

A tall, modern glass skyscraper with a blue-tinted facade is shown against a clear blue sky. The building is positioned on the right side of the frame, extending from the bottom to the top. The sky is a uniform light blue with some very faint, wispy clouds. The building's windows are arranged in a regular grid pattern, and the overall aesthetic is clean and professional.

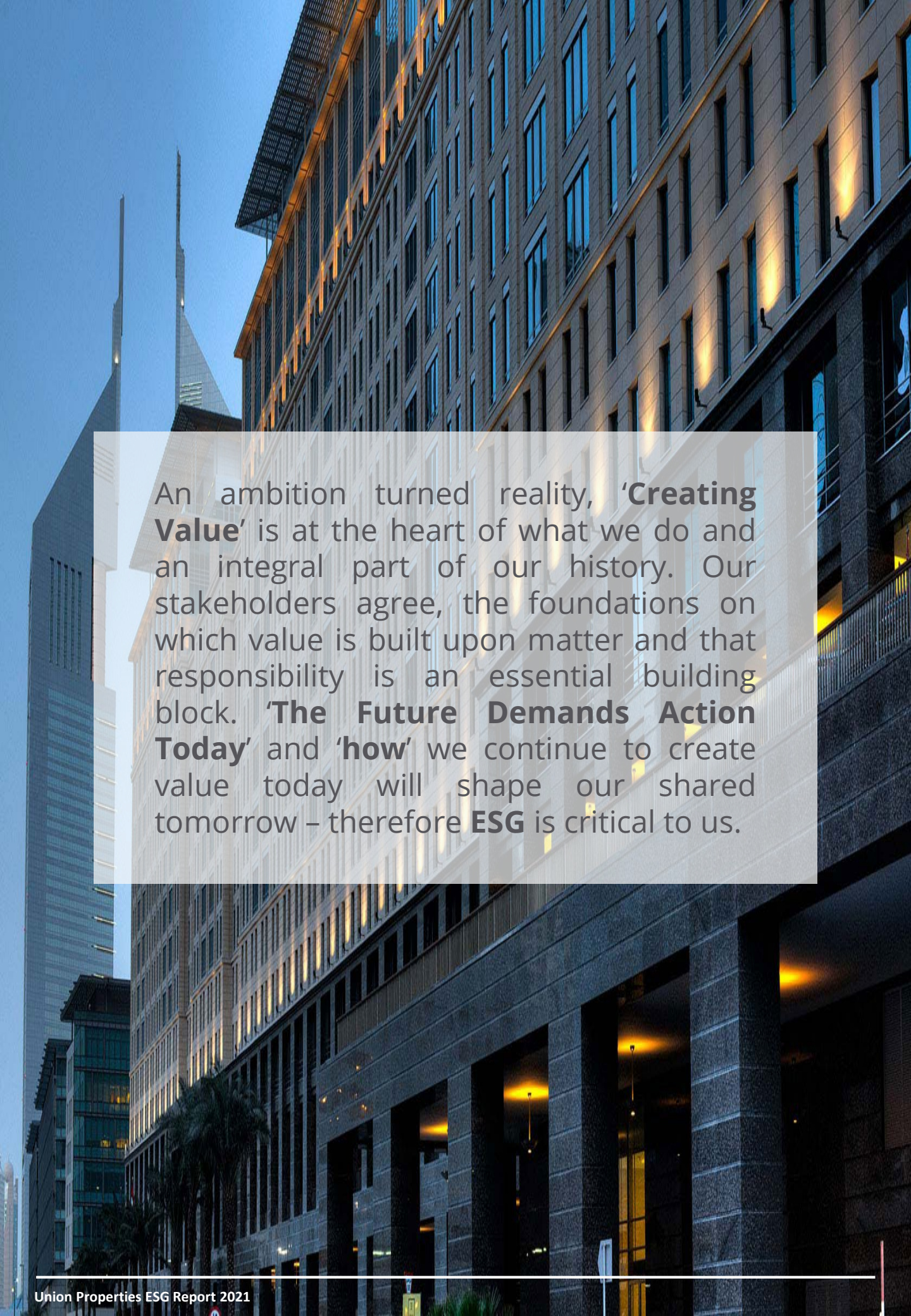
**ENVIRONMENTAL,  
SOCIAL AND GOVERNANCE  
REPORT 2021**

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An ambition turned reality, **'Creating Value'** is at the heart of what we do and an integral part of our history. Our stakeholders agree, the foundations on which value is built upon matter and that responsibility is an essential building block. **'The Future Demands Action Today'** and **'how'** we continue to create value today will shape our shared tomorrow – therefore **ESG** is critical to us.

## WE SUPPORT **SUSTAINABLE** LIFESTYLES IN AN URBAN WONDER

Embedded in the United Arab Emirates' DNA, Union Properties' has contributed towards developing and servicing integrated communities across Dubai for over three decades. Union Properties PJSC continues to improve its customers' quality of life by providing quality living and an unmatched breadth and depth of services, experiences, and know-how cultivated locally to meet international best practice. A portfolio of iconic developments to stand witness to its history and a diversified portfolio of subsidiaries that position it as a leading market player, Union Properties' reach extends across key economic segments in the UAE's real estate sector, aligning its future with the country's admirable vision.

## KEY HIGHLIGHTS

Throughout 2021, Union Properties and its subsidiaries reiterated their commitment towards the communities they operate within through leading and participating in several initiatives such as complying with UAE's Ministry of Climate Change & Environment's drive to ban refrigerants that are harmful to the environment, Blood donation, paperless operations, usage of green chemicals, implementation of solar panels, revised landscaping plan and many others



55 BLOOD DONORS



22,179 LAMPS TO LED



9,676 TREES SAVED

The Group aims to play an active role in society and plans on creating a sustainable CSR program centered around our people and the environment.

