentation, ensuring that environmental protection is maintained throughout every stage of operation.


ENDOSHRED

CERTIFICATE OF DESTRUCTION

CUSTOMER NAME: SERVEU (L.L.C)

SERVICE LOCATION: Umm Ramool, Dubai, UAE

SERVICE ORDER NO: SO/0224/0688

This is to certify that EndoShred successfully shredded and destroyed beyond recognition all of customer's confidential materials and data on-site, details are below. All of the shredded materials will either be recycled or safely disposed in compliance with the UAE Government laws and regulations.

The collected materials were never manipulated or otherwise modified prior to them being shredded.

Vehicle No: S - 63712

Service Date(s): Monday, 5th of February 2024

Shredding Description: On-site Secure Shredding Service of confidential documents

- Total Weight of Shredded Materials: 3,750 kgs.

EndoShred extends warm congratulations to your team for taking this step towards contributing to a greener future.

Thank you for Your Business.

P.O. Box 52139 DUBAI - U.A.E.

5 February 2024 — DATE

Rijo Ealias, CEO, Head of Business & Strategy — SIGNATURE

"Shredding for security, Recycling for the Future"

P.O. Box 214743, Dubai - UAE | T: +971-4-431 0337 | E: mail@endoshred.com | www.endoshred.com

Company-Specific Initiatives

Sustainable Wood Waste Recycling

The Fitout's robust waste management system focuses on preventing, reducing, reusing, and recycling waste. Wood powder generated in the factory is repurposed as bedding for poultry farms, later processed into green fertilizers, creating a circular economy. By utilizing 250-300 tons of wood powder annually, this initiative reduces environmental impact, supports sustainable agriculture, and promotes waste recycling.

Sustainable Furniture Donation Initiative

Edacom's initiative focuses on collaborating with housekeeping companies to collect used furniture from households. Reusable furniture is donated to charitable causes, aligning with Dubai's zero-waste strategy. This practice reduces landfill waste, extends furniture lifecycles, and supports social welfare by providing valuable items to those in need. Edacom's efforts contribute to a sustainable circular economy while supporting Dubai's environmental and social goals.

Reduction in Electrical and Water Consumption

Edacom's commitment to sustainability is evident in its successful reduction of electricity, water and district cooling consumption. In 2024 alone, the company achieved a remarkable 27.7% reduction in emissions compared to 2020, equivalent to 7.13 million kilograms.

Over a 3-year span, Edacom's efforts have cumulatively led to a remarkable reduction of 22 million kilograms of emissions, translating into a financial saving of AED 17.48 Million.

Implementation of Online e-Service Modules

As part of its commitment to sustainability, Edacom has embraced digital transformation by implementing advanced online e-service modules, fostering a paperless management environment. This strategic move empowers community members to efficiently manage service requests, track progress, access property details, communicate, and make online payments. This initiative significantly reduces paper usage and minimizes the need for physical office visits, aligning with Edacom's environmental objectives.

Launch of EDACOM Mobile and Web App

Edacom, has also launched a new mobile and web app as part of its commitment to improving the community experience. The app offers a range of e-services, including move-in / move-out requests, access cards, work permits, fit-out NOCs, facility bookings and a happiness centre, in addition to online payments and financial statements.

Enhancements in Motor City

Edacom has been progressing with upgrading the Centralized Chilled Water (CHW) insulations in various buildings within Motor City. This ongoing project plays a key role in enhancing energy efficiency and driving down utility costs for residents. Through these continuous investments in energy-efficient solutions, Edacom is helping to pave the way for a greener future in Motor City.

Stormwater Project

Enhancing assets and portfolios over time is crucial for ensuring the comfort and safety of residents in the community. Edacom places great emphasis on customer satisfaction and is dedicated to continually improving the living environment. In response to the heavy rains experienced in the United Arab Emirates in May 2024, Edacom took significant and proactive steps to improve stormwater management and ensure better resilience against future weather events.

The company has been progressively implementing advanced measures to manage stormwater, focusing on preventing flooding and minimizing water damage. These actions include the continuous upgrade of drainage systems, the enhancement of water flow management infrastructure with the installation of dewatering systems, and the regular maintenance of the network through major sewerage and stormwater jetting. These improvements ensure the network is always prepared for rainy conditions and that excess rainwater is handled more efficiently through sustainable solutions.

By taking these proactive steps, Edacom is not only enhancing the safety and comfort of residents but also contributing to the long-term sustainability and resilience of the communities it serves, ensuring that they are well-prepared for future weather events. This initiative demonstrates Edacom's commitment to enhancing the quality of life and delivering lasting value to its customers.

Earth Hour 2024

ServeU actively participated in Earth Hour by switching off lights across its facilities and client locations, reinforcing its commitment to environmental responsibility. The initiative also served as an educational opportunity for employees, highlighting the importance of resource conservation. Through this effort, ServeU achieved a total energy savings of 5,605.12 kWh, demonstrating its dedication to sustainability and energy efficiency.

Enhancing and Expanding Our Robot Team

As part of ServeU's sustainability initiative, we've introduced a team of advanced cleaning robots at Abu Dhabi Airport. Leomop provides eco-friendly cleaning with 10 hours of operation, Rex efficiently covers large areas while reducing water consumption, and LionsBot enables real-time monitoring through mobile app management. These robots are enhancing both sustainability and efficiency at Terminal A, marking a significant step in our environmental efforts. ServeU is now expanding robotic cleaning across all valid client sites. This innovation will drive environmental sustainability and improve cleaning efficiency, positioning ServeU as a leader in tech-driven and sustainable cleaning solutions within the industry.

Technological Advancements in Operations

As part of our ongoing commitment to sustainability, Gmamco has continued to integrate advanced, energy-efficient technologies to enhance both productivity and environmental responsibility. In 2024, the company's continued use of energy-efficient laser cutting machines has further optimized operations, increasing output while reducing resource consumption. These machines have significantly boosted productivity, enabling us to accomplish the work of two plasma cutting machines in a single day.

Furthermore, Gmamco's implementation of laser welding technology has enhanced both manufacturing precision and energy efficiency. This move reflects our commitment to reducing energy dispersion, minimizing emissions, and fostering environmentally conscious production practices. Through these technological advancements, Gmamco continues to pursue operational excellence while making a positive contribution to both the environment and sustainable production practices.

SOCIAL

Our social responsibility goes hand in hand with our commitment to creating exceptional real estate developments. We recognize that buildings are not just structures but spaces where communities thrive. Our projects are designed to foster social interaction, cultural expression, and community engagement. We prioritize safety, inclusivity, and accessibility in all our developments. Our commitment extends to the well-being of our employees and the communities we serve, with initiatives aimed at education, skill development, and supporting local businesses. Our approach is people-centric, ensuring that each project we undertake enhances the lives of those who interact with it.

Leadership and Industry Collaboration

As a testament to Union Properties' commitment to Environmental, Social, and Governance (ESG) principles, our CEO and Board Member, Eng. Amer Khansaheb, has actively engaged in several key initiatives and collaborations. These engagements highlight his leadership and dedication to driving positive change within the real estate and facilities management sectors.

LiveableCitiesX Summit 2024

CEO and Board Member, **Eng. Amer Khansaheb**, participated in an insightful panel discussion titled "Harnessing Expertise: Multi-Stakeholder Partnerships Driving Urban Net-Zero Strategies." The session delved into innovative approaches to sustainable urban development, highlighting the critical role of cross-sector collaboration in achieving net-zero goals. It brought together industry leaders and visionaries for an engaging exchange of ideas.

International Real Estate & Investment Show Abu Dhabi 2024

CEO and Board Member, **Eng. Amer Khansaheb**, represented **Union Properties** at the International Real Estate & Investment Show Abu Dhabi 2024. He took part in an esteemed panel discussion on new government regulations and initiatives designed to enhance investment opportunities. The event provided a unique opportunity for investors from around the world to explore top investment options and gain valuable insights into current market trends.

MENA Investment Congress 2024

CEO and Board Member, **Eng. Amer Khansaheb**, represented **Union Properties** at the MENA Investment Congress 2024, where he engaged in insightful discussions with Mr. Ziad Zein, President of the CFA Society Emirates, alongside other industry experts. The two-day event focused on cutting-edge investment strategies for the digital age, with a particular emphasis on investments, sustainable urban growth, and new opportunities for strategic partnerships. This participation underscores **Union Properties'** ongoing commitment to driving innovation and shaping the future of real estate.

Innovating Future: Visionary Leadership

The interview of the CEO and Board Member, **Eng. Amer Khansaheb**, captures the cover story of 'Finance World Magazine' and showcases CEO's outstanding leadership and visionary approach that continues to drive a legacy of innovation and sustained growth.

In this exclusive interview, our CEO delves into how groundbreaking technologies are reshaping the financial landscape and identifies profitable investment opportunities in emerging sectors like art, sports, and more.

Smart, luxurious, and lifestyle-oriented: Union Properties’ vision for Dubai’s real estate!

Pleased to share an insightful interview published by Economy Middle East featuring our CEO and Board Member, **Eng. Amer Khansaheb**, whose visionary approach continues to drive a legacy of innovation and sustained growth at **Union Properties**. This has positioned him as one of the most influential and transformative real estate leaders, who has brought a paradigm shift to the real estate sector in the Gulf region.

In this exclusive edition, he shares the company's strategic plan to adapt to emerging trends, ensuring a future of sustainable growth. **Eng. Amer Khansaheb** also reveals the vision behind the newly launched “Takaya”, a project set to redefine urban living with a focus on sustainability, innovation, and community.

REAL ESTATE

SMART, LUXURIOUS, AND LIFESTYLE-ORIENTED: UNION PROPERTIES' VISION FOR DUBAI'S REAL ESTATE

Developer aims to expand its property portfolio over the next 18 months with new projects valued at AED6 billion

Union Properties Reduces its Debt by 73% to AED 400 Million

Pleased to share an insightful interview recently published by *Al Khaleej* featuring our CEO and Board Member, **Eng. Amer Khansaheb.** In this encounter, he elaborates on Union Properties’ ambitious future plans and upcoming projects, highlighting our continued commitment to growth and excellence in the Real Estate sector.

The interview covers several key topics, including expanding our land bank to 10 million square feet, launching new projects worth AED 6 billion in the near future, and strategic initiatives that will strengthen our position as industry pioneers.

مال وأعمال

عامر خانصاحب الرئيس التنفيذي في حديث لـ«الخليج»

«الاتحاد العقارية» تخفض مديونيتها 73% إلى 400 مليون درهم

Al Arabiya TV interview with our CEO and Board Member

In Al Arabiya interview, our CEO and Board Member **Eng. Amer Khansaheb** discussed Q1 financial statements and provided an in-depth look at our financial performance, strategic initiatives, and the outlook for the rest of the year.

CNBC Arabia TV interview with our Vice Chairman

In the CNBC Arabia TV interview, our Vice Chairman **Mr. Abdul Wahab Al Halabi** highlighted our company's strategic shift back to real estate development, stimulated by improved profitability and successful restructuring efforts. This shift aligns with our vision for growth and sustainability in the market, underscored by the upcoming launch of our new development "Takaya" in Motor City further expanding our real estate portfolio.

Suppliers

At the group level, we continuously enhance supplier relations with a focus on efficiency, sustainability, and accountability. Our procurement strategy emphasizes streamlined operations through system-oriented approaches, ensuring effective collaboration with over 1,500 vendors to support diverse operational needs. Sustainability is integral to our supplier engagement. Across the group, we prioritize green procurement by acquiring products and services with minimal environmental and health impacts. In collaboration with our clients, we implement eco-friendly alternatives wherever possible.

The Fitout reinforces its commitment to sustainability by adopting green materials and eco-friendly practices in its joinery operations.

These efforts reflect our ongoing dedication to responsible procurement, sustainable operations, and fostering long-term partnerships that align with global environmental and operational excellence standards.

Community

Union Properties remains committed to fostering vibrant communities and advancing sustainable urban development. Through strategic events and project launches, the company continues to showcase its dedication to innovation, connectivity, and creating exceptional living experiences. These initiatives highlight Union Properties ongoing efforts to strengthen community relationships and redefine modern living standards.

9th Edition of Fashion Factor

Union Properties participated in the 9th edition of Fashion Factor, a remarkable two-day event that served as a platform to showcase its latest development, "Takaya." Combining modern elegance with luxurious amenities, "Takaya" was introduced to potential investors and end users, highlighting its appeal as a vibrant and sophisticated urban community.

Union Properties Launches "Takaya" at a Successful Event

Union Properties proudly unveiled its highly anticipated project, Takaya, in the heart of Motor City during a grand launch event. The occasion was marked by the presence of the company’s chairman, board members, shareholders, VIP guests, renowned real estate brokers, and industry experts. The successful event highlighted Union Properties' continued innovation and dedication to shaping the future of real estate. Takaya, set to offer a perfect blend of modern living, natural serenity, and urban accessibility, promises to be a game-changer in the real estate market.

Union Properties unveils "Takaya" at Ground-breaking Ceremony in Motor City

Union Properties proudly marked a significant milestone with the ground-breaking ceremony of its highly anticipated project, Takaya, in the heart of Motor City. The event was attended by the company's chairman, board members, shareholders, VIP guests, and leading real estate professionals. This exciting occasion highlighted Union Properties' commitment to innovation and its ongoing efforts to shape the future of modern living. Takaya promises to redefine community-focused spaces, blending cutting-edge design, seamless connectivity, and vibrant living to create an unparalleled lifestyle experience in the heart of the city.

Motor City Community New Year Event

Union Properties welcomed the New Year with an exciting event at Uptown Motor City. A variety of activities were organized for the community to enjoy, making it a memorable New Year's Eve celebration. We look forward to continuing to build strong connections with the community and creating more unforgettable moments together in the future.

Employee Engagement and Wellbeing

At Union Properties, we prioritize the wellbeing and development of our employees. Throughout the year, we have organized a series of events aimed at boosting employee wellbeing and development. These include wellness workshops, leadership training programs, and team-building activities. These initiatives have provided our employees with valuable skills and tools to manage stress, enhance their professional growth, and build stronger team dynamics. The outcomes of these efforts have been highly positive, resulting in increased employee satisfaction, improved productivity, and a more cohesive work environment.

We are also committed to empowering women, particularly in senior management roles. The number of women in management has increased significantly from 38 in the past year to 65 in 2024. This growth reflects our ongoing efforts to promote gender diversity and support the advancement of women within our organization.

Ru'ya Careers UAE 2024 – Dubai World Trade Centre

During the Ru'ya Careers UAE 2024 event held at the Dubai World Trade Centre, we received more than 300 CVs from a diverse pool of candidates, including senior students, university students, freshly graduates, and experienced professionals. Chosen ones from these candidates have since been employed, reflecting the success of our recruitment efforts. The presence of our C-level executives and GMs during the event was highly appreciated and reinforced our commitment to fostering talent. We look forward to participating in similar events in the future, continuing to bless the commitment and contributions of our team members.

UAE Flag Day Celebration at Union Properties

In 2024, Union Properties marked the UAE Flag Day with pride and unity, raising the UAE flag across various divisions, including UP HQ, Dubai Autodrome, ServeU, Edacom, The Fitout, GMAMCO, and Uptown Mirdif Mall. The event served as a reminder of our shared heritage and collective values, strengthening the bond between employees across all entities within the UP Group. The participation of employees in this national celebration underscores our commitment to fostering national pride and unity within the organization.

UAE National Day at Union Properties

Union Properties celebrated UAE National Day with exceptional enthusiasm, bringing together employees from all divisions to honor the spirit of the nation. The event was a symbol of unity and pride, with employees contributing to a memorable celebration. This occasion not only reinforced the deep sense of community within the company but also highlighted the values of connection and collaboration that drive Union Properties forward.