Key initiatives taken during 2021 include:

- Replacing the usage of the harmful R22 gas with R-410
- Safely disposing of all 230 KG of tube lights, bulbs and lamps and replacing them with LED
- Participating in the Emirati internship program, "Makers of the Future" commenced in January 2021
- Participating in the Trees for the Future campaign in collaboration with the event promoter Creventic during the annual Hankook Dubai 24H Race
- Participating in a blood drives in coordination with DHA.
- Investing in digitalized operations
- Ongoing installation of Solar Panels



## OBJECTIVES

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

## DRIVERS

|                                                                                                                                                                                |                                                                                                                                                                                                                         |                                                                                                                                                                                              |                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SCALED AND POSITIONED FOR GROWTH</b><br>Prime LandBank paves the path towards growth<br> | <b>LEVERAGE SUBSIDIARY PORTFOLIO</b><br>A unique position to improve customer offering and enhance group's financial performance<br> | <b>SUSTAINABLE PRACTICES</b><br>Innovation and Sustainability at the heart of our corporate strategy<br> | <b>OUR PEOPLE</b><br>Provide the best career & training opportunities for staff in the sector<br> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## RETURNS

|                                                                                    |                                                                        |                                                                                                 |                                                  |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------|
| <b>1.</b><br>Increase Return on Assets (ROA) and Return on Capital Employed (ROCE) | <b>2.</b><br>Strengthen Liquidity Ratio and Optimize Debt-Assets Ratio | <b>3.</b><br>Increase Return on Equity (ROE) and Earnings Per Share (EPS) and Declare Dividends | <b>4.</b><br>Improve Cost Efficiency Ratio (CER) |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------|



As concepts and frameworks of Corporate Governance and Corporate Social Responsibility evolved over the years, organizations and institutions gradually developed a broad spectrum of definitions for what is recognized today as ESG. While the term and its framework are relatively new to some, ESG has been a fundamental component and driver of corporate strategy at Union for years.

Rapid changes in the global environment have been the primary calling for organizations to adopt and adapt to ESG practices. As stakeholders' expectations are set to higher standards and both, responsibility and accountability, become essential blocks of all initiatives, organizations are expected to adhere and abide in order to succeed. At Union, we believe it is those blocks that drive the creation of value are those that sustain it. Going forward, we intend to

incorporate these foundations at the root of our corporate strategies by ensuring Environmental, Social, and Governance factors deeply embedded in our business.

This is our first update on ESG, and it aims to present our roadmap, articulating the issues important to us and the role we play in addressing them as part of our duty towards the wider community. While this is our first dedicated segment to the topic, throughout history we have always operated our business with sustainability at the heart of what we do, aiming always to create value for our stakeholders.

Our goal from these updates is to provide an honest summary of our progress, a transparent view of the areas we need to develop, and most importantly a framework of accountability to ensure ESG is forever engrained in our business.

## STAKEHOLDERS

Over the years, Union has dedicated itself to the creation of value to all its stakeholders including customers, communities, employees, regulators, shareholders and the environment it operates within. A deep understanding of the various stakeholder types it catered to and their objectives meant Union was always prepared to evolve and remain aligned to the various stakeholder expectations.

An ambition turned reality, 'Creating Value' is at the heart of what we do and an integral part of our history. Our stakeholders agree, the foundations on which value is built upon matter and that responsibility is an essential building block. 'The Future Demands Action Today' and 'how' we continue to create value today will shape our shared tomorrow – therefore ESG is critical to us.



# OUR JOURNEY

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Our story began with an epic and ambitious vision. From the beginning, we were fixated on the vision of becoming a pioneer in the property development sector. Over the years, we have grown to become one of the most trusted names in residential and commercial developments in the UAE.

Our properties represent our steady and ambitious confidence, bringing diversity and pioneering the future trends in the property development sector. Union Properties' leadership in developing landmark projects in several sectors highlights an ambitious drive to build infinite possibilities and to cultivate connections across future generations. We see challenges as opportunities, catalysts for our success and sustainable growth.

Union Properties adoption of best practices in the development of its corporate governance aims to ensure the protection of stakeholder rights. The Group's governance framework is in continuous development, adopting the rules and regulations set by the Dubai Financial Market and the Securities and Commodities Authority.

During 2021, Union Properties aimed on strengthening its internal controls and the policies centered around them aiming to strengthen risk management framework. Union Properties Board continues to disclose major events and substantial decisions, cementing transparency at the heart of all communications and engagements. Supporting diversity across its Board and Executive Management, Union Properties focuses on attracting local and international talent across a wide spectrum of industry experience whilst also focusing on important issues like gender equality





## THE JOURNEY TO 2040

The Group's strategic positioning and competitive strengths guarantee its role as both, a contributor and beneficiary, in the emirates' Vision 2040 program. As the emirate's next 50 years are planned, six key pillars including community, education and human capital, economy, infrastructure and environmental sustainability, safety and security, justice and future government are addressed over phases, Dubai's Vision 2040, Urban Master Plan, focuses on enhancing people's happiness and quality of life by paving the road to enhanced infrastructure, integrated smart cities and environmental sustainability, the perfect combination of both, growth and sustainability. Union Properties' journey to 2040 will witness key events and milestones set forth by the United Arab Emirates' visionary leadership, guiding the group and its stakeholders towards a sustainable future.

## EXPO 2020 DUBAI

As we leap into the next decade, Dubai Held its first international expo event, Expo 2020 Dubai, with the aim to bring people together offering a sense of inclusion to all participants. The Expo 2020 served as an opportunity to visit ESG on multiple fronts including environmental through the Sustainability District and social through the Opportunity District, capitalizing on international best practices and innovation. A contributor to the Expo event, Union Properties had the golden opportunity to showcase its participating subsidiaries, gaining experience and momentum within the realm of sustainability.

### ME CONSTRUCTION NEWS

CONSULTANT

## ServeU launches mobile app for its FM operations at Expo 2020



By Stephen White  
Posted on October 6, 2021

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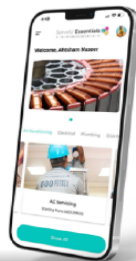
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Union Properties-owned company to also operate all-electric fleet for its facilities management work at the site

### Customer Mobile Application for EXPO 2020

As part of the company's sustainability initiatives, ServeU are operating an electrical fleet which will be used at the Expo 2020 sites



UAE-based facilities management company ServeU has launched its own dedicated customer mobile application to manage its FM operations at the Expo 2020 site, where

the company is set to manage 14 pavilions, including the UK pavilion.

ServeU, a subsidiary of Union Properties, said the newly launched mobile app is designed with a built-in booking system that provides customers direct access to the mobile teams stationed at the Expo 2020 sites.

The company said in a statement that the ServeU Essentials mobile teams "can be deployed at a tap of a button" by customers through the app, who will then be directed straight to the company's Computer Aided Facility Management (CAFM) system.

Further, as part of the company's sustainability initiatives, ServeU will be operating an electrical fleet which will be used around the Expo 2020 site, part of a wider initiative to move towards a greener transportation network across the UAE.

Gary Reader, GM, ServeU, said: "The Middle East, Africa, and South Asia (MEASA) region's first World Expo began in October in Dubai, and it's all about being digitally connected. ServeU is pleased to be a part of this much-awaited global event to deliver and demonstrate our innovative solutions and services to our participating clients. We created this app with the goal of contributing to the success of our clients as well as to give the visitors and guests a distinct and memorable Expo 2020 experience."

ServeU is set to manage and maintain facilities covering a total area of 30,000sqm at the Expo 2020 site. The company's team of 300 technicians and specialists will deliver services that include human resource and staffing for the pavilions, with guide management, cleaning, security and administration, and logistics.



## UAE VISION 2021

Achieving congruence with the United Arab Emirates' vision is imperative for Union Properties' success. During 2021, Union Properties subsidiaries revisited its corporate policies and corporate strategies aiming to align itself with the UAE's sustainability agenda. Focusing on improving the quality of air, preserving water resources, increasing the contribution of clean energy and implementing green growth plans, the National Agenda also highlights the importance of infrastructure and integration of smart services.

## DUBAI'S TOURISM VISION 2025

Fueled by tourism, Dubai acknowledges the importance of tourists as major drivers of businesses in the emirate. Attracting tourists to a splendid urban wonder, talent to a unique business hub, and businesses to a thriving economy, Dubai aims to attract more than 23 million visitors a year by 2025. In accordance with this ambitious goal, the emirate has invested its resources in securing global and regional mega events, preparing to host a variety of events including Expo 2020, Geospatial Week 2021, and AIPPI World Intellectual Property Congress 2025 among others. A key player leading economic recovery post the pandemic, Dubai continues to provide unwavering support to local businesses particularly within the hospitality and entertainment sectors. As an integrated community developer within the emirate, Union is committed to establishing itself as part of the emirate's sustainable tourism plan.

## ABU DHABI'S VISION(S) 2030

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



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

Technology, mainly through automation and digitalization, drives Union's efforts towards monitoring, implementing, improving, and reporting environmentally friendly practices. Through the availability of and accessibility to data and enhanced workflows and processes Union and its portfolio subsidiaries can address the group's key environmental themes. Built on a deep understanding of key internal environmental metrics and their respective impacts, managing 'Direct Impacts' highlights the group's approach in addressing key environmental themes.

As the global environmental agenda evolves adding complexity and depth to the framework, Union and its portfolio subsidiaries remain committed to integrating management system policies, strengthening environmental compliance policies to mirror regulatory requirements. Recognized international, regional, and local accreditation bodies aim to guide the group's activities, validating performance, acknowledging continuous improvement, and cementing efforts invested, and knowledge gained.

## RENEWABLE & ALTERNATIVE ENERGY

An integral component of the environmental framework, energy consumption is a major contributor to greenhouse gas emissions.

As technological developments pave the way towards greener alternatives, Union has initiated feasibility studies to validate commercially suitable green energy solutions, considering the integration of solar energy into its businesses and managed communities such as Dubai Autodrome and Motor City. Other key initiatives under this umbrella include ServeU's decision to switch transportation related energy source to biofuel.

## SUSTAINABLE MATERIAL & PURCHASING

As an iconic property developer and proud holding company to service providers and product manufacturers, Union Properties understands the need to adopt the use of sustainable building material and environmentally friendly raw material for manufacturing. While design effectively commands a key role in the matter, material sourcing (supply chain logistics) remains a key component of the process.

The group aims to address the following issue through conducting an audit across its managed communities and buildings, assessing the impact of current design materials followed by drafting key policies to govern future design policies while also mapping an initiative to address existing structures. In parallel, manufacturing hubs owned by the group will undergo comprehensive audits aiming to improve material sourcing and selection processes including interaction with key suppliers to enhance procurement criteria standards. Key achievements under the following umbrella include The Fit Out's ISO 14001 certification as the company establishes a clear directive towards environmental protection.

## WASTE MANAGEMENT & RECYCLING

In efforts to reduce GHG emissions as a direct result of waste, the group deploys waste management policies and liaises with the relevant local authorities to ensure proper waste disposal.

While the primary waste investigated is heavy metals among other construction and raw material used in manufacturing, this policy is directly impacted through the sustainable material policy due to the impact of single-use material on waste volume.