End of Year Festive Gathering at Union Properties

As we moved into 2025, Union Properties took a moment to reflect on the year gone by and extend our heartfelt appreciation to all employees for their exceptional dedication and contributions throughout 2024. Despite the challenges faced, the collective efforts, innovation, and collaboration of our team members were instrumental in achieving our goals. The accomplishments of the year were a direct result of the professionalism and teamwork that define Union Properties.

Customers

In the ever-evolving real estate industry, shifting customer preferences are fuelling a wave of innovation. Eng. Amer Khansaheb, CEO & Board Member of Union Properties, highlights the significance of understanding these evolving preferences, which encompass factors such as location, property design, technological features, and environmental considerations. These preferences directly influence our property demand, value, and the overall market direction.

The market caters to diverse customer needs, including sustainability, technological advancements, and changing lifestyles. In response, we are dedicated to enhancing the quality of life for our customers. This commitment involves delivering exceptional living conditions while adhering to global standards and implementing sustainable practices.

The real estate sector is currently undergoing a surge of innovation, driven by changing consumer demands. We are proactively adapting to these changes, with a focus on creating flexible and versatile properties that align with evolving market dynamics.

Key Factors in 2024

Throughout 2024, Union Properties has made significant strides in enriching our human capital, as evident by the key metrics reported. Our total employee count has grown to 8,506, reflecting a robust increase and demonstrating our expanding operations. The diversity of our workforce has been a particular point of pride, with the number of nationalities represented within the group increasing to 49, enriching our corporate culture with a variety of perspectives and experiences. The representation of UAE Nationals within our workforce remains consistent, aligning with our goal of contributing to the local economy and talent pool. Our HR initiatives are structured to advance our dedication to creating a diverse, inclusive, and supportive workplace that drives performance and innovation.

S.No.	Details	2022	2023	2024	Trend
1	Total No. of Employee	7209	8485	8506	↑
2	Number of Nationalities	40	45	49	↑
3	Female in Leadership	23	38	65	↑
4	% of UAE Nationals	0.02	0.02	0.02	→
5	Employee Turnover	0.36	0.2486	0.25	↑

Company-Specific Initiatives

Community Engagement and Diversity

Edacom has demonstrated a strong commitment to community engagement and diversity. The company actively fosters connections with residents and stakeholders, participating in local events and encouraging employee volunteerism. Its human rights framework emphasizes promoting a diverse, equitable, and inclusive work environment. Edacom's future plans include enhancing community involvement by hosting events with local businesses, further supporting local economies and showcasing its dedication to sustainable business practices.

Football Event in Coordination with Taqdeer

In 2024, Group coordinated a football event with Taqdeer, which saw enthusiastic participation from our employees. This event not only promoted physical fitness but also fostered team spirit and camaraderie among participants. The success of this event has encouraged us to plan more such activities in the future.

Cycling Event

Union Properties organized a cycling event to promote a healthy lifestyle and environmental awareness among our employees. The event saw a great turnout, with participants enjoying a scenic route and engaging in friendly competition. This initiative highlighted our commitment to employee wellbeing and sustainability.

Yoga Day

To further support the mental and physical wellbeing of our employees, we celebrated Yoga Day with a series of yoga sessions led by professional instructors. These sessions provided employees with techniques to manage stress and improve their overall health, reinforcing our dedication to a holistic approach to employee wellness.

Tug-of-War in Association with Dubai Police

In collaboration with Dubai Police, we organized a Tug-of-War event that brought together employees and law enforcement officers in a spirit of friendly competition. This event not only promoted physical fitness but also strengthened our community ties and highlighted the importance of teamwork.

Football Event Participation Organized by Dubai Municipality

Our employees actively participated in a football event organized by the Dubai Municipality. This event provided an excellent platform for our team to showcase their skills and engage with the broader community, furthering our commitment to community involvement and employee engagement.

Smart Life Participants in Idol and Employee Engagement

We proudly supported our employees who participated in the Smart Life Idol competition, showcasing their talents and creativity. This initiative was part of our broader employee engagement strategy, aimed at recognizing and celebrating the diverse talents within our workforce.

Mental Health Seminar

The Fitout demonstrates its commitment to employee welfare through initiatives like the Mental Health and Wellbeing seminar. Recognizing the challenges faced by employees, especially those distant from their families, this seminar provided essential support and coping strategies for everyday stressors. This initiative underscores The Fitout's dedication to the holistic health and safety of its workforce, prioritizing mental well-being alongside physical health.

Company Awards & Recognition

'Real Estate Developer of the Year' at the Construction Innovation Awards 2024

Union Properties has been recognized as the 'Real Estate Developer of the Year' at the Construction Innovation Awards 2024. This accolade highlights the company's dedication to driving innovation and excellence in the UAE's real estate sector. **Union Properties** continues to set new standards in the industry, creating exceptional spaces that enrich community lifestyles.

'Most Influential Real Estate Thought Leader' at the UAE Realty Awards 2024

Union Properties proudly received the esteemed title of 'Most Influential Real Estate Thought Leader' at the UAE Realty Awards 2024, the premier event celebrating the visionaries of the UAE's real estate sector. This accolade reflects the company's steadfast dedication to redefining excellence and shaping the future of real estate in the region. The recognition highlights **Union Properties'** commitment to innovation, strategic leadership, and its influential role in advancing the UAE's real estate landscape.

CEO's Award Recognition at GCC Gov HR & Youth Awards 2024

Union Properties CEO and Board Member, **Eng. Amer Khansaheb**, has been honoured with the prestigious "CEO of the Year" award at the GCC Gov HR & Youth Awards 2024. This award recognizes outstanding leadership and innovation across the region, and we couldn't be prouder of this significant achievement.

This recognition reflects the incredible work we're doing together at Union Properties, and we are confident it will continue to inspire us to strive for even greater success. Mr. Rashid Alrahmani, General Manager of Edacom, had the privilege of attending the event and accepting the award on behalf of our CEO as the timing of the event conflicted with "Takaya" launch event.

Top Pioneering CHROs Making Waves in 2024

With a sharp eye for talent and a strategic mindset, our CHRO, Juma Beljaflah, champions ideas that not only increase employee engagement but also drive organizational success by championing employee-centric initiatives. Juma realizes that a thriving workforce is the foundation of every successful business, and his efforts contribute to creating environments that support innovation and varied teams.

Edacom & ServeU Honored by Dubai Police

Union Properties subsidiaries, Edacom and ServeU, have been recognized by Dubai Police for the positive changes both companies have brought within their communities. This recognition is a testament to the outstanding collaboration between both teams and their high responsiveness to Dubai Police, over and above the strong commitment of Union Properties leadership right up to our CEO.

At a ceremony attended by major developers, 8 out of 10 certificates were awarded to ServeU & Edacom. This achievement reflects our values -responsibility, teamwork, and taking care of our communities.

Edacom awarded by Durub Al Atta

We are delighted to share a moment of pride as Mr. Rashid Al Rahmani, the GM of Edacom, was recognized for his outstanding leadership and the contributions of his dedicated team in driving creativity and creating a positive impact within the community.

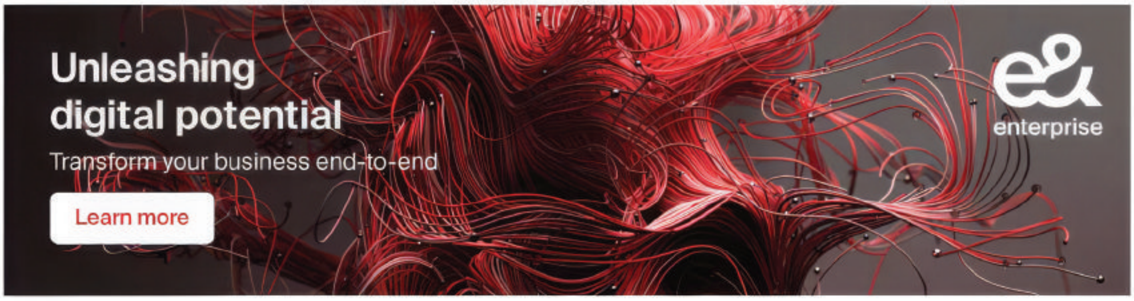
Mr. Rashid Al Rahmani was awarded by H.E. Abdulla Mohammed Busenad in recognition of his exceptional leadership, vision, and unwavering dedication to building vibrant and thriving communities.

Forbes Middle East’s 'The 100 Most Impactful Real Estate Leaders of 2024'

Union Properties' CEO and Board Member, Eng. Amer Khansaheb, has earned prestigious recognition as one of 'The 100 Most Impactful Real Estate Leaders of 2024' by Forbes Middle East. This esteemed accolade highlights his influential contributions and visionary leadership, cementing his role as a key figure in shaping the future of the real estate industry.

Most Impactful Real Estate Leaders 2024

قادة الشركات العقارية الأكثر تأثيرًا في الشرق الأوسط 2024



68. عامر خانصاحب

المنصب: العضو المنتدب

الشركة: الاتحاد العقارية

الدولة: الإمارات

تاريخ التأسيس: 1987

تعد الاتحاد العقارية شركة مساهمة عامة تركز على المشاريع السكنية، والتجارية، والصناعية، والترفيهية في جميع أنحاء دبي. سجلت الشركة إيرادات بقيمة 99.2 مليون دولار، وبلغ إجمالي أصولها 1.1 مليار دولار خلال الأشهر التسعة الأولى من عام 2023. تضم محفظة مشاريعها في دبي أويا ريزيدنس، وبرج إندكس، وحلبة دبي أوتودروم، وأب تاون مردف، وموتور سيتي. في ديسمبر/ كانون الأول 2022، أعلنت الشركة عن إطلاق مشروع تكايا متعدد الاستخدامات المكون من 788 وحدة، بتكلفة 435.7 مليون دولار. وفي 14 نوفمبر/

Top 100 Construction Giants – Construction Business News Magazine

Eng. Amer Khansaheb, CEO and Board Member of Union Properties PJSC, has been ranked 24th in Construction Business News ME's Top 100 Construction Giants Leading Today and Building Tomorrow.

This recognition highlights his visionary leadership in strengthening Union Properties' position as a leading real estate developer in the UAE, while also reflecting his influential roles in other prominent organizations, showcasing his commitment to advancing the region's construction and real estate sectors.

Construction Business News ME - August 2024

100 POWER HOUR'24

ENG. AMER **KHANSAHEB**

#24

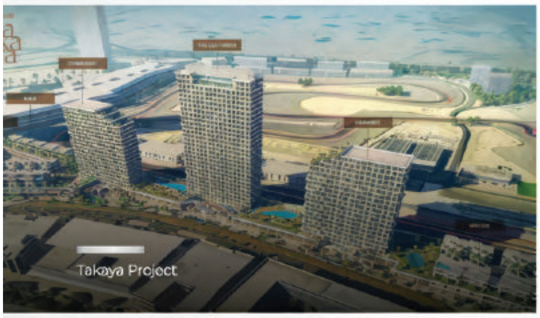
CEO AND BOARD MEMBER / **UNION PROPERTIES PJSC**

Eng. Amer Khansaheb is the CEO and a Board Member at Union Properties PJSC, one of the UAE's leading real estate development companies. His visionary leadership is set to strengthen Union Properties' position in the industry, enhancing client and stakeholder value. In addition to his role at Union Properties, Khansaheb holds key positions in other esteemed organizations within the UAE, reflecting his broad influence and commitment to the region's development.

Eng. Amer Khansaheb leads Union Properties PJSC's operations, managing a portfolio that includes subsidiaries such as Dubai Autodrome, ServeU, EDACOM, The Fitout, and GMAMCO. He oversees the company's latest mixed-use development, 'Takaya,' in Dubai Motor City. Valued at AED 1.6 billion, this cutting-edge residential project aims to redefine urban living standards in the mid-to-high real estate market. Spanning 436,175 sq. ft., 'Takaya' features three residential towers with 744 luxurious yet affordable apartments. The development also includes various units ranging from studios to four-bedroom apartments, penthouses, townhouses, villas, and commercial spaces. The project is designed to enhance Motor City's master community by offering innovative amenities that appeal to investors and meet various customer needs.

Eng. Amer Khansaheb, an accomplished leader, has extensive experience in real estate development, construction management, investment management, and financial analysis. A Chartered Financial Analyst (CFA) since 2010, he combines his financial acumen with a strong background in civil and environmental engineering from the American University of Beirut and a master's degree in project management from the British University of Dubai.

Union Properties is committed to further solidifying its presence in the UAE's real estate sector. The company's vision is sustainable growth and maximizing stakeholder value through strategic investments and innovative developments. This approach sets the stage for continued success in the industry.



Takaya Project

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30 Real Estate Leaders - Economy Middle East

Eng. Amer Khansaheb, CEO and Board Member of Union Properties PJSC, has been named among the 30 Real Estate Leaders Bringing Massive Transformation to Gulf's Realty Sector. This recognition celebrates the vision and dedication of industry leaders who have driven the region's real estate evolution, marked by iconic developments like mega malls, luxury villas, and towering skyscrapers.

Eng. Khansaheb's strategic leadership has played a pivotal role in positioning the Gulf as a premier global real estate destination, attracting investors and reshaping the market's future.

Top Fit-out Powerlist

Proud to share that one of Union Properties subsidiary, The Fitout, under the management of Mr. Craig Vance, has been recognized by the prestigious magazine Design Middle East and listed in its Fit-out Powerlist for the year 2024, off the back of THE FITOUT's recent refurbishment of the luxurious tea lounge Newby Tea, as well as other projects in the residential, commercial and hospitality sectors.

This is a testament of THE FITOUT's "ability to design aesthetically pleasing interiors but also highlights its expertise in creating spaces that enhance customer experience through thoughtful design and attention to detail."

Recognition for World Environment Day at Abu Dhabi Airport

In June 2024, ServeU participated in an environmental achievement showcase at Abu Dhabi Airport, reinforcing our commitment to sustainability through collaboration with key industry stakeholders. As a major service provider for Zayed International Airport, our role in promoting environmentally responsible practices was acknowledged with a special appreciation certification from the Airport Authority.

This recognition underscores our ongoing dedication to implementing sustainable initiatives and fostering environmental stewardship within our operations.

مطارات أبوظبي
ABU DHABI AIRPORTS

Appreciation Certificate

Abu Dhabi Airports extends their sincere appreciation to

ServeU

In recognition of their valuable participation in **World Environment Day 2024**
and unwavering commitment to environmental sustainability.

الينا سورليني
Elena Sorlini
العضو المنتدب والرئيس التنفيذي
Managing Director and CEO

GOVERNANCE

Governance is a foundational element of our corporate identity. We are unwavering in our commitment to adhere to the regulatory standards set forth by the Dubai Financial Market (DFM) and the Securities and Commodities Authority rules and regulations (SCA). Our dedication extends beyond compliance; it embodies our values of integrity, transparency, and accountability.

Evolving Governance Structure

As part of our ongoing commitment to strong governance, Union Properties has established an Inhouse Internal Audit Department reporting functionally to the Audit Committee which demonstrates that the independence aspect of a strong Governance and Control environment is in place. In 2024, we continue to evolve our governance approach, having transitioned from a traditional pyramid structure to a dynamic matrix framework.

This shift enhances flexibility and decision-making across the organization. Additionally, we have integrated a self-assessment tool from the Dubai Sustainable Finance Working Group, further strengthening our ESG framework and solidifying our leadership in governance and corporate responsibility.

Centralization for Efficiency

In 2024, Union Properties implemented a strategic centralization initiative across key support departments, including HR, Finance, Procurement, Commercial, Legal, IT, and Marketing. This approach has facilitated enhanced control, streamlined processes, improved compliance, and the standardization of practices. Furthermore, the centralization has contributed to significant cost savings, with preliminary estimates indicating a potential reduction in operational expenses.

Looking ahead, we anticipate that further centralization will continue to drive efficiency, with the potential for greater economies of scale, quicker decision-making, and improved resource allocation across the organization. These improvements align with our ongoing efforts to optimize our corporate structure and strengthen our governance framework, ultimately delivering sustained value to our stakeholders.

New Suite of Contracts

In early 2024, Union Properties collaborated with law firm Fenwick Elliott to develop a new suite of contracts aimed at creating a balanced risk approach in the market. This strategic move is designed to attract top-tier contractors and subcontractors while promoting responsible business practices. The contracts underwent multiple iterations and were finalized with input from the Commercial, Projects, and Legal teams.

Additionally, a training session was held in November 2024, ensuring the entire relevant team is equipped with the knowledge to implement the new contracts effectively. This initiative not only strengthens our governance framework but also fosters fair and sustainable business relationships with our partners.

Aligning Policies and Procedures

Union Properties has actively reviewed and updated Group Policies, Procedures, Manuals, Flowcharts and Delegation of Authority (in progress) across the organization to align with the new matrix structure. This strategic initiative was focused on enhancing operational efficiency, fostering collaboration, and ensuring adaptability in response to evolving market dynamics. This demonstrates our commitment to strengthening our governance framework and promoting transparency and accountability throughout the organization.

IFRS Adoption Readiness

We initiated comprehensive preparations for the adoption of IFRS S1 and IFRS S2 standards. Our commitment to aligning with international financial reporting standards led us to assess the impact of these standards on our operations, financial statements, and reporting processes. We prioritized training and communication, ensuring our finance and accounting teams were well-informed about the changes and implications.

To support this effort, we evaluated our existing accounting systems, making necessary updates to accommodate the new requirements. Engaging with stakeholders, including investors, analysts, and regulatory bodies, was essential for maintaining transparency and clear communication during this transition.

We developed a comprehensive timeline for the adoption process, prioritizing adherence to regulatory requirements. Extensive testing and simulation exercises were carried out to evaluate the practical impact and feasibility. Detailed documentation of decisions, challenges, and solutions was meticulously recorded, ensuring future reference and facilitating audits. Moreover, expert guidance from accounting professionals and industry consultants was actively sought to guarantee a seamless transition.

Corporate Governance Structure

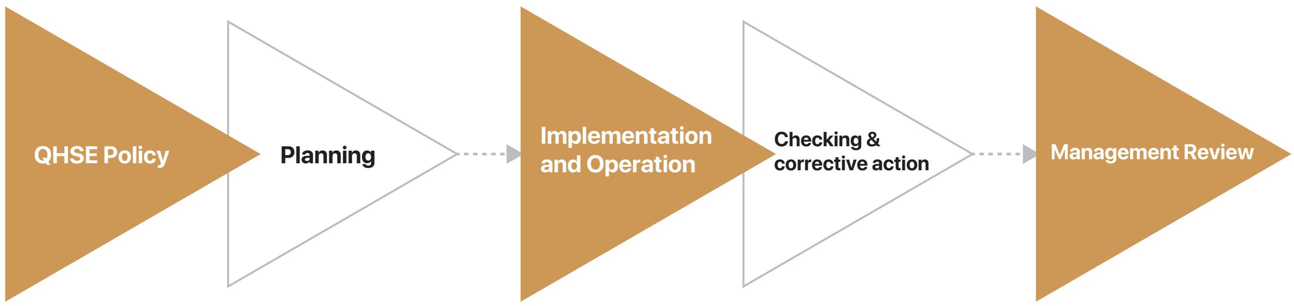
Our commitment to corporate governance extends to prioritizing best practices and aligning with industry standards to safeguard stakeholder rights. We are dedicated to nurturing a corporate culture rooted in ethics and strengthening compliance-focused management.

Health and Safety

At Union Properties, we place great value on our people, the public and the environment. Our Integrated Management Systems (IMS) framework serves as a strategic guide, aligning with both international and national directives, as well as our corporate values, goals, and objectives. Each initiative and program is thoughtfully crafted to meet policy requirements and is executed through a well-governed process. This ensures adherence to defined key performance indicators. Our Health & Safety (H&S) performance and system has undergone an annual external audit to ensure continuous improvement and compliance with industry standards.

HSE Management System

Aligned with both national and international standards, our HSE Management System is designed to integrate seamlessly with our broader Integrated Management System (IMS), ensuring consistent and measurable performance across all levels of operation.

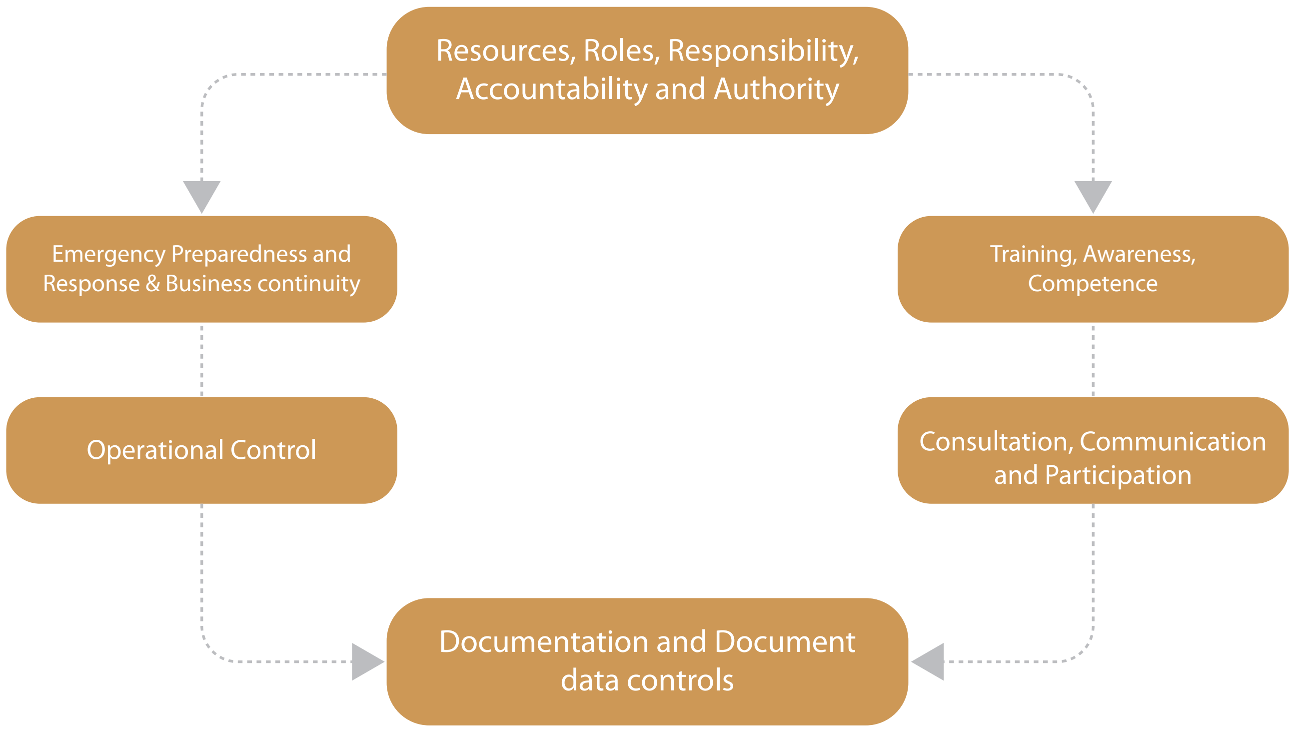


HSE Management System Planning

Effective planning is essential to the success of our Health, Safety, and Environment (HSE) Management System at Union Properties. We ensure a systematic approach to planning that enables us to achieve our HSE goals, meet compliance requirements and mitigate risks. Our HSE planning process is aligned with both international standards and national regulations, ensuring that we continuously uphold the highest levels of safety and environmental responsibility.

HSE Implementation

The successful implementation of the Health, Safety, and Environment (HSE) Management System at Union Properties involve translating our comprehensive planning into action. This phase focuses on effectively embedding HSE practices across all levels of the organization, ensuring that policies, procedures, and controls are consistently applied and fostering a culture of safety and environmental responsibility.



HSE Monitoring

The HSE Monitoring Program is essential for understanding performance and ensuring the effectiveness of our Health, Safety, and Environment (HSE) Management System. We track performance through key performance indicators such as BSC compliance, environmental regulations, and employee engagement in safety programs. Regular internal inspections, external audits, and environmental monitoring help identify potential hazards and ensure adherence to safety and environmental standards. Incident reporting, investigation, and corrective actions enable us to address issues swiftly and efficiently.

We also prioritize employee feedback and involvement, encouraging staff to report hazards and suggest improvements. Through regular data collection, analysis, and performance reviews, we ensure that our HSE practices are continuously improved. Corrective and preventive actions are implemented based on monitoring results, fostering a proactive approach to risk management and promoting a strong safety culture across the organization.

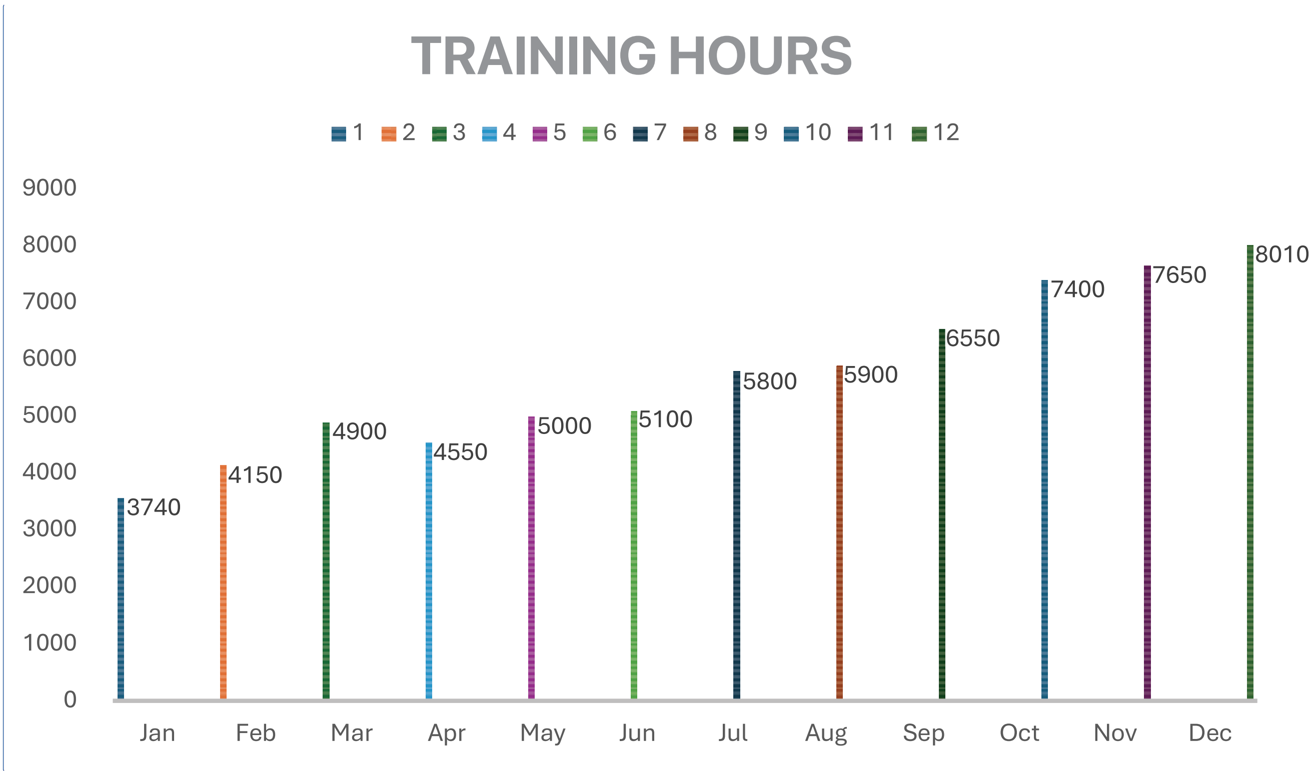
HSE Training Program

We recognize that training is a cornerstone for the successful delivery of all business functions. Well-trained personnel are essential not only for maintaining the highest standards of safety and efficiency but also for ensuring that the services we provide meet client expectations and comply with regulatory requirements.

To ensure our workforce is equipped with the necessary skills, knowledge, and competencies, we implement a comprehensive **Training Needs Analysis (TNA)**. This process is meticulously aligned at ServeU with **ISO 30401:2018 standards,** a globally recognized framework for knowledge management. By conducting a thorough TNA, we assess the skills gaps and development needs of our staff, ensuring that training initiatives are tailored to address these gaps and enhance overall performance.

Our training programs are designed to be responsive to the evolving needs of the business, the industry, and regulatory changes. Through this structured approach, we empower our employees with the tools and expertise required to excel in their roles, drive operational excellence, and contribute meaningfully to the success of the organization. Ultimately, this commitment to continuous training and development fosters a culture of learning, improves employee engagement, and ensures that ServeU remains a leader in facilities management.

We have also developed a comprehensive training centre that caters to both soft and hard services. This facility is designed to provide specialized training to ensure that our workforce is equipped with the necessary skills and knowledge to excel in all aspects of facilities management.



Legal Register

Union Properties are in the process of identifying and documenting a legal registers for its various Subsidiaries and Group, and serves as a centralized repository of all legal obligations and requirements. This register encompasses not only statutory and regulatory requirements but also the relevant industry standards that apply to each Subsidiary's operations. It ensures that we have a complete and accurate record of the legal framework governing each aspect of our business, whether it be local, national, or international in scope.

The legal register is an essential tool for ensuring that our organization remains compliant with all applicable laws, regulations, and industry standards, regardless of where the Group operate. It provides a clear overview of the specific legal requirements that each subsidiary must adhere to, helping to minimize the risk of non-compliance, legal disputes, or penalties.

To maintain the highest levels of compliance, the legal register will be continuously monitored and updated. This ongoing review process ensures that the register reflects any changes in laws, regulations, or industry standards as they evolve. Our Legal and Compliance teams will assess new developments and ensure that the Group is promptly informed of any updates or modifications that could impact their operations.

By maintaining and updating this legal register, we not only safeguard the Group from legal risks but also promote a culture of proactive compliance and accountability across the organization. This systematic approach helps us stay ahead of regulatory changes and ensures that the Group can confidently operate within the legal frameworks that govern their specific industries and regions.

ISO Certifications in 2024: Commitment to Excellence Across Subsidiaries

ServeU

ServeU continues to uphold essential ISO certifications that reflect its commitment to quality, environmental responsibility, occupational health and safety, and operational excellence. These certifications include:

- ISO 9001:2015 (Quality Management)
- ISO 14001:2015 (Environmental Management)
- ISO 45001:2018 (Occupational Health and Safety Management)
- ISO 41001:2018 (Facility Management)
- ISO 30401:2018 (Knowledge Management)
- ISO 22301:2019 (Business Continuity Management)
- ISO 50001:2018 (Energy Management)

These certifications help ensure that ServeU's operations meet international standards, promoting efficiency, continuous improvement, and customer satisfaction. In addition to its corporate certifications, ServeU has implemented project-specific ISO certifications for facilities management services, which are tailored to meet the unique needs of each project.

This has been successfully extended to several key clients, including the Department of Finance, Emirates NBD, Mashreq Bank, MotorCity, and Uptown Mirdif demonstrating ServeU's dedication to maintaining high standards of service.

The Fitout

The Fitout maintains ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management), and ISO 45001:2018 (Occupational Health and Safety Management) certifications with its 2024 surveillance audit completed without non-conformities. The Fitout also holds FSC (Forest Stewardship Council) certification, reflecting its dedication to sourcing materials responsibly and supporting environmental sustainability.

Edacom

Edacom achieved ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management), and ISO 45001:2018 (Occupational Health and Safety Management) certifications further emphasizing its commitment to operational excellence, quality, and continuous improvement in environmental and safety standards.