The group aims to address the issue through establishing clear policies directing towards improved waste management practices supported by reliable third-party experts in addition to gradually adopting new policies focusing on swapping single-use products with reusable ones. The group's objective is currently supported by portfolio subsidiaries including ServeU and Dubai Autodrome

## WATER CONSERVATION

In accordance with the Emirates' goals to improve water conservation, Union aims at implementing better water management practices that improve efficiency, reduce water waste, and lower its water footprint. Key steps include measuring water consumption across the group's assets to establish a baseline followed by performing an objective analysis of the results which aims to assist in drafting of policies and recommendations across the group.

## URBAN FORESTATION

The group's strategic roadmap towards building smart integrated communities aims to provide a balanced combination of modern urban development coupled with connectivity and smart infrastructure whilst maintaining a green landscape providing a natural countermeasure against GHG. During 2021, the group considered plans to engage in large scale landscaping across managed communities in the aim to address this key area.



## Phasing out use of R22 Gas

This initiative is in line with UAE Government's drive to ban refrigerants that are harmful to the environment by 2040

According to the material safety data sheet the gas Contains Chlorodifluoromethane, an HCFC substance that harms public health and the environment by destroying ozone in the upper atmosphere. Destruction of the ozone layer can lead to increased ultraviolet radiation which, with excess exposure to sunlight, can lead to an increase in skin cancer and eye cataracts thus ServeU collaborating with the client and implementing a new system which is containing R-410 and ServeU purchased more than 100 units in the year of 2021.

The Minister of Environment and Water explained that the UAE has developed a national program based on its successful experience to get rid of CFCs and Halons. Under this program it has frozen the consumption of HCFC compounds beginning of 2013, in preparation for the gradual reduction of these compounds by 2015 down to the final ban in 2040 and ordered all agencies that deal with equipment and compounds that deplete the ozone layer of the need to obtain official permission for each import transaction of any of the controlled substances.

[Source link](#)



**Replacing R22 with R-410**  
used 100 units during 2021

## Safe Disposal of Fluorescent Tubes

This initiative is in line with UAE Government's drive to ban refrigerants that are harmful to the environment by 2040

As part of the consideration in environmental part, ServeU Safely disposing all fluorescent tube light that will save the environment from the harmful effects of mercury.

### 230 KG of tube lights, bulbs and lamps



## Carbon Savings

Equivalent to the carbon sequestered by 9,676 trees from seeding grown for 10 years.

In 2021, we reduced our carbon emission by 585,182 kilograms compared to 387,152 in 2020, which is 34% more than the previous year, this is equivalent to the carbon sequestered by



9,676 Trees



from seeding grown for 10 years



Taking 127 fossil-fueled cars off the road in one year



Switching 22,179 incandescent lamps to LEDs

## ISO 41001:2015 Environmental Management Systems



## Energy Efficiency in Motor City

ServeU has undertaken an audit to optimize energy consumption in Motor City with the initial focus on the streetlights of the master community and common area lighting of Uptown Motor City. The project has been reviewed and approved by Management with an estimated saving of 1,953,513.58KW (76%) valued at AED2.8M/ annum on Uptown and 316,306KW (46%) valued at AED150K/ annum on the master community. This project is scheduled to be completed in Q3 of 2022 with majority of the savings being realized in-year.



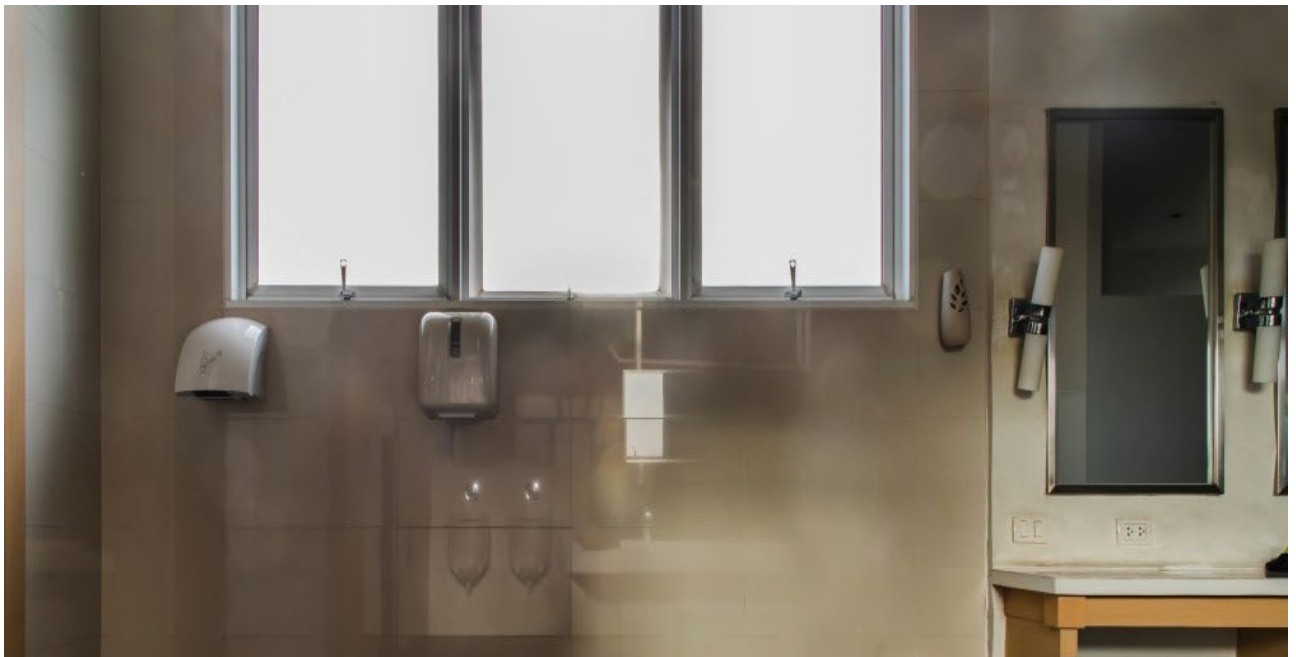
## Use of Green Chemicals

Green Cleaning Products implementation and saving of chemicals and plastic cans ServeU used green and 100% biodegradable cleaning product for cleaning and disinfection in multiple projects including prestigious Pavilions in Expo 2020 for the years 2021 and saved 29,600 liters of chemicals and 5920 plastic cans.



## Optimize use of Tissues

ServeU implemented advanced Sensor type auto-cut dispensers for hand towel tissue papers to the projects with the help of tissue suppliers and saved 7,266 KG of tissue in 2021.



# ENVIRONMENT

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**DUBAI AUTODROME** HAS IMPLEMENTED AN **INTERNAL POLICY** HIGHLIGHTING EFFORTS THAT HELPS IN THE REDUCTION OF **WASTE** AND SETS PATH FOR A **GREEN INITIATIVE** WHICH WILL BE FURTHER DEVELOPED IN THE NEAR FUTURE

National Race Day events are run mainly paperless, with communication done electronically and results published using a digital noticeboard. (90% success rate)

DA supports the Trees for the Future campaign together with event promoter Creventic during the annual Hankook Dubai 24H Race (Ongoing each year)

Water dispenser using tap water lines installed in most frequented event areas (Ongoing)

EV Destination Chargers installed in strategic areas at Dubai Autodrome and Dubai Kartdrome (Increasing from 2 chargers to 7 chargers)

Venue structure converted to facilitate shift from conventional engines to electric vehicles with charging points in garages (ongoing sourcing electric vehicle experience fleet)

Solar infrastructure plans to cover more than 75% of DA electricity consumption (30% complete. Completion in 2-3 months)

Preferential rates for championships using fuel (partially) made from renewable resources (ongoing)

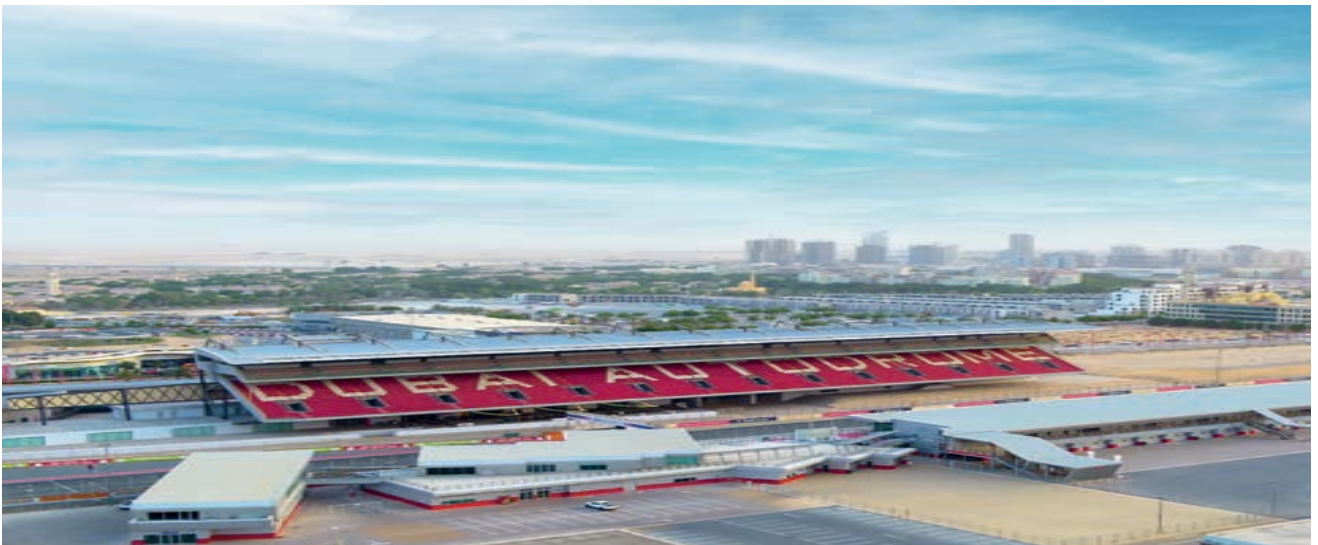
Recycling of used race Tires to be used as tire barriers at both Dubai Autodrome and Dubai Kartdrome circuit and donated to other UAE venues, e.g. Jebel Ali Karting track (Over 500 tires taken from 24H Dubai race and now used at Dubai Kartdrome)

Landscaping project planned, providing additional shade thus reducing energy consumption & binding CO2 while using native flora (30% complete. Completion in 2-3 months)

Light change at venue to LEDs, including circuit lights (Ongoing in phased approach)

Motion sensors to control toilets and lights (Ongoing in phased approach)

New - Venue AC optimizations. Study undertaken in better ways to optimize AC across the venue



## GENERAL OVERVIEW OF CO2 EMISSIONS OF THE SEPARATE VENUES OF DUBAI AUTODROME

- Management Office, Paddock & Garages: 32,627 KG Co2e
- Track Lights & Medical Centre: 8,332 KG Co2e
- Grandstand incl. chilled water pumps & ACs: 21,951 KG Co2e
- Outdoor Kartdrome: 17,035 KG Co2e
- Indoor Kartdrome: 15,134 KG Co2e
- Hospitality Suites: 20,536 KG Co2e

Dubai Autodrome is working with Suez for waste removal at both Dubai Autodrome and Dubai Kartdrome such as Oil waste, Medical waste (including face masks and gloves), Recycle material like coffee capsules.