Dubai Autodrome

The Dubai Autodrome is in the process of obtaining IMS (Integrated Management System) certification, including ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management), and ISO 45001:2018 (Occupational Health and Safety Management) further enhancing its commitment to quality and sustainability.

Gmamco

Gmamco is expanding its certifications to include ISO 14001:2015 (Environmental Management) and ISO 45001:2018 (Occupational Health and Safety Management) strengthening its focus on environmental management and workplace safety.

RERA M100 Certification

Six staff members from Edacom have successfully achieved the RERA M100 Certification, underscoring our commitment to high standards in management practices and operational efficiency. This achievement is a testament to our continuous efforts toward improvement and excellence in all areas of operation.

Risk Management

To ensure we are committed to identifying and managing risks in a structured and effective manner. Our goal is to safeguard the interests of our stakeholders, ensure business continuity and achieve sustainable growth. We believe that effective risk management is integral to our decision-making processes, enabling us to identify opportunities, minimize potential threats, and respond to uncertainties in a proactive and efficient way.

Risk Management outcomes and implementation strategies and programmes:

A. Anti-fraud, money laundering, and corruption policies are being developed to ensure we address any unethical business practices.

B. Board and leadership independence and integrity charters have been developed.

C. Conflict of Interest and Insider trading declarations are being conducted to ensure transparency and disclosure.

D. Risk and opportunity management effectiveness has been conducted and risk registers have been developed.

E. Shareholder and interested party engagement KYC to be implemented in 2025.

F. Ethics, including training and codes/policies to be implemented in 2025.

Digital/IT Initiatives & Cyber Security

As part of our continued efforts to enhance our governance and operational efficiencies, we have implemented several key IT initiatives across Union Properties and its Subsidiaries in 2024. These initiatives not only bolstered our technological infrastructure but also aligned with our commitment to environmental sustainability and security.

Biometric Device Implementation

In 2024, Union Properties successfully integrated biometric devices to enhance security and operational efficiency. This initiative, which began in the previous year, has significantly improved security by using unique biometric identifiers, reducing risks of unauthorized access and identity theft. The systems have also streamlined processes, offering cost savings by eliminating traditional timekeeping methods.

The implementation has already delivered notable outcomes, including better accuracy in attendance tracking, a reduction in administrative workload, and stronger overall security. Additionally, these devices have enabled more precise project-based costing, allowing for more efficient resource allocation and improved cost management.

The scalability and data accuracy of the biometric systems have proven to be reliable, supporting a seamless workflow and reinforcing Union Properties commitment to operational excellence and employee satisfaction.

Integration with ERP

Our biometric systems are integrated with our enterprise resource planning (ERP) solutions, further enhancing our operational capabilities. This integration allows for seamless data flow between attendance tracking and other business processes, improving overall efficiency and enabling more informed decision-making.

Future Plans for Technology Upgrades

Looking ahead, we plan to further enhance our technology infrastructure by upgrading our biometric systems with advanced features such as facial recognition and AI-driven analytics. These upgrades will provide even greater security, efficiency, and user convenience. We are also exploring deeper integration to streamline operations and improve data-driven decision-making. Our commitment to leveraging cutting-edge technology underscores our dedication to continuous improvement and delivering sustainable value to our stakeholders.

Vulnerability Assessment and Penetration Testing (VAPT)

To ensure the security and integrity of our IT infrastructure, we conducted a comprehensive Vulnerability Assessment and Penetration Testing (VAPT) exercise. This critical initiative helped us to identify potential vulnerabilities and reinforce our security measures. Regular VAPT exercises are crucial for protecting sensitive data, improving our overall security posture, and safeguarding our brand reputation against potential cyber threats.

Digital Inclusion

2024 marked a pivotal year for Union Properties as we launched a series of enterprise-wide digital initiatives, each carefully designed to create significant value for our customers, partners, and to support the company's vision for sustainable growth.

These projects encouraged active participation from a diverse group of employees, harnessing both technological and non-technological skills. This collaborative approach promoted unprecedented teamwork and made digital accessibility a priority for all.

Key initiatives included the development of an advanced Building Management System aimed at enhancing sustainability across our assets, the introduction of a new Community App that fosters greater social inclusivity within our communities, and the launch of accessible digital assets on our websites. These new features provide enhanced transparency throughout the sales cycle and represent a first in the UAE property development sector.

Cybersecurity and Data Privacy

To enhance data governance and online security for staff, we implemented Mobile Device Management (MDM) solutions, while also reinforcing governance and business continuity policies, with a focus on addressing high-risk areas.

NFC-Powered Smart Asset Tagging

Union Properties launched an NFC-Powered Smart Asset Tagging solution, a notable upgrade from traditional QR or Barcode systems.

This initiative, integrated with the Microsoft Dynamics 365 platform, brings a transformative approach to asset management in facilities management (FM). NFC chips, used as discrete asset tags, align seamlessly with modern UAE buildings, offering a blend of aesthetics and functionality. The deployment of this technology has led to an improvement in operational efficiency, with a notable reduction in asset tracking and updating time by up to 30%.

2025 PROJECTS

ESG Certification

In 2025, Union Properties has introduced a new initiative aimed at obtaining ISO certification. This initiative will enhance the operations of the Group and contribute to the organization's continual improvement efforts. Additionally, the focus is to achieve several key certifications, including:

- **ISO 9001:2015 (Quality Management):**
Ensuring consistent quality in products and services.

- **ISO 14001:2015 (Environmental Management):**
Demonstrating a commitment to minimizing environmental impact.

- **ISO 45001:2018 (Occupational Health and Safety Management):**
Promoting a safe and healthy workplace for employees.

- **Along with these, there is an emphasis on obtaining ESG (Environmental, Social, and Governance):** certification to further reinforce the organization's commitment to sustainability and responsible business practices.

Native Tree Planting Initiative

Inspired by the 'For Our Emirates We Plant' campaign, we plan to support a tree planting initiative in our communities in 2025. With the assistance of ServeU's Landscaping department, we aim to make our communities greener and more sustainable.

Native trees are crucial for preserving the local ecosystem. They require less maintenance, support wildlife, and enhance biodiversity. Our tree planting initiative will contribute to carbon sequestration and combat climate change.

Implementing Mulching Machines for Sustainable Landscaping

As part of our ongoing commitment to sustainable landscaping practices, Edacom is exploring the implementation of mulching machines in our communities. These machines will play a pivotal role, by efficiently converting organic waste into mulch that can be used to enrich garden beds and promote soil health.

Mulching not only enhances the aesthetic appeal of our landscapes but also offers several environmental benefits. It helps retain soil moisture, suppress weed growth, regulate soil temperature, and improve overall soil structure. By recycling organic waste materials such as leaves, branches, and grass clippings, we contribute to reducing landfill waste and minimizing our environmental footprint.

Green Waste Management Initiative

ServeU is set to enhance sustainability efforts in 2025 by introducing a wood chipping machine. This machine will process wood waste from landscaping activities into reusable materials such as planting mediums and green fertilizers. The initiative reduces waste volume, supports efficient resource use, and improves soil health and water retention, aligning with ServeU's commitment to sustainable landscaping practices and a greener future.

The Mangroves Initiative

The Mangroves Initiative is a meaningful project and environmental program that The Fitout plan to implement for further promoting sustainability, corporate responsibility and environmental consciousness within the company and its broader communities.

By launching the Mangroves Initiative, The Fitout can take an active role in addressing pressing environmental issues while engaging employees in a meaningful cause. This initiative not only benefits the planet but also strengthens the company’s culture of teamwork, sustainability and social responsibility.

Group HSE Initiative

As the business continues to expand, the complexity of health and safety (H&S) requirements naturally increase. In response to this, management has decided to review its comprehensive Health and Safety Centralization Program. This program aims to centralize and standardize safety practices across all areas of the business, ensuring that every subsidiary—regardless of size—meets rigorous health and safety standards.

The Health and Safety Centralization Program is designed to bring a unified approach to managing workplace safety, reducing risks, and improving overall compliance with relevant regulations. By consolidating resources and aligning safety protocols across the group, the program will not only ensure that safety practices are consistently applied but will also make it easier to stay updated on evolving safety regulations and best practices.

In essence, this Program represents a strategic initiative to foster a culture of safety and compliance across the Group, ensuring long-term sustainability, improved safety records, and a safer working environment for all employees.

Contact Us

Reach Out

To provide feedback or suggestions, please connect with us using the details below

Email:
contactdesk@up.ae

Address:
Dubai Investment Park 1,Jebel Ali,
PO Box 9152, Dubai, United Arab Emirates

Phone:
8008 UNION (86466)

Social Media

Head Office:

Union Business park 1, Green Community East, Dubai Investment Park 1,PO Box 24649, Dubai, UAE

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GMAMCO

UPTOWN MIRDIFF

الاتحاد العقارية
Union Properties

GOVERNANCE REPORT 2024

Union Properties PJSC

Union Properties PJSC ("the Company") was established on 28/10/1993 as a Public Joint Stock Company pursuant to a Ministerial decree in the United Arab Emirates.

The Company's main activities include Real Estate Investment and development, property management and maintenance, including the operation of its own cold stores, real estate services, serving as a holding company for its subsidiaries, and joint venture investments.

The Company and its subsidiaries are referred to as the "Group." All of the Group's significant business and investment activities in securities, real estate, land, and financial derivative instruments are conducted in the UAE. Over three decades, Union Properties PJSC has developed major residential, commercial, industrial and entertainment projects in the Emirate of Dubai.

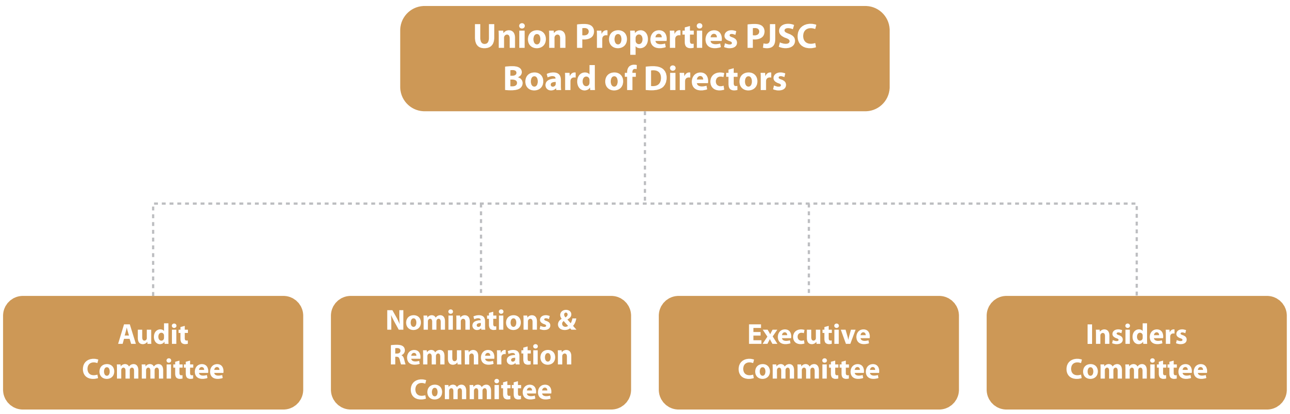
1- Measures taken to complete the Corporate Governance System during 2024 and the Application Technique

Union Properties PJSC is committed to applying the highest standards of corporate governance, driven by an integrated set of core values that combine professional ethics, institutional integrity, and international best practices in the field of compliance. The institutional values on which the company's framework is based are transparency, integrity, disclosure and accountability, which in their entirety represent an important reference for members of the Board of Directors, senior management and employees alike.

The corporate governance framework takes into account all the principles and standards specified and applied by the Securities and Commodities Authority (SCA) and the Dubai Financial Market (DFM) along with the provisions of Federal Law No. (32) of 2021 on Commercial Companies in determining trends and requirements of Union Properties PJSC.

Union Properties PJSC complies with the Chairman of SCA Chairman of Authority's Board of Directors' Decision no. (3/R.M) of 2020 concerning Approval of Joint Stock Companies Governance Guide, the Articles of Association of Companies, as amended, and Federal Law No. (32) of 2021 on Commercial Companies from time to time.

The figure below shows the corporate governance structure developed and implemented by Union Properties, which aims to enhance good governance practices followed by the Company's Board of Directors and executive departments alike. All of the above sub-units operating under the umbrella of "Union Properties" have an independent department responsible for implementing operations. However, they are supervised in terms of strategy, compliance, governance, risks, and audits by means of a standardized structure.



Board of Directors (Article 6 of Decision No. 3/R.M of 2020, as amended):

The Company shall be managed by a Board. Its Articles of Association shall determine the method of forming that Board, the number of its members, and its membership terms. It was determined that the Chairman and the majority of the Board of Directors would be Emirati nationals in 2024 in order to meet the standards of Decision No. 3/R.M of 2020, as amended, regarding the formation of the company's board of directors of executive, non-executive, and independent members, as well as the appropriate skills, experience, and capabilities required for board membership. The Board of Directors also appointed a Chief Executive Officer for management from among its members and cancelled the Managing Director position. The Board determined the Chief Executive Officer's powers and remuneration. The Chief Executive Officer is not permitted to be a CEO or general manager of another company.

Board Committees (Article 53 of Decision No. 3/R.M of 2020, as amended):

The Board of Directors has the authority to form Board committees and delegate powers to these committees as it deems necessary or appropriate. The Board also delegates certain tasks to these committees. This does not mean that the Board of Directors is exempted from responsibility for the activities or tasks and powers delegated to these committees. Board Committees are an effective means of distributing work among Board members to carefully consider specific issues in detail. All Board committees perform their duties on behalf of the Board of Directors. Thus, the Board of Directors is responsible for forming, appointing, selecting, and determining the term of the committees' membership. Each committee, once formed, shall be responsible before the Board of Directors for its activities.

This does not mean relieving the Board of Directors of responsibility for the activities, tasks, and powers delegated to the committees. The Board of Directors must guarantee that the members of the Board committees are appropriately composed, qualified, and have the proper powers.

Audit Committee (Articles 60 and 61 of Decision No. 3/R.M of 2020, as amended):

The Board of Directors has formed a permanent committee called the Audit Committee. The members of this committee shall have the appropriate experience and competence, and at least one of them must have experience and knowledge in financial and accounting matters. The committee oversees the integrity of the company's financial statements, recommends changes in accounting policies and practices required for the company's control and financial systems, appoints third-party auditors, and ensures that the laws and the company's articles of association are applied.

The committee meets with the auditor to examine the nature and extent of the audit process, as well as its efficacy in line with the authorized auditing standards and is eager to build a positive relationship with them. The committee is also in charge of supervising the operation of internal control and making recommendations for improving its effectiveness.

Nominations and Remuneration Committee (Article 59 of Decision No. 3/ R.M of 2020, as amended):

The Board of Directors forms a permanent committee called the Nominations and Remuneration Committee. All members of this committee must have the appropriate experience and competence. The committee shall hold its meeting at least once a year or whenever necessary. This committee helps the Board of Directors carry out its responsibilities with regard to the qualifications, wages, appointment and replacement of senior management employees. It also supervises the nomination process for membership in the Board of Directors and sets the membership nomination policy of the Board of Directors. The committee aims to take into account gender diversity within the formation and encourage women through incentives and training benefits and programs, and to provide the Authority with a copy of this policy and any amendments thereto. It prepares the policy for granting rewards, benefits, incentives and salaries to members of the Company's Board of Directors and employees and reviews it annually.

The committee must verify that the rewards and benefits granted to senior executive management are reasonable and commensurate with the Company's long-term performance. Additionally, it must review the structure of the Board of Directors and recommend changes that can be made, while ensuring that there is an appropriate and updated plan for the succession of authority to the Company's senior executives and the chairs of the Board committees in accordance with Federal Law No. (32) of 2021, as amended, Chairman of SCA Board of Directors' Decision No. (3/ R.M) of 2020 and its amendments concerning Approval of Joint Stock Companies Governance Guide, and the Articles of Association of Companies. It also works persistently to ensure the independence of the independent members of the Board of Directors.

Executive Committee (Article 56 of Decision No. 3/ R.M of 2020, as amended):

The Board of Directors shall constitute a committee called the Executive Committee, whose functions shall be to assist the Board. The Executive Committee shall undertake the following tasks:

#1	#2	#3
Daily manage the company.	Develop and implement the company strategy approved by the Control committee.	Implement risk management framework approved by the Control committee.

A member of the Executive Committee shall be fully responsible for his duties, even if he delegates some of his powers to committees, individuals, or others. The majority of the members of the Executive Committee shall constitute a quorum for the meeting, and a member of the Committee may not be represented by proxy in meetings by any other member of the Executive Committee. Non-members of the Board of Directors may attend meetings under permission from the Chairman of the Executive Committee.

The decisions of the Executive Committee shall be issued by a majority of the votes present. In the event of a tie, the Chairman shall have a casting vote. Executive Committee meetings are documented through minutes including the meeting details, in particular the attendees' names, deliberations, voting results, recommendations, and any reservations, if any. These minutes are signed by all attending members.

Insiders Committee "Insiders' Transactions Supervision and Follow-up Committee" (Article 33 of Decision No. 3/R.M of 2020):

The Company's Board of Directors has issued written rules regarding the Transactions of the Company's board members and employees in securities issued by the Company. It has formed a special committee, the Insiders' Transactions Supervision and Follow-up Committee, to manage, follow up, supervise and monitor the transactions of insiders and their properties and keep their record.

A special and comprehensive register has been prepared for all insiders, including people who may be considered temporary insiders and who have the right or access to view the Company's internal information before it is published. The register also includes prior and subsequent disclosures regarding insiders. The Authority and the Market are constantly advised of an updated list of insider names at the start of each fiscal year, as well as any changes made during the fiscal year.

2- A statement of the ownership and transactions of Board Members, their spouses, and their children in the company's securities during the year 2024, according to the following table:

Sr.	Name	Position/Relation	Owned as on 31/12/2024	Total sale process	Total purchase process
1	Mohamed Fardan Ali Al Fardan	Chairman	23,000,000	-	-
2	Amer Abdulaziz Hussain Khansaheb	Chief Executive Officer and Board Member	56,500,000	-	11,700,058
3	Saif Bin Abdulaziz Bin Yagub Yousef Alserkal	Board Member	995,000	-	975,335
4	Darwish Abdullah Darwish Ahmed Al-Ketbi	Board Member	3,000	-	-

Formation of the Board of Directors 2024

The Company's current Board of Directors consists of seven members, including six independent, non-executive members, one executive member, and a female member in order to comply with the decision of the Chairman of the Securities and Commodities Authority Decision No. 3/R.M of 2020 on the necessity of nominating the female component on the Board of Directors, as is clear in the data below, which explains Formation of the company's Board of Directors as of 31/12/2024.

Mr. Mohamed Fardan Ali Al Fardan

Chairman

Mr. Mohamed Al Fardan was appointed as member of Board of Directors of Union Properties PJSC during the Company's Annual General Assembly meeting held on June 18, 2020, and then after during the company's Annual General Assembly meeting held on April 17, 2023. Then, at the Board of Directors meeting held on December 15, 2021, and April 28, 2023, the Board of Directors appointed Mr. Mohamed Al Fardan as Chairman of the Board of Directors.

Mr. Mohamed Al Fardan has a dynamic and self-motivated leadership with proven pathways of professional experience in dealing with property management, investment and hotel management for more than 19 years in the United Arab Emirates and the Middle East. Mr. Al Fardan has contributed in setting strategic plans, promoting goals, and developing ideas that contributed to achieving growth and expansion in the field of business and real estate industries. Mr. Al Fardan holds a Bachelor's in Business Administration from Ajman University of Science and Technology.

Mr. Mohamed Al Fardan has held various positions, including:

- General Manager of Al Fardan Properties
- Deputy Director of Al Fardan Holdings
- Partner of Carlton Hospitality Company
- Deputy Manager at The First Investor LLC
- Partner in Zahra Technology LLC
- Partner of Al-Fardan Investment Company Limited

Mr. Abdul Wahab Al-Halabi

Vice Chairman

Mr. Abdul Wahab Al-Halabi was appointed as a member of the Board of Directors of Union Properties PJSC during the Company's Annual General Assembly meeting held on June 18, 2020, and then after during the Company's Annual General Assembly meeting held on April 17, 2023. At the Board of Directors meeting held on December 15, 2021 and then at the Board of Directors meeting held on April 28, 2023, the Board of Directors appointed Mr. Abdul Wahab Al-Halabi as Vice Chairman of the Board of Directors.

Mr. Abdul Wahab Al-Halabi is an entrepreneur, advisor and restructuring expert with expertise gained from over 25 years in executive management, restructuring, crisis & debt management, credit enhancements and joint ventures.

Abdul Wahab Al-Halabi is a board member of several companies such as a Board member of Abu Dhabi Islamic Bank, a Board member of Massaleh Investment, a Board member of TPL Properties limited, a Board member of Houlihan Lokey MEA Limited, and also a Director at Decker & Halabi DMCC.

Mr. Abdul Wahab Al Halabi holds an executive MBA from Ecole des Ponts ParisTech and a degree from the London School of Economics.

Eng. Amer Abdulaziz Hussain Khansaheb

Executive Board Member and Chief Executive Officer of Union Properties PJSC
Managing Director, Khansaheb Investment
Board Member, Bank of Sharjah

Eng. Amer Khansaheb was elected as a Member of the Board of Directors of Union Properties during the Company's General Assembly Meeting on December 14, 2021, and subsequently, during the General Assembly Meeting on April 17, 2023. Following this, the Board of Directors elected Eng. Amer Khansaheb as Managing Director of the Company in their meeting on 15 December 2021, granting him all the necessary authority to manage the Company.
Later, in the Board of Directors third meeting on May 14, 2024, Eng. Amer Khansaheb was appointed as Chief Executive Officer.

Eng. Amer Khansaheb is a visionary leader with a track record of achievements spanning several years. He is the CEO and Board Member of Union Properties PJSC, one of the largest Real Estate development companies with prominent projects in the UAE. With UP's distinguished legacy in delivering premium landmark projects, Eng. Khansaheb spearheads the operations of the Company and its diverse subsidiaries and communities, including Motor City, Dubai Autodrome, ServeU, EDACOM, The Fitout, GMAMCO, and Uptown Mirdiff.

In addition to his pivotal role at UP, Eng. Khansaheb also serves as the Director of Khansaheb Investment, one of UAE's longest-standing family-owned business Group. Under his visionary leadership since 2012, Khansaheb Investment has emerged as a market leader, propelled by strategic expansion initiatives and a steadfast commitment to excellence.

His experience spans several industries, including Reat Estate development, construction management, investment management and financial analysis. He also serves on the board of the Bank of Sharjah. As a Chartered Financial Analyst (CFA charter holder since 2010), he has extensive knowledge of the sector as well as a rigorous analytical mind. From 2013 until 2019, he served in a volunteering capacity as the president of the CFA Society Emirates.

He earned a Bachelor of Science in Civil and Environmental Engineering from the American University of Beirut following which he pursued a Master of Science in Project Management from the British University of Dubai.

Mr. Darwish Abdulla Darwish Ahmed Al Ketbi

Board Member

Mr. Darwish Al Ketbi was appointed as a member of the Board of Directors of Union Properties PJSC at the Company's Annual General Assembly Meeting held June 18, 2020, and once again during the Company's Annual General Assembly meeting held on April 17, 2023.

Mr. Darwish Al Ketbi has stock market surveillance experience with in-depth knowledge of alternative investments, structured products, and sophisticated trading strategies.

Mr. Al Ketbi holds a science bachelor's degree in business administration, Finance major, and a Bloomberg Education Certificate. He currently holds several positions: a member of the Board of Directors of Darwish Cybertech India Private Limited, and the Investment and Portfolio Manager at Darwish Bin Ahmed & Sons.

Mr. Saif Al Serkal

Board Member

Mr. Saif Al Serkal was appointed as a member of the Board of Directors of Union Properties PJSC at the Company's Annual General Assembly Meeting held on April 17, 2023.

Mr. Saif graduated with a finance degree from California State University. He joined PWC from 2010 to 2013, he worked on mergers of banks in the GCC and has advised on bonds ratings and acquisitions in the region.

Subsequently, he joined sheikh Hamadan bin Mohammed Heritage Center as an internal audit manager, worked on installing an audit system, enhanced the payments and receivables system, and managed all the expenses of his highness championships. In 2017, he joined Al Mal Capital, worked in direct investments, managed to work on Real Estate deals, and worked on floating the first REIT in DFM. Mr. Al Serkal is the Head of business development in Al Mal Capital and worked on investments in technology companies in the United States along with investments in the Real Estate sector there as well.

Ms. Afaf Al Kontar
Board Member

Ms. Afaf Al Kontar was appointed as a member of the Board of Directors of Union Properties PJSC at the Company's Annual General Assembly Meeting held on April 17, 2023.

Ms. Afaf Al Kontar holds a bachelor's degree in business administration. She is a highly experienced and accomplished modernized HR professional; she has made a significant impact as the Chief Human Resources Officer at Darwish Bin Ahmed and Sons Group. She has displayed exceptional leadership skills while managing the HR, PR, and Administration function for a vast and diverse workforce of 6500+ employees across multiple locations in the UAE, Saudi Arabia, and Oman.

She has over 10 years of expertise in Sales and Operations management, Supply Chain management, and Business Development. Her impressive track record includes driving revenue growth, increasing operational efficiency, and expanding product portfolios to enter new markets. She is skilled in managing exclusive dealership of MAN truck and bus in the UAE market, as well as handling sales divisions of various equipment related to Construction, Oil & Gas field, Power Generation, Marine, and Material Handling/Logistics industry.

With excellent leadership skills, she has built and led high-performing teams, fostered a culture of innovation, collaboration, and accountability, and established strategic partnerships with suppliers and vendors to improve supply chain and product quality.

Mr. Abdulrahman Sharaf

Board Member

Mr. Abdulrahman Sharaf was appointed as a member of the Board of Directors of Union Properties PJSC by a Board of Directors decision taken by circulation on August 2, 2023, to complete the tenure of the resigned member.

Mr. Abdulrahman Sharaf has more than 15 years of practical experience in the capital markets sector in the United Arab Emirates, where he began his career working at Dubai Financial Market and then moved to work at Securities and Commodities Authority - the supervisory and regulatory body for the capital markets sector in the mainland in UAE.
During his time at SCA, he served as the Head of Capital Market Intermediaries Supervision Section and later as the Head of Anti-Money Laundering & Terrorist Financing Section. He also worked at Capital Market Authority of Saudi Arabia as a secondee.

Currently, Mr. Abdulrahman Sharaf is serving as AML Advisor at Ministry of Economy.
Mr. Abdul Rahman Sharaf holds a bachelor's degree in accounting from the Higher Colleges of Technology in Dubai with distinction and is a graduate of the United Arab Emirates Government Leadership Program.

Mr. Abdul Rahman Sharaf is a registered accounting and securities expert with the Federal Courts of UAE, Dubai Courts and Abu Dhabi Judicial Courts.

Mr. Abdulrahman Sharaf is a certified auditor with the Ministry of Economy and a fellow of the Emirates Association of Accountants and Auditors and a Certified Compliance Officer by ICA.

- A statement of the percentage of female representation on the Board of Directors for 2024 (in the event of no representation, please state that there is no representation).

The female representation is presented by one member, Ms. Afaf Al Kontar, who was elected as a member in the Board of Directors during the Annual General Assembly meeting held on April 17, 2023.

- A statement of the rewards, allowances and fees received by members of the Board of Directors:

1- Total remuneration for board members paid for the year 2023:

Board Member	Fees proposed for each member
Mohamed Fardan Ali Al Fardan	AED 200,000
Abdul Wahab Al-Halabi	AED 200,000
Amer Abdulaziz Hussain Khansaheb	AED 200,000
Abdulrahman Sharf	AED 200,000
Darwish Abdullah Darwish Ahmed Al-Ketbi	AED 200,000
Saif Bin Abdulaziz Bin Yagub Yousef Alserkal	AED 200,000
Afaf Al Kontar	AED 200,000
Total	**AED 1,400,000**

2- The total proposed remuneration for Board Members for the year 2024, which will be presented at the Annual General Assembly meeting for approval.

It was proposed to pay a bonus to members of the Company's Board of Directors in view of the efforts made, and the clause approving a proposal regarding bonuses for Board Members and specifying them was included in the agenda of the Company's Annual General Assembly meeting in order to approve it.

Board Member	Bonus proposed for each member
Mohamed Fardan Ali Al Fardan	AED 1,150,000
Abdul Wahab Al-Halabi	AED 600,000
Amer Abdulaziz Hussain Khansaheb	AED 200,000
Darwish Abdullah Darwish Ahmed Al-Ketbi	AED 120,000
Saif Bin Abdulaziz Bin Yagub Yousef Alserkal	AED 200,000
Abdulrahman Sharf	AED 200,000
Afaf Al Kontar	AED 200,000
Total	**AED 2,670,000**

3- A statement of details of the allowances for attending the sessions of the committees emanating from the Board Members received for the fiscal year of 2024 according to the following table:

Name of the members of the subsidiaries' committees from the Board of Directors	Nominations and Remuneration Committee	Audit Committee	Executive Committee	Fees for Committee Membership	Fees for Attendance	Number of Meetings	Fees Proposed for each Member
Abdul Wahab Al-Halabi	*member	*member	**Chairperson	600,000	345,000	16	945,000
Amer Abdulaziz Hussain Khansaheb			*member			5	
Darwish Abdullah Darwish Ahmed Al-Ketbi	*member	*member		400,000	200,000	10	600,000
Saif Bin Abdulaziz Bin Yagub Yousef Alserkal	**Chairperson		*member	400,000	225,000	10	625,000
Abdul Rahman Sharaf		**Chairperson		200,000	150,000	6	350,000
Total							**2,520,000**

** Fees of Attendance for Chairperson: 25,000
* Fees of Attendance for Member: 20,000

4- Details of the additional allowances, salaries, or fees received by Board Member, other than committee attendance allowances, and their reasons.

In Addition to what is mentioned above, The Managing Director, Eng. Amer Khansaheb, has received an amount of 12,000,000 as a bonus for year 2023 for his great efforts in managing the Company and turning it to profitability and achieving gross profit around 838 million dirhams.

The number of Board of Directors meetings held during the fiscal year 2024, indicating the dates they were held, and the number of times all members attended in person, with a statement of the members attending by proxy (the names of the Board Members must match what is mentioned in Clause (3A) above).

Sr.	Meeting Date	No. of attendees	No. of attendees by proxy	Absent Members Name
1	12/03/2024	7 members out of a total of 7 as follows: • Mohamed Al Fardan • Abdul Wahab Al Halabi • Amer Khansaheb • Darwish Al Ketbi • Abdul Rahman Sharaf • Saif Alserkal • Afaf Al Kontar	N/A	N/A
2	26/03/2024	6 members out of a total of 7 as follows: • Mohamed Al Fardan • Abdul Wahab Al-Halabi • Amer Khansaheb • Abdul Rahman Sharaf Saif Alserkal • Afaf Al Kontar • Saif Alserkal	N/A	Darwish Al Ketbi
3	14/05/2024	6 members out of a total of 7 as follows: • Mohamed Al Fardan • Abdul Wahab Al-Halabi • Amer Khansaheb • Abdul Rahman Sharaf Saif Alserkal • Afaf Al Kontar • Saif Alserkal	N/A	Darwish Al Ketbi
4	01/08/2024	7 members out of a total of 7 as follows: • Mohamed Al Fardan • Abdul Wahab Al-Halabi • Amer Khansaheb • Darwish Al Ketbi • Abdul Rahman Sharaf • Saif Alserkal • Afaf Al Kontar	N/A	N/A
5	25/10/2024	7 members out of a total of 7 as follows: • Mohamed Al Fardan • Abdul Wahab Al-Halabi • Amer Khansaheb • Darwish Al Ketbi • Saif Alserkal • Afaf Al Kontar • Abdul Rahman Sharaf	N/A	N/A

- The number of Board of Directors decisions issued by circulation during the fiscal year 2024, indicating their dates:

N/A

4- Board Committees

- Audit Committee:
a. An acknowledgment from the Chairman of the Audit Committee of his responsibility for the committee system in the Company and for reviewing its work mechanism and ensuring its effectiveness.