## SUPPLIERS

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

## COMMUNITY

Our communities represent our commitment towards creating sustainable value for a better shared future. The group aims to instill the UAE's cultural fabric across all its managed communities and wider community through continuous contribution to the overall quality of life, introducing comfort, convenience, access, opportunity and much more. Over the year, Union has fulfilled its commitment through supporting blood drives, cancer awareness campaigns, and more including boosting community outreach, setting plans towards targeting college students seeking internship opportunities.

### **Dubai Autodrome supports The Reach Campaign raising over AED40,000.**

In spirit of charity during the Holy Month of Ramadan 2021, Dubai Autodrome and the Reach Campaign, with support from Emirates Red Crescent, partnered to raise money to develop prevention and treatment of Onchocerciasis (River Blindness) and Lymphatic Filariasis (LF or Elephantiasis), two diseases that affect more than 1.5 billion of the world's most impoverished people and cost developing economies billions of dollars every year.

Over AED 40,000 raised and provided to Emirates Red Crescent by Dubai Autodrome during the said event.



## **Roll Racing DXB Supports the Reach Campaign**

Roll Racing DXB Supports the Reach Campaign - Dubai Autodrome - Dubai Autodrome the most exciting experience venue in the UAE

 Dubai Autodrome / Aaron

## Dubai Autodrome 2021 Ramadan Toy Drive

Toy donations during Ramadan made available through Dubai Autodrome venues and Abarth Middle East. By donating a toy participants stood a chance to win a driving experience at Dubai Autodrome during the event hundreds of toys were donated and 2 participants won an Abarth Driving Experience.



## EMPLOYEES

Union aims to build a well-rounded work environment supporting employees on their career journey, focusing on areas including labor opportunities, skill development, and diversity. A modern workforce requires modern employers with a strong commitment towards elevating their employees through providing them ample opportunities to develop their skillsets. Union continuously provides training sessions across its subsidiaries to support the growth of employees' prospects. In addition to the following, Union has relied on innovation and technology to provide employees with an online platform to accommodate their requests, recommendations, and feedback. Union has also been committed towards supporting gender diversity and equality, evident in the many men and women holding key positions across the group. Finally, Union also commits to supporting the UAE's Emiratization initiatives by pursuing and developing local talent, recruiting experienced professionals as well as ambitious minds in collaboration with prestigious local universities.

## Makers of the Future Program

The Emirati internship program – Makers of the Future that commenced in January 2021 has seen three graduates go through an intense schedule of on-the-job training experience, back office trainings, reviews by Senior Management and extremely beneficial mentoring sessions by ServeU Management. This has given these individuals a remarkable opportunity to explore a career in the FM industry. The performance and output of the individuals has been recognized by clients such as the Ministry of Interior that recommended for one of the interns to be promoted to a permanent role.





### ARTS & CULTURE

## ServeU launches Emirati training programme

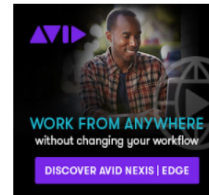
The Emirati training programme will enable them to grow professionally in the organisation while playing active roles in the country's development

by **Staff Writer** | February 1, 2021 SHARE    



As part of its commitment towards supporting the Dubai's government's Emiratisation efforts and integrating young Emirati talent into the nation's social and economic development, ServeU, a subsidiary of Union Properties and a facilities management provider in the UAE, has established the Emirati training programme.

The comprehensive training programme is tailored to identify, develop and mentor promising UAE national talents. The Emirati training programme will enable them to grow professionally in the organisation while playing active roles in the country's development.



The programme's duration is 14 months, with a framework devised to ensure that the participants acquire all the required knowledge and skills to excel in the corporate world.

Highlighting the importance of this initiative, Khalifa Hasan Ali Saleh Al Hammadi, chairman of Union Properties, said: "We are committed to empowering the exceptional UAE national talents and to fortifying the domestic workforce. We will spare no effort to support the government initiative and provide the nation's youth with limitless opportunities to flourish and achieve their full potential."

## CUSTOMERS

As customer satisfaction remains a priority across the group, Union aims to achieve the highest standards of both, service excellence and product quality. Incorporating sustainable practices at the heart of customer centric initiatives, aims to strengthen our client relationships. The integration of technology is pivotal in enhancing customer experience, which is highlighted in Union's strategy, supporting businesses like ServeU towards developing an application for ServeU Essentials. The group is also keen on benefiting from customer feedback, creating channels to drive key feedback to relevant departments, creating a customer driven environment.

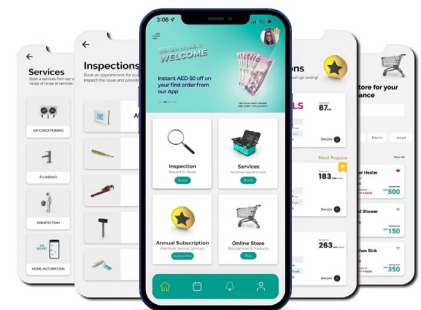
We built an end-to-end integrated app that covers all aspects of a customer's needs when it comes to home maintenance – such as a booking system, subscriptions to annual contracts, and access to an Amazon-style e-commerce store.

In a nutshell, the app enables customers to communicate directly with our technicians without having to deal with customer service agents, project managers, or site engineers/supervisors.

The app is built to offer the best possible customer experience, where a customer does not need to write an email or contact the service desk team for assistance. Through complete automation, our app allows customers direct access to ServeU's in-house system, eliminating all manual processes.