Mr. Abdul Rahman Sharaf, Chairman of the Audit Committee, acknowledges his responsibility for the committee's system in the Company and for reviewing its work mechanism and ensuring its effectiveness.

b. Names of the members of the Audit Committee, and a statement of its powers and tasks assigned to it.

Mr. Abdul Rahman Sharaf (Chairman of the Committee)
Mr. Abdul Wahab Al-Halabi (Member)
Mr. Darwish Al Ketbi (Member)
The Board Members took decisions by passing on N/A

A statement for Audit Committee's powers, responsibilities and duties.
Duties of Audit Committee

The Audit Committee shall perform the following tasks and duties:

1. Review the company financial and accounting policies and procedures.

2. Monitor and review the integrity of the Company financial statements and reports (annual, semi-annual and quarterly) and its control regulation as part of its normal operation during the year. It shall concentrate in particular on the following:

a) Any changes in accounting policies and practices.
b) Highlighting of the aspects subject to the management discretion.
c) Ensure that the Company annually updates its policies, procedures and control systems.
d) Substantive amendments resulting from the audit.
e) Assumption of business continuity.
f) Compliance with the accounting standards established by the Authority.
g) Compliance with listing and disclosure rules and other legal requirements related to financial reporting.

3. Coordinate with the Company Board, senior executive administration, financial manager or the manager delegated with the same duties in the company in order to perform its duties.

4. Review any important and unusual items that should be included in reports and accounts and off-balance sheet items, giving due attention to any matters raised by the financial manager, the manager with similar responsibilities, compliance officer, or the auditor.

5. Raise recommendation to the Board regarding the selection, resignation or dismissal of the auditor. In case the Board doesn't approve the Audit Committee recommendations in this regard, the Board shall attach to the governance report a statement explaining the Audit Committee recommendations and the reasons why the Board has not followed them.

6. Develop and implement the policy of contracting with the auditor, and submit a report to the Board, outlining the issues that it deems necessary to be taken, along with providing recommendations for steps to be taken.

7. Ensure that the auditor meets the conditions stated in the applicable laws, regulations and decisions and in the Company articles of association, along with following up and monitoring its independence.

8. Meet the auditor of the Company without the presence of any of the senior executive management personnel or its representatives and discuss the same with regard to the nature and scope of the audit process and its effectiveness in accordance with the audited standards.

9. Approve any additional works made by an external auditor for the Company and the fees received in consideration for that works.

10. Examine all matters related to the auditor work, his work plan, correspondence with the Company, his observations, suggestions and reservations, and any substantial queries raised by the auditor to the senior executive management regarding the accounting records, financial accounts or control systems, in addition to following up the response of the Company management and provision of the necessary facilities to do his work.

11. Ensure that the Board of Directors and executive management respond promptly to essential queries raised in the auditor's letter.

12. Review and evaluate the company's internal auditing and risk management systems.

13. Discuss the internal auditing system with the Board, and make sure it performs its duty with regard to establishing an effective internal control system.

14. Consider the results of the main investigations regarding the internal vauditing matters assigned to it by the Board or at the initiative of the Committee and the approval of the Board.

15. Review the auditor evaluation of the internal control procedures and ensure that there is coordination between the internal and external auditors.

16. Ensure of the availability of necessary resources for the internal auditing department, review and monitor the effectiveness of such department.

17. Examine internal auditing reports and follow up implementation of corrective actions of the observations contained therein.

18. Establish controls enabling employees and stakeholders to report potential violations in financial reports, internal audits, or other matters confidentially, and implementing procedures to conduct independent and fair investigations into such violations with adequate measures to protect whistleblowers and closely monitoring their execution.

19. Monitor the Company compliance with the rules of professional conduct.

20. Review related party transactions with the Company, ensure that there are no conflicts of interest and raise recommendations about them to the Board before concluding them.

21. Ensure the application of the business rules of its functions and the powers entrusted to it by the Board.

22. Submit reports and recommendations to the Board on the above matters mentioned in this article.

23. Consider any other matters determined by the Board.

- The number of meetings held by the Audit Committee during 2024 and the dates thereof to discuss issues related to the financial statements and any other matters, and a statement of the number of times members appear in person at the meetings held.

Members Attendance				
Sr.		Mr. Abdul Wahab Al-Halabi	Mr. Darwish Al Ketbi	Mr. Abdul Rahman Sharaf
1	First Audit Committee meeting held on 06/02/2024	Attended	Attended	Attended
2	Second Audit Committee meeting held on 06/03/2024	Attended	Attended	Attended
3	Third Audit Committee meeting held on 13/05/2024	Attended	Absent	Attended
4	Fourth Audit Committee meeting held on 30/05/2024	Attended	Attended	Attended
5	Fifth Audit Committee meeting held on 30/07/2024	Attended	Attended	Attended
6	Sixth Audit Committee meeting held on 23/10/2024 and continued 01/11/2024	Attended	Attended	Attended

- Nominations and Remuneration Committee:

a. An acknowledgment from the Chairman of the Nominations and Remuneration Committee of his responsibility for the committee system in the company and for reviewing its work mechanism and ensuring its effectiveness.

Mr. Saif Bin Abdulaziz Alserkal, Chairman of the Nominations and Remuneration Committee, acknowledges his responsibility for the committee's system in the Company and for reviewing its work mechanism and ensuring its effectiveness.

b. Names of the members of the Nominations and Remuneration Committee, and a statement of their powers and tasks assigned to them.

- Mr. Saif Alserkal (Chairman of the Committee)
- Mr. Abdul Wahab Al-Halabi (Member)
- Mr. Darwish Al Ketbi (Member)

A statement of Nominations and Remuneration Committee's powers, responsibilities, duties and bonuses.

1- Developing a policy for nominations for membership in the Board of Directors and Executive Management that aims to take into account gender diversification within the composition and encouraging women through incentives and training benefits and programmers and providing the Authority with a copy of this policy and any amendments thereto.

2- To organize and follow up on the procedures for nomination for membership in the Board of Directors as per the applicable laws and regulations and the provisions of this decision.

3- To verify the continued fulfillment of membership requirements for Board Members on an annual basis.

4- To ensure the independence of individual members on an ongoing basis.

5- If it becomes clear to the committee that one of the members has lost on the independence condition, it shall present the matter to the board so that it can notify the member by registered letter at his fixed address with the Company of the justifications for his lack of independence. The member shall hereby respond to the board of directors within fifteen days from the date of his notification, and the board of directors shall issue a decision to consider the member independent or non-independent at the first meeting following the member's response or the expiration of the period referred to in the previous paragraph without a response.

6-Taking into account Article 145 of the Companies Law, if the Board of Directors' decision regarding the absence of reasons or justifications for the member's independence would affect the minimum percentage that must be available from its independent members, the Board of Directors shall appoint an independent member to replace this member if the latter submits his resignation due to the absence of the status of independence from him, and in the event that the member refuses to submit his resignation, the Board of Directors must present the matter to the General Assembly to take a decision to approve the appointment of another member in his place or to open the door for nominations to elect a new member.

7- To prepare the policy for granting rewards, benefits, incentives and salaries to members of the company's Board of Directors and its employees and review it annually. The committee must verify that the rewards and benefits granted to the senior executive management are reasonable and commensurate with the Company's performance.

8- To ensure that rewards and bonuses, including options and other deferred rewards and benefits offered to senior executive management, are linked to the Company's performance in the medium and long term.

9- To conduct an annual review of the required skills requirements suitable for membership in the Board of Directors and prepare a description of the capabilities and qualifications required for membership in the Board of Directors, including specifying the time that a member must devote to the work of the Board of Directors.

10- To review the structure of the Board of Directors and make recommendations regarding changes that can be made.

11- To determine the Company's needs for rewards at the level of senior executive management and employees and the basis for their selection.

12- To prepare the Company's human resources and training policy, monitor its implementation, and review it annually.

13- Ensure the availability of a suitable and updated plan for the continuity and follow-up of the work of the Company's senior executives and review it annually.

14- Consider any other matters determined by the Board.

3- A statement of the number of meetings held by the committee during 2024 and the dates of their holding, indicating the number of times all members of the committee attended in person.

Members Attendance				
		Mr. Saif Bin Abdulaziz Alserkal	Mr. Abdul Wahab Al Halabi	Mr. Darwish Al-Ketbi
1	1st Meeting held on 11/03/2024	Attended	Attended	Attended
2	2nd Meeting held on 25/03/2024	Attended	Attended	Attended
3	3rd Meeting held on 07/06/2024	Attended	Attended	Attended
4	4th Meeting held on 17/07/2024	Attended	Attended	Attended
5	5th Meeting held on 24/10/2024	Attended	Attended	Attended

5- A committee for following up and supervising the transactions of insiders

a. Committee chairman acknowledgement of his responsibility for the committee system in the company and for reviewing its work mechanism and ensuring its effectiveness.

“Mr. Rui Coelho, Head of Insiders' Transactions Supervision and Follow-up Committee, acknowledge his responsibility for the committee system in the Company and for reviewing of its work mechanism and ensuring its effectiveness.”

b- Names of the members of Insiders' Transactions Supervision and Follow-up Committee, and a statement of its powers and tasks assigned hereto.

Chief Financial Officer: Mr. Rui Coelho (Committee Chairman)
Deputy Chief Legal Officer: Mrs. Nadra Taher (Member)
Chief Executive Officer: Eng. Amer Khansaheb (Member)

c- A summary of the committee's work report during the year 2024

- Prepare a private and comprehensive register of all insiders, including people who may be considered insiders and who are entitled or have access to the Company's internal information before publication. The record should also include prior and subsequent disclosures of insiders.

- The list was circulated to insiders and the trading controls stipulated in accordance with the Chairman of Authority's Board of Directors' Decision no. (3/R.M) of 2020 concerning Approval of Joint Stock Companies Governance Guide and its amendments.

- The committee periodically monitors and supervises the trading of insiders and their ownership and maintains a special record of them.

- The Dubai Financial Market was notified of an updated list of insiders at the beginning of the financial year and any amendments to it during the year.

6- Executive Committee:

a- The committee chairman acknowledgement of his responsibility for the committee system in the Company and for reviewing its work mechanism and ensuring its effectiveness.

"Mr. Abdul Wahab Al-Halabi, Chairman of the Executive Committee, acknowledges his responsibility for the committee system in the Company and for reviewing its work mechanism and ensuring its effectiveness."

b- Names of the committee members, their terms of reference and the tasks assigned to them.

- Mr. Abdul Wahab Al-Halabi - (Chairman of the Committee)
- Mr. Saif Alserkal - (Committee Member)
- Eng. Amer Khansaheb - (Committee Member)
- Mr. Rui Coelho - (Committee Member)
- Mr. Fadi Saba - (Committee Member) until June 2024.

From 28 November 2024 onwards, the committee members became

- Mr. Abdul Wahab Al-Halabi - (Chairman of the Committee)
- Mr. Saif Alserkal - (Committee Member)
- Eng. Amer Khansaheb - (Committee Member)

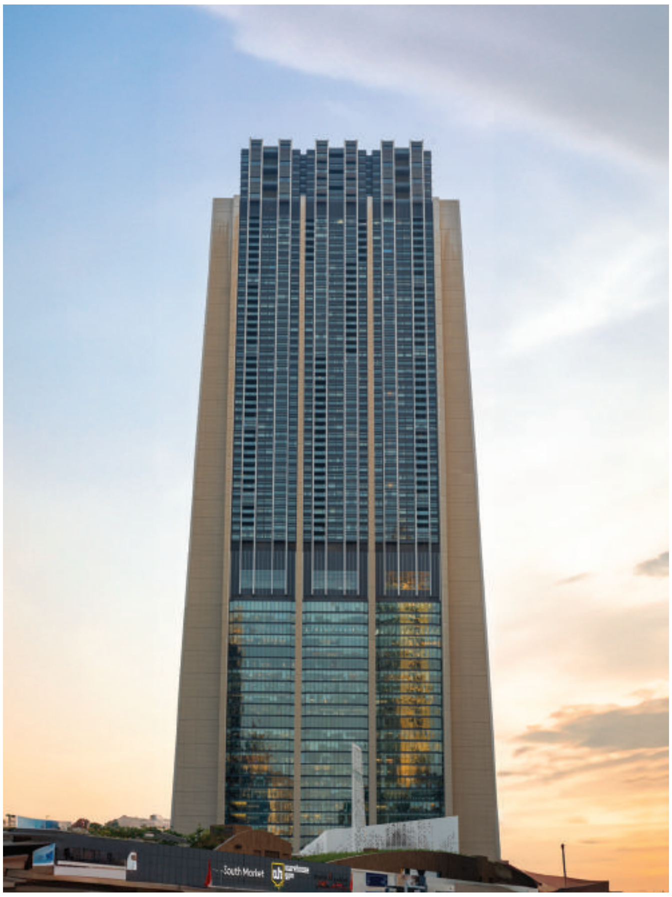
Statement of its terms of reference and tasks assigned to it

Purpose

- Assisting the company's Board of Directors in performing its oversight responsibilities.
- Acting on behalf of the Board of Directors and recommending their findings, ensuring the coordination of business activities between Board committees.
- Making decisions that are submitted to the Board based on the level of delegated powers.

Powers

- The Executive Committee acts as an advisor to the Board of Directors. It reviews, evaluates and makes recommendations to the BOD regarding various matters presented to the Board.
- The committee is charged with reviewing and submitting recommendations to the Board regarding the issues presented to it, even if they are beyond the level of the powers delegated to it.
- The Executive Committee may appoint legal advisors and others to assist the Committee in carrying out its tasks. These advisors may be the Company's regularly approved advisors.
- All recommendations submitted to the Board of Directors must be made by a simple majority. The casting vote in the event of a tie will be the vote of the Chairman of the Executive Committee.



Responsibilities: The committee's responsibilities include the following:

- Submitting evaluations and recommendations to the Board of Directors regarding the annual review plan in addition to the Company's strategy and schedule of activities.
- Holding periodic meetings with other committees in separate executive sessions to discuss any issues that the committee or other committees believe should be discussed in private.
- Reviewing management reports on business progress and submitting recommendations to the Board of Directors.
- Supervising investment and credit policies, making decisions within the limits of the powers entrusted to it, and submitting recommendations to the Council on matters that exceed the limits of the powers entrusted to the committee.
- Initial review of the company's periodic reports and submission of recommendations to the Board of Directors (copies of the complete reports are submitted to the Board and discussed at the Board meeting).
- Reviewing and submitting recommendations to the Board of Directors regarding acquisitions, liquidations, and other operational activities of the Company.
- Review and submit recommendations to the Board of Directors regarding opening new branches, closing current branches, appointing managers and granting them the powers.
- Review, amend and make recommendations regarding policies directed by the Council to be presented to the Council through the Committee.

D-A statement of the number of meetings held by the committee during 2024 and the dates of their holding, indicating the number of times all members of the committee attended in person

Members Attendance						
Sr.		Mr. Abdul Wahab Al-Halabi	Eng. Amer Khansaheb	Mr. Saif Bin Abdulaziz Alserkal	Mr. Rui Coelho	Mr. Fadi Saba
1	1st meeting held on 11/03/2024	Attended	Attended	Attended	Attended	Attended
2	2nd meeting held on 21/03/2024	Attended	Attended	Attended	Attended	Attended
3	3rd meeting held on 03/05/2024	Attended	Attended	Attended	Attended	Attended
4	4th meeting held on 29/07/2024	Attended	Attended	Attended	Attended	
5	5th meeting held on 28/11/2024	Attended	Attended	Attended	Attended	

- A statement of the duties and powers of the Board of Directors carried out by a member of the Board or the Executive Management during the year 2024 based on a delegation from the Board, specifying the duration and validity of the delegation according to the following table:

Sr.	Delegated Person Name	Authorization Power	Duration
1	Eng. Amer Khansaheb	Board Member and the Managing Director until 14 May 2024 and after this date he acted as the Chief Executive Officer, acts on behalf of the Company and represents it in all financial, legal, operational and administrative matters. He is the authorized signatory on behalf of the Company and its subsidiaries in accordance with the legal power of attorney granted to him by the Company's Board of Directors.	Expires on 30/05/2026

- A statement of details of transactions carried out with relevant parties (stakeholders) during the year 2024, including as follows:

N/A

- Board of Directors Evaluation

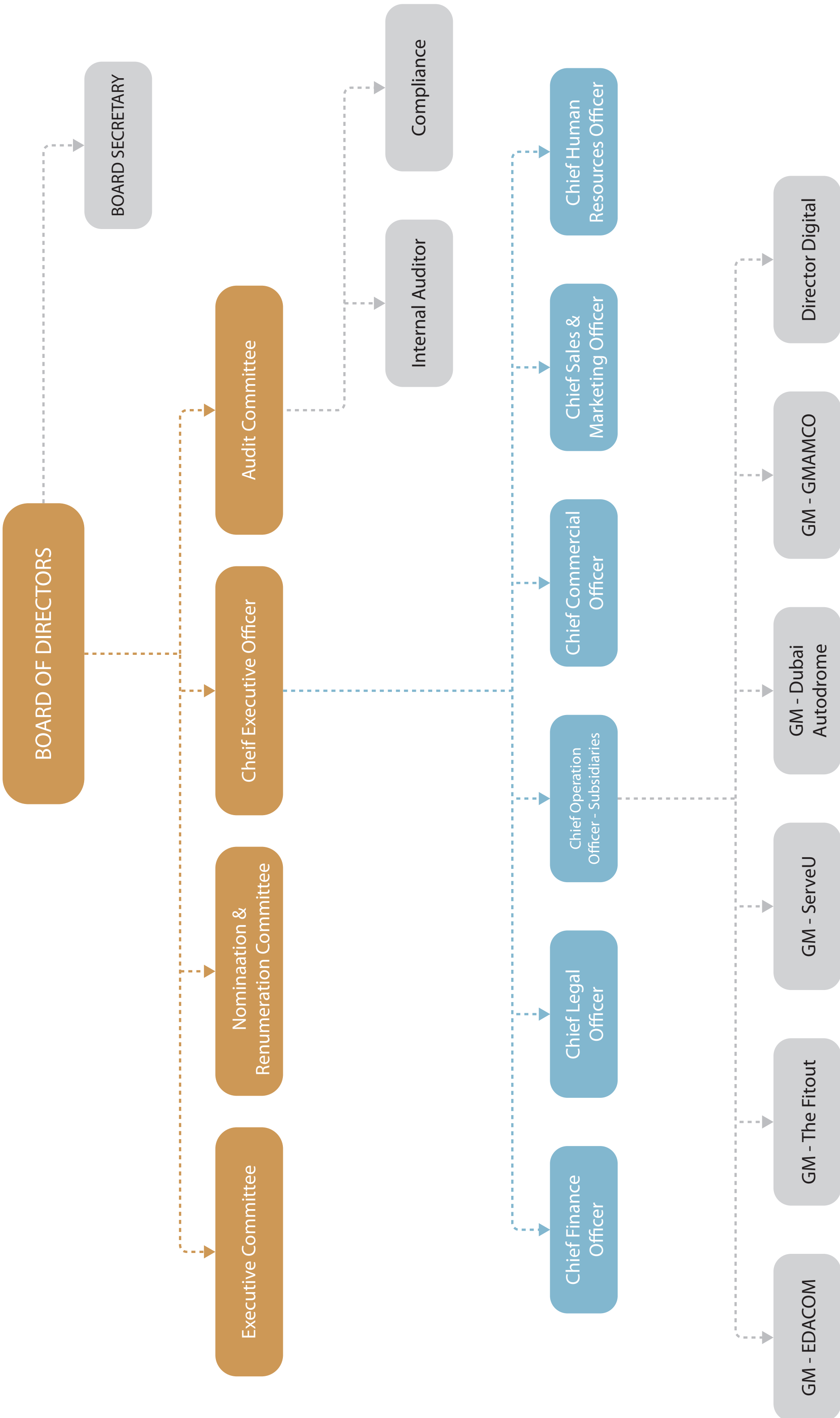
A_ Annual evaluation of the performance of the Company's Board of Directors and the performance of its Members and Committees

The Company is in the process of evaluating the performance of the Company's Board of Directors and the performance of its Members and Committees through the Nomination and Remuneration Committee with the support of the Board Secretary as needed.

B- Evaluation of the Board of Directors through an independent professional body that has no interest or relationship with the Company or any members of its Board of Directors or Executive Management.

The Duration of the Board of Directors did not exceed two years and was elected on April 17, 2023.

The complete organizational structure of the Company, provided that it shows the Managing Director, General Manager, CEO, Deputy General Manager, and Managers working in the Company, such as the financial director.



- A detailed statement of the senior executive employees in the first and second ranks, according to what was stated in the Company's organizational structure (according to 3-D), their jobs and the dates of their appointment, along with a statement of the total salaries and bonuses paid to them, according to the following table.

Sr.	Position	Appointment Date	Total salaries and allowances paid for 2024 (AED)	Total Bonuses paid for 2024 (AED)	Any other cash/in-kind rewards for 2024 or due in the future
1	Chief Executive Officer	14/05/2024		10,000,000	-
2	Chief Operational Officer	1/09/2023	1,033,800	480,600	
3	Chief Commercial Officer	18/09/2023	1,052,000	459,000	
4	Chief Financial Officer	21/02/2022	1,006,500	250,000	-
5	Chief Legal Officer	10/02/2022 until September 2024	611,600		
6	Chief Legal Officer	10/06/2024	401,425	162,000	-
7	Chief Sales and Marketing	02/01/2023	1,006,500	139,320	2,975,700
8	Chief Human Resources Officer	01/02/2024	922,750	425,000	-

External Auditor

a- Providing an overview of the Company's auditor to shareholders

Grant Thornton International Ltd (GTIL) is a private company limited by guarantee, incorporated in England and Wales. It is an umbrella organization that delivers services by Grant Thornton member companies around the world. GTIL and the member companies are collectively referred to as Grant Thornton. In the UAE, the company is managed by Mr. Farouk Mohammed - Chairman, Hisham Farouk - CEO and the leadership team that it is composed of leaders from all areas of service. The leadership team meets to discuss strategic, operational and financial development, always keeping its customers and employees at the forefront.

b- A statement of fees and costs for the audit or services provided by the external auditor, according to the following table:

Audit Office Name	Grant Thornton International Ltd
Partner Auditor Name	**Dr. Osama Al Bakry**
No. of years he spent as the company's external auditor	3
No. of years the partner auditor spent auditing the company's accounts	3
Total value of audit fees for 2024 (AED)	**AED 760,000**
Details and the nature of other services provided by the Company's auditor (if any). In the event that there are no other services, this will be explicitly mentioned.	-
The value of fees and costs for other special services other than auditing the financial statements for the year 2024 (AED), if any. In the event that there are no other fees, this is explicitly mentioned.	15,000
A statement of other services that an external auditor other than auditing the company's accounts provided during 2024 (if any). In the event that there are no services provided by another external auditor, this will be explicitly mentioned.	-

c- A statement explaining the reservations that the Company's auditor included in the interim and annual financial statements for 2024. In the absence of any reservations, this must be stated explicitly.

- In the unaudited interim condensed consolidated financial statements for the first quarter ending March 31, 2024, and the second quarter ending June 30, 2024, our auditor reached a conservative conclusion with regards to the accumulated losses and the liabilities of the Company against its assets, which was reported in those financial statements based on the associate's accounting records.

- There was no reservation by the auditors in the unaudited interim condensed consolidated financial statements for the third quarter ending September 30, 2024.

- There was no reservation by our auditor in the audited annual consolidated financial statements for the fiscal year ending December 31, 2024.

Internal Control System

a- An acknowledgment by the Board of its responsibility for the Company's Internal Control System and for reviewing its work mechanism and ensuring its effectiveness

The Board of Directors acknowledges its responsibility towards the application, review and effectiveness of the internal control system by maintaining an effective and strong internal control mechanism. The Board of Directors has committed itself to promoting and disseminating best practices in risk management and the proper application of governance rules and verifying the compliance of the Company and its employees with the laws, regulations and decisions on which its operations are based, as well as with internal procedures and policies and reviewing the financial statements that are sent to the company's supreme management, its investors, and all shareholders in general.

b- Director's name, qualifications and date of appointment.

- Standard Mentors Auditing and Assurance was appointed on July 16, 2024.
- On September 16, 2024, Mr. Ahmed Salim was appointed as the Internal Audit Manager. Mr. Ahmed Salim has extensive experience in auditing and has over 20 years of experience in this field.

He holds professional certificates and qualifications from internationally recognized institutes in auditing, risk assessment and control frameworks.

He has led many complex audits, providing valuable insights and practical recommendations to enhance internal controls and increase business value. His deep analytical skills and strategic approach enable organizations to enhance governance, mitigate risk and achieve operational excellence.

c- Compliance Officer's name, qualifications and date of appointment.

On June 1, 2024, Ms. Revantha Gajadhur was appointed as Compliance Officer. Ms. Revantha Gajadhur has more than 15 years of experience in compliance and risk management and holds a PhD in Business Leadership with deep knowledge and expertise in the field of compliance and risk management.

d- The way by which the Internal Control Department deals with any major problems in the Company or those disclosed in the annual reports and accounts (in the absence of major problems, it must be stated that the Company has not faced any problems)

Upon identifying a high-risk issue by the Internal Audit Department, the same matter is escalated to the Audit Committee of Union Properties for submission to the Company's Board of Directors in order to take the necessary action and settle the matter immediately.

Details of violations committed during 2024, their reasons thereof,and how to address them and avoid their recurrence in the future.

During 2024, no material violation occurred.

Statement of the cash and in-kind contributions made by the company during 2024 to the development of the local community and the preservation of the environment. (In the event that there are no contributions, shall state that the company has not made any contributions).

In response to the heavy rains experienced in the United Arab Emirates in May 2024, Edacom took significant and proactive steps to improve stormwater management and ensure better resilience against future weather events and preventing flooding and minimizing water damage. These actions include the continuous upgrade of drainage systems, the enhancement of water flow management infrastructure with the installation of dewatering systems. These improvements ensure the network is always prepared for rainy conditions and that excess rainwater is handled more efficiently through sustainable solutions not to only enhance the safety and comfort of residents but also to contribute to the long-term sustainability and resilience of the communities it serves.

At Union Properties, we are committed to employee engagement and wellbeing, thus, we give great significance to the wellbeing and development of our employees, hence, in 2024, we have organized a series of events aimed at boosting employee wellbeing and development. These include wellness workshops, leadership training programs, and team-building activities which provided our employees with valuable skills and tools to manage stress, enhance their professional growth, and build stronger team dynamics. The outcomes resulted in increased employee satisfaction, improved productivity, and a more cohesive work environment.

Moreover, Union Properties is committed to empowering women, particularly in senior management roles. The number of women in senior management has increased significantly from 38 in the past year to 65 in 2024.

In collaboration with Dubai Police, we organized a Tug-of-War event that brought together employees and law enforcement officers in a spirit of friendly competition. This event not only promoted physical fitness but also strengthened our community ties and highlighted the importance of teamwork.

In a football event organized by the Dubai Municipality, Union Properties' employees participated to further our commitment to community involvement. This event provided an excellent platform for our team to showcase their skills and engage with the broader community.

Urban Forestation

Strong emphasis is placed on environmental sustainability, particularly through the integration of urban forestry in existing communities and future developments. Advanced landscaping initiatives are underway to enhance the green spaces within current communities, contributing to an improved environmental quality and aesthetic.

This commitment is deepened with a focus on sustainable practices from the planning stage. Central to this is the use of timber sourced in compliance with Forest Stewardship Council (FSC) standards, ensuring responsible forest management and sustainability in construction materials. This approach not only adheres to environmental stewardship but also aligns with our goal of enhancing community well-being and ecological health in every aspect of our development

General Information

A statement of the Company's share price in the market (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2024.

End of Month	Highest Price	Lowest Price	Closing Price
Jan 2024	0.310	0.270	0.276
Feb 2024	0.366	0.271	0.350
March 2024	0.430	0.344	0.409
April 2024	0.465	0.409	0.430
May 2024	0.452	0.361	0.372
June 2024	0.381	0.350	0.362
July 2024	0.390	0.360	0.380
August 2024	0.385	0.327	0.340
September 2024	0.375	0.330	0.353
October 2024	0.365	0.325	0.346
November 2024	0.377	0.340	0.360
December 2024	0.444	0.360	0.411

A Statement of the comparative performance of the Company's shares with general market index and sector index to which the Company belongs during 2024

c- A statement of the shareholder ownership distribution as of 31/12/2024 (individuals, companies, governments) classified as follows: The following: local, Gulf, Arab, and foreign

Sr.	Shareholder Category	Owned Shares Percentage			
		Individuals	Corporate	Government	Total
1	National	69.56%	16.15%	0.01%	85.71%
2	Arab	9.03%	1.51%	0.00%	10.54%
3	Foreign	2.29%	1.46%	0.00%	3.75%
4	Total	80.87%	19.12%	0.01%	100.00%

d- A statement of shareholders who own 5% or more of the Company's capital as of 31/12/2024 according to the following table:

Sr.	Name	No. of Owned Shares	Percentage of shares owned in the Company's capital
1	SALEM ABDULLA SALEM ALHOSANI	220,000,000	5,1288%

e- A statement of how shareholders are distributed according to the ownership size as of 31/12/2024 according to the following table

Sr.	Shares Ownership (shares)	No. of Shareholder	No. of Owned Shares	Percentage of shares owned by capital
1	Less than 50,000	6,206	66,406,128	1.55%
2	From 50,000 to less than 500,000	3,260	550,150,254	12.83%
3	From 500,000 to less than 5,000,000	856	1,207,151,281	28.14%
4	More than 5,000,000	112	2,465,832,471	57.48%

f- A statement of the measures that have been taken regarding investor relations controls, indicating the following: -

The Company's Investor Relations Department builds a close relationship between the Company and the investor, in order to enhance confidence in the Company.

Name of investor relations officer

Mrs. Marianna Takla

Contact information with the Investor Relations Officer (email, phone, mobile, fax)

E-mail: ir@up.ae

Mob: +97148066688

The electronic link to the investor relations page on the company's website

https://up.ae/investor-relations

g- A statement of the special decisions that were presented in the General Assembly held during 2024 and the actions taken in their regard.

N/A

h- Name of the BOD meetings rapporteur and the date of his appointment.