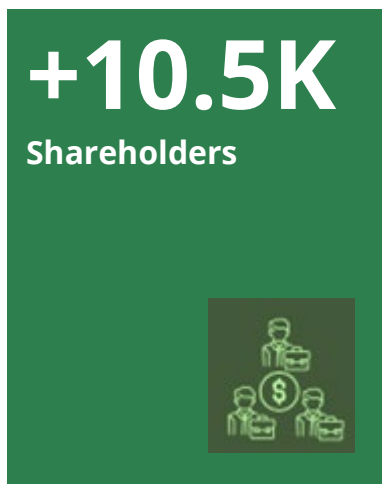
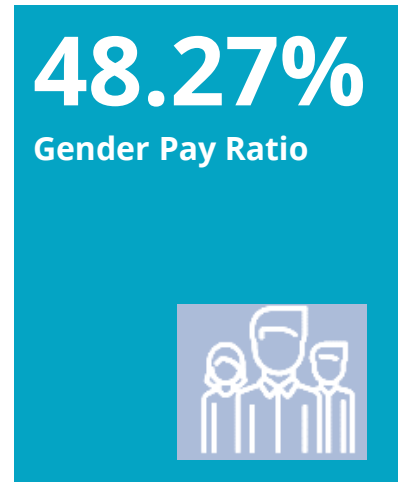
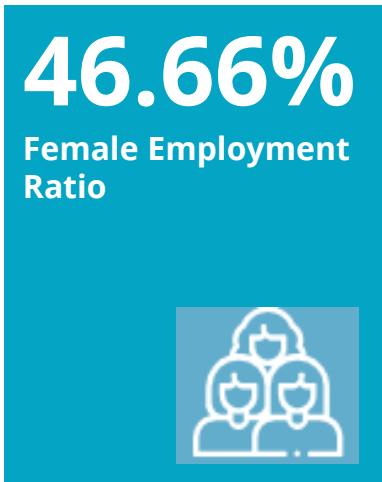
In terms of payments, customers can use secure gateways such as Apple Pay to pay easily, as well as track progress in time, get their invoices/receipts within the app, and a lot more. The app is built around four main processes, which are:

1. Booking inspection
2. Catalogue-based service for purchases
3. Subscriptions to annual maintenance contracts
4. Access to products from Amazon-style e-commerce store



Download Now  
Available on  
 

## KEY HIGHLIGHTS



Union Properties adoption of best practices in the development of its corporate governance aims to ensure the protection of stakeholder rights. The Group's governance framework is in continuous development, adopting the rules and regulations set by the Dubai Financial Market and the Securities and Commodities Authority.

Throughout 2021, Union Properties aimed to increase its engagement with stakeholders while strengthening its internal controls and the policies centered around them aiming to strengthen risk management framework. Union Properties Board continues to disclose major events and substantial decisions, cementing transparency at the heart of all communications and engagements. Supporting diversity across its Board and Executive Management, the group focuses on attracting local and international talent across a wide spectrum of industry experience whilst also focusing on important issues like gender equality.

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

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

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

## VISION 2040

The Group's strategic positioning and competitive strengths guarantee its role as both, a contributor and beneficiary, in the emirate's Vision 2040 program. As the emirate's next 50 years are planned, six key pillars including community, education and human capital, economy, infrastructure and environmental sustainability, safety and security, justice and future government are addressed over phases, Dubai's Vision 2040 Urban Master Plan focuses on enhancing people's happiness and quality of life by paving the road to enhanced infrastructure, integrated smart cities and environmental sustainability, the perfect combination of both, growth and sustainability.



Union Properties  
Public Joint Stock Company  
and its subsidiaries

Consolidated financial statements  
*31 December 2021*

# Union Properties Public Joint Stock Company and its subsidiaries

## Consolidated financial statements

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31 December 2021

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## Directors' report

The Directors have the pleasure of presenting their report together with the audited consolidated financial statements of Union Properties Public Joint Stock Company (the "Company") and its subsidiaries ("the Group") for the year ended 31 December 2021. The Directors confirm their responsibility for the preparation of the consolidated financial statements of the Group.

## Financial results

The Group revenue for 2021 reached to AED 398.7 million (2020: AED 375.9 million), loss on valuation of properties amounted to AED 1,109 million (2020: gain of AED 743.6 million) resulting in a total loss of AED 966.8 million (2020: profit of AED 201 million), and total comprehensive loss amounted to AED 966.8 million (2020: total comprehensive income of AED 185.5 million).

In accordance to the UAE Federal Law No.2 of 2015, the Company was not required to transfer 10% of the Company profit to the Statutory Reserve (2020: AED 20.1 million).

## Financial performance review in a year of uncertainty

The Covid19 pandemic created global impact, and financial institutions and major economies have shrunk in 2020-2021. Union Properties was not spared from the negative impact brought about by the Covid19 pandemic and was inevitably forced to realign its goals to minimize the financial.

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

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

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

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

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

Since then, the Group has emphasized its plans on:

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

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

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

We must ensure stable performance and solid shareholder returns.

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



## **Going concern**

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

As of 31st December 2021, the Group's current accumulated losses reached an amount of AED 2,928 million from an issued capital of AED 4,290 million hence exceeding 50% of its issued share capital. Therefore, based on article 302 of the UAE Federal Companies Law No (2) of 2015, and article 4 of SCA's Board of Directors' Decision No. (32/R.T) of 2019, the Group is required to call for a General Assembly Meeting to vote on either dissolving the Group or to continue its activity with an appropriate restructuring plan within 30 days of the issue of these consolidated financial statements.

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

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

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

## **Conclusion**

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

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

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

## **Critical lawsuits and claims**

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

## Compliance and reputation

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

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

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

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

## Risk and Control

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

## Directors

The Board of Directors comprised of:

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

On behalf of the Board

  
Mohamed Fardan Ali Al Fardan  
Chairman



## 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 (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with 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.