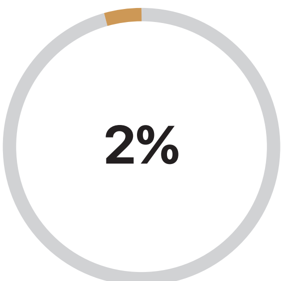
As of June 5, 2023, the Board Members appointed Mr. Fadi Saba as Board Secretary, as he is licensed as a secretary by government agencies and has extensive experience in the field of secretariat and in dealing with the Securities and Commodities Authority and Dubai Financial Market.

And in the Board of Directors Meeting held on August 1, 2024, the Board Members appointed Mr. Khaled Chaaban as Board Secretary, as he is licensed as a secretary by government agencies in 2024.

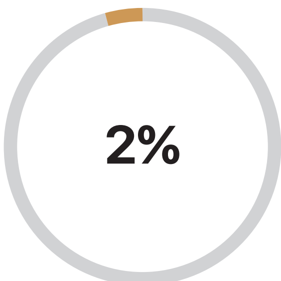
- A detailed statement of the fundamental events and important disclosures that the Company encountered during 2024

08/02/2024	Union Properties announces reaching a settlement agreement with both Dubai Land and Emirates NBD.
15/02/2024	Union Properties announces achieving exceptional performance profits and achieving profits of an amount of 811 million AED in the year 2023 (unaudited numbers).
26/02/2024	Union Properties Company announces selling a land plot with amount of 500 million AED and received another offer with the amount of 1.2 Billion.
01/04/2024	Union Properties announces selling plots of land with 816 million AED and has paid off 290 million AED in debt.
10/10/2024	Union Properties announces launching Takaya project in Motor City.

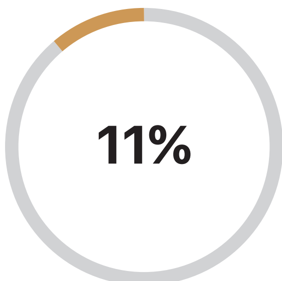
Statement of the Company's Emiratization percentage by the end of the years 2022, 2023 and 2024, excluding subsidiaries:



Emiratization rate in 2022



Emiratization rate in 2023



Emiratization rate in 2024

- A statement of the innovative projects and initiatives that the Company has undertaken or is currently developing during the year 2024

As part of a broader commitment to sustainability, Edacom implemented several significant initiatives in 2024 to further reduce energy consumption and enhance overall energy efficiency and lower carbon emissions. The BMS (Building Management System) has been upgraded and enhanced, and Delta T and BTU sensors have been installed at various chilled water network headers on different floors to capture data. This data is analyzed to optimize the operation of the chilled water system, ensuring it operates under optimum or on-demand conditions, ultimately achieving efficient and sustainable operations.

The system aims to meet the targeted Delta T parameters and reduce energy consumption. The project will be extended to all buildings, ensuring the entire system benefits from enhanced monitoring and data-driven insights, further optimizing energy consumption.

Moreover, in line with its commitment to reducing its carbon footprint, Edacom continues to transition to energy-efficient LED lighting across all its premises. LEDs consume significantly less power compared to traditional lights and have a longer lifespan, further reducing energy consumption and maintenance costs.

In addition to these primary measures, Edacom is exploring other innovative strategies to further improve energy management. This includes the installation of smart meters for better energy monitoring, optimizing building insulation to reduce heating and cooling needs, and conducting energy audits to identify additional areas for improvement.

In 2024, Dubai Autodrome made significant steps in sustainable energy usage by fully operationalizing its solar panels across both the Dubai Autodrome and Dubai Kartdrome venues. This initiative saw the completion of over 5,000 solar panels, which collectively generated a remarkable 5,638,804.34 Kilowatt-Hours of power. Demonstrating a commitment to not just self-sufficiency but also community contribution, Dubai Autodrome fed 447,413,750 Kilowatt-Hours back into the public electricity system, aiding in the power supply across various neighbourhoods in the Emirate.

This shift towards renewable energy sources has yielded substantial financial benefits. For the year 2024, Dubai Autodrome achieved energy cost savings of approximately AED 900,000.

ServeU and The Fitout, as part of the company's broader strategy to adopt sustainable practices and reduce its environmental impact, have decided to install solar panels on the roof of the building in 2025, the energy generated by the solar panels will be used to power both the joinery machinery and office spaces, reinforcing the company's dedication to renewable energy and environmental stewardship.

This new initiative, will significantly reduce our reliance on conventional energy sources, thereby reducing the $CO2$ emissions associated with our operations.

Reduction in Electrical and Water Consumption

EDACOM's commitment to sustainability is evident in its successful reduction of electrical and water consumption. In 2024 alone, the company achieved a remarkable 27.7% reduction in emissions, equivalent to 17.13 million kilograms. Over a three-year span, EDACOM's efforts have cumulatively led to a remarkable reduction of 22 million kilograms of emissions, translating into a financial saving of AED 17.48 million.

Waste Management & Recycling

In 2024, ServeU and The Fitout, in collaboration with Endosherd, securely shredded and disposed 3,750 kg of paper, ensuring the confidentiality of sensitive documents. ServeU also implemented a recycling plan for metal waste, leading to the proper segregation and disposal of 22,000 kg of metal scrap which was managed through our waste management supply chain. This effort not only contributed to organizing workspaces but also played a vital role in resource conservation which effectively reduced the need for virgin material extraction, conserving energy, and reducing greenhouse gas emissions.

Sustainable Wood Waste Recycling

The Fitout's robust waste management system focuses on preventing, reducing, reusing, and recycling waste. Wood powder generated in the factory is repurposed as bedding for poultry farms, later processed into green fertilizers, creating a circular economy. By utilizing 250-300 tons of wood powder annually, this initiative reduces environmental impact, supports sustainable agriculture, and promotes waste recycling.

Earth Hour 2024

ServeU as part of its commitment to sustainability and energy efficiency, had actively participated in Earth Hour by switching off lights across its facilities and client locations, reinforcing its commitment to environmental responsibility. The initiative also served as an educational opportunity for employees, highlighting the importance of resource conservation by achieving a total energy savings of 5,605.12 kWh.

Chairman Signature	**Audit Committee Chairman** Signature	**Nominations and Remuneration Committee Chairman** Signature	**Internal Audit Manager** Signature
Date: 27/03/2025	Date: 27/03/2025	Date: 27/03/2025	Date: 27/03/2025

Annex

This section presents the Audit Committee Report in accordance with SCA Corporate Governance Guide, Article 61/bis, and provides an overview on the Audit Committee's key roles, responsibilities and activities carried out during the year 2024.

Chairman Attestation Statement –

"Mr. Abdulrahman Sharaf, as the Chairman of the Audit Committee, acknowledges his responsibility for Group's internal control system and discharging his responsibilities under its Terms of Reference (TOR) and ensuring its effectiveness."

1. Powers and responsibilities of the Audit Committee

The Audit Committee TOR outlines the key roles and responsibilities of the Audit Committee which include, but not limited to, the following:

1.1 Financial Report

The Audit Committee is appointed by the Board of Directors to oversee the Company's financial reporting by ensuring the accuracy of the financial reports and quarterly results with a focus on compliance with relevant accounting standards, disclosure obligations and statutory regulations. The members review and ensure that the Company updates its Internal Audit systems, policies and procedures on an annual basis. Critical and unusual items which arise in financial reports or matters raised by finance executives, compliance officer or the Group's external auditors are reviewed by the Audit Committee along with the Group's financial and accounting policies to ensure they align with the applicable regulatory requirements.

1.2 Internal Control and Risk Management

The Audit Committee oversees the effectiveness of the Internal Audit and risk management procedures of the Group by collaborating with the Board to identify key risks and review internal control systems. The Audit Committee ensures that Internal Audit has sufficient resources to conduct regular reviews by reviewing the function's annual work plan. Findings identified through Internal Audit are reviewed by the Audit Committee regarding matters where there is potential fraud, a failure of internal controls or breaches to the laws and regulations. Additionally, the Audit Committee annually reviews changes to the business environment and reports weaknesses in the internal control systems to the Board. Compliance with the Group's Code of Professional Conduct is also monitored by the Audit Committee. The Audit Committee is responsible for the review and approval of related party transactions in line with the policies set by the Board.

1.3 External Audit

The Audit Committee is responsible for ensuring the independence and objectivity of the Group's external auditors and their compliance with the applicable laws and regulations. Its members regularly collaborate with the external auditors to review the scope and the effectiveness of their work. Significant matters relating to internal controls, financial statements and accounting records are monitored and raised to the management promptly. Reports prepared by the external auditors on the Group's internal control system to be reviewed by the Audit Committee. Additionally, the Audit Committee is responsible for organising an annual meeting with the Group's external auditors without the presence of its senior management. For detailed responsibilities of the Audit Committee towards External Auditors, please refer section (4) of the governance report.

2. Committee Meetings and Composition

The composition of the Group's Audit Committee during the year 2024 was as follows:

1. Abdulrahman Sharaf
2. Abdul Wahab Al Halabi
3. Darwesh Al Ketbi

During 2024, the Audit Committee convened six times to review financial statements and other key governance matters as outlined below:

Meeting No.	Date of Committee Meetings	Number of member Attendees	Members in absence
1	6th of February 2024	3	-
2	6th of March 2024	3	
3	13th of May 2024	2	Darwish Al Ketbi
4	30th of May 2024	3	-
5	30th of July 2024	3	-
6	23rd of October 2024 and continued on the 1st of November 2024	3	-

3. Key Activities of the Audit Committee during 2024

3.1 Review and Approval of Financial Statements

The Audit Committee discussed and approved quarterly and year-end financial results throughout the year, with the results presented by Finance Department and the external auditors highlighting the overall financial performance and progress of the Group. This involved presentations by the external auditors covering significant accounting and auditing matters along with any new regulatory and International Financial Reporting Standards (IFRS) requirements, and their potential impact on the Group's financial statements.

3.2 Status Update on Internal Audits and Action Plans

The Audit Committee reviewed the status and achievement of the 2023 Audit Plan. The Committee also reviewed the Internal Audit Findings, classified by level of risk, High and Medium risk findings were examined in detail, with a focus on remediation measures, assigned responsibilities and implementation timelines. Regular updates on corrective actions were provided to maintain effective oversight.

3.3 Update of Group's Internal Controls System

Internal Audit assesses the effectiveness and efficiency of the risk management and internal controls through periodic reporting of Internal Audit's reports and memorandums, along with the minutes from the Audit Committee's meetings. During the year, the assessment of the Group's Internal Controls system involved the annual review of the existing controls to enhance the existing Group policies along with its procedures. An update was provided to the Audit Committee on the Internal Controls over Financial Reporting (ICFR) preparedness.

3.4 Independent Meetings with External Auditors

An independent meeting with external auditors was held on 23rd October 2024, where the external auditors presented their recommendations on upcoming implementation of corporate tax, internal control over financial reporting and need for automation. The Management Letter by the external auditor highlighted key observations identified during audits which included a new requirement for developing and approving an internal controls and risk management framework tailored to the Group's operations and compliant with international practices (recommended COSO), in alignment with the SCA requirements for the year ending 31 December 2024.

3.5 Review and Approval of the Audit Plan by External Auditors

The 2024 Audit plan was presented to the Audit Committee by the external auditors, and approval for the plan was provided.

3.6 Appointment and Approval of External Auditors

The Group's existing external auditor, Grant Thorton UAE , concluded the term of 3 years. The external auditors' fees were discussed, and the Audit Committee approved the continuity of Grant Thorton appointment as the company's 's external auditors for 2025, and onward recommendation to the Board.

3.7 Related Party and Conflict of Interest Transactions

No related party and conflict of interest transactions occurred throughout the year.

3.8 Risk Management Updates

As part of the annual risk assessment, key risks for all the Group operations were identified and corresponding mitigation plans were provided to the Audit Committee.

3.9 Risk Assessment Result

The annual risk assessment results were discussed in the Audit Committee meeting held in 2025 providing an overview of the exercise conducted.

3.10 Other Matters

During the year 2024, there was no material violations recorded across the Group. The Audit Committee established practical tools to enable the employees to report any potential violations related to financial reports, internal controls or other violations and takes the necessary actions in this regard; it also reviews and approves related party transactions in accordance with the policies adopted by the Board in this regard.

4. Relationship between External Auditor and Audit Committee

4.1 External Audit Oversight

In line with the Audit Committee TOR and applicable laws and regulations, the Board has delegated to the Audit Committee the responsibility for overseeing the selection, independence, and performance of the Group's external auditor. The Audit Committee ensures that external audits are conducted with integrity, transparency, and in adherence to the highest professional and regulatory standards.

4.2 Key Responsibilities of the Audit Committee pertaining to External Auditor include

Appointment and Independence

- Recommending to the Board the appointment, reappointment, or dismissal of the external auditor, as well as determining the appropriate remuneration for their services.
- Monitoring the independence of the external auditor to ensure compliance with all applicable laws, regulations, and best practices governing external audit functions.

Audit Scope and Engagement Terms

- Reviewing and approving the terms of engagement, including the audit scope and fees, and submitting recommendations to the Board.
- Ensuring that the external audit plan is aligned with the Group's size, complexity, and risk profile while meeting applicable regulatory requirements.

Audit Effectiveness and Financial Reporting

- Reviewing the external auditor's assessments regarding the appropriateness of the Group's accounting policies, financial disclosures, and reporting practices.
- Ensuring that audits are conducted in accordance with applicable regulatory frameworks and professional standards.

Interaction with External Auditors

- Monitoring and addressing material queries raised by the external auditors relating to accounting records, financial reporting, and internal controls, ensuring timely responses from management.
- Conducting at least one annual meeting with the external auditors without the presence of Executive Management to facilitate independent discussions.

Internal Control and Governance Coordination

- Reviewing Internal Audit reports on the internal control environment and ensuring effective coordination between internal and external auditors.
- Overseeing any additional work performed by the external auditor outside of the ordinary audit scope and approving the associated fees.

4.3 Auditor Appointment and Assessment process

The Audit Committee follows a structured selection process for appointing external auditors, ensuring that candidate firms meet the following key criteria:

- Possess the required qualifications and demonstrate independence in both form and substance, including the scope of non-audit services provided.
- Be duly licensed and approved by the relevant UAE authorities to practice external audit services.
- Have at least five years of experience auditing public joint-stock companies.
- Adhere to the International Code of Ethics for Professional Accountants.
- Maintain independence by not holding any ownership, directorship, or executive roles within the Group.
- Have no affiliation with the majority shareholders or any of its directors.

Following the evaluation of prospective audit firms based on technical and financial merit, the Audit Committee recommends the most suitable firm to the Board for appointment as the external auditor. Upon Board approval, the recommendation is submitted to shareholders at the Annual General Meeting (AGM), which holds the sole authority to approve the appointment and audit fees.

4.4 Performance Evaluation and Independence

The Audit Committee conducts periodic performance evaluations of the external auditor, and these evaluations assess:

a. Quality of service delivery
b. Independence and qualifications
c. Composition of the audit team
d. Fees related to services rendered
e. Relationship between the external auditor, Management, and the Audit Committee.

Additionally, the external auditor provides an assurance to the Audit Committee confirming adherence to ethical responsibilities as per the Global code of conduct .

4.5 Re-appointment and Rotation

The AGM appoints the Group's external auditor for one financial year, with a maximum tenure of six consecutive years. The Audit Committee, based on its annual performance and independence assessment, recommends either the re-appointment or removal of the external auditor.

The Audit Committee also ensures that the external auditor's independence is preserved when providing non-audit services, maintaining transparency and objectivity in financial reporting.

4.6 External Auditor Appointment for 2025

In line with regulatory requirements, the Audit Committee has reviewed the tenure of the Group external auditor and has proposed to retain the existing external auditor for the next year 2025.

4.7 Auditor Fees

Statement pertaining to the fees and costs incurred for the audit or services provided by the external auditor, is included on page 160 of the integrated report.

4.8 Qualified Opinion

The external auditor raised no qualified opinion regarding Group's annual financial statements for the year ended 31 December 2024.