#### Emphasis of matters

- **Material uncertainty related to going concern**

We draw attention to note (32) of these consolidated financial statements, which state that, Group's accumulated losses reached to an amount of AED 2,928 million as at 31 December 2021, which exceeds 50% of its issued share capital. Therefore, based on article 302 of the UAE Federal Law No (2) of 2015, and article 4 of SCA's Board of Directors' Decision No. (32/R.T) of 2019, the Group is required to call for a General Assembly Meeting to vote on either dissolving the Group or to continue its activity with an appropriate restructuring plan within 30 days of the issue of these consolidated financial statements. However, the management has prepared a short and medium strategy plan and is in confidence that the shareholders will approve the plans to continue its operation for the foreseeable future. On this basis, the consolidated financial statements are prepared on going concern assumption.

- **Valuation of investment properties**

During the previous years, the Group had undertaken a full review of the Masterplan for Dubai Motorcity and had submitted a formal request to the concerned regulatory authorities for the issuance of revised affection plans with amended Gross Floor Areas (the "GFA's"). Furthermore, in accordance with the directions of Dubai Development Authority, the Group had appointed approved independent third-party surveyors to perform a detailed survey of the entire land bank at Dubai Motorcity. Based on the official third-party surveyor reports, the Group got an attestation from Dubai Land for an additional GFA and thereafter also got an approval of the Traffic Impact Study from Road and Transport Authority during the year ended 31 December 2021. Based on surveyor reports, valuation and approvals received from the experts and authorities, the management continued with inclusion of the additional GFA to the value of AED 677 million in the valuation of the Motorcity land bank in the Group consolidated financial statements as at 31 December 2021 (31 December 2020: AED 1,249 million).

Our opinion is not modified in respect of above matters.



INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF UNION PROPERTIES PJSC (CONTINUED)

Our audit approaches

Overview

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Key audit matters

- Valuation of investment properties.
  - Impairment of trade and retention receivables.
  - Interest-bearing borrowings
- 

As part of designing our audit, we determine materiality and assessed the risks of material misstatement in the consolidated financial statements. We considered where management made subjective judgments; for instance, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represent a risk of material misstatement due to fraud. We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking in to account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters are those matters that, in our professional judgement, were of most significant 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.

INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF UNION PROPERTIES PJSC (CONTINUED)

Our audit approaches (continued)

Key audit matters (continued)

| Key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p data-bbox="220 640 580 667"><i>Valuation of investment properties</i></p> <p data-bbox="220 712 756 864">The Group has recorded a valuation loss of AED 1,109 million in relation to the investment properties which represented 115% of the Group's total comprehensive loss for the year ended 31 December 2021.</p> <p data-bbox="220 902 756 987">Valuation of investment properties is identified by us as a key audit matter due to significant judgment in determining the inputs used in valuation.</p> <p data-bbox="220 1025 756 1272">The Group's investment properties are stated at fair value based on valuation carried out by independent qualified valuer. The valuation was dependent on certain key estimates which requires significant judgement, including discount rates and future expected cash flows, which are influenced by prevailing market forces and specific characteristics such as income return and growth rate.</p> | <p data-bbox="815 712 1423 739">Our audit procedures included carrying out the following:</p> <ul style="list-style-type: none"> <li data-bbox="815 745 1423 864">a) we have evaluated the competence, capabilities and objectivity of the valuer by evaluating the qualifications, experience, and reputation of the valuer;</li> <li data-bbox="815 902 1423 1021">b) we have made inquiries and review with the valuer to understand their judgments, and estimates. We challenged their estimates and judgement including discount rates and future expected cash flows;</li> <li data-bbox="815 1059 1423 1178">c) we have also made inquiries with Group's project management team to understand the criteria used by the valuer in valuation of land mainly related to the Dubai Motorcity.</li> <li data-bbox="815 1216 1423 1440">d) we have further assessed the appropriateness and reasonableness of the valuation methodology based on the nature and circumstances of the property, and the key assumptions and estimates used in the valuation by comparing with observable market data. We involved our technical team to assist in the assessment as and when required.</li> <li data-bbox="815 1478 1423 1538">e) evaluate the adequacy of the disclosures in note (11) to the consolidated financial statements.</li> </ul> |

INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF UNION PROPERTIES PJSC (CONTINUED)

Our audit approaches (continued)

Key audit matters (continued)

| Key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Impairment of trade and retention receivables</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <p>As at 31 December 2021, the Group has a trade and retention receivables balance of AED 338 million and recorded impairment/expected credit losses against it of AED 117 million.</p> <p>Management performed an assessment of the recoverability of the Group's trade and retention receivables to determine whether any were impaired. The Group has already adopted International Financial Reporting Standard 9, Financial Instruments (IFRS 9) with effect from January 1, 2018, which provides specific guidance in this area of impairment loss allowances.</p> <p>We considered this to be a key audit matter due to the significant judgement required in determining the recoverability of trade and retention receivables and the potentially material adjustments resulting from it that could effects the Group's consolidated financial position as at 31 December 2021 and its reported resulted for the year then ended.</p> <p>The computation of a Group's trade and retention receivable loss allowance was made by reference to the lifetime expected credit losses of the trade receivables adjusted by forward looking information in line with the requirements of, and guidance in, IFRS 9 guidance. As a result of the assessment performed, management recorded an additional loss allowance/expected credit loss of AED 18 million for the year ended 31 December 2021, to give a total loss allowance/expected credit loss of AED 117 million as at that date.</p> | <p>Our audit procedures included carrying out the following:</p> <ul style="list-style-type: none"> <li>a) agreed the detailed listing of the loss allowance recognized on trade receivables to the Group's trial balances;</li> <li>b) tested how the expected credit losses model had calculated the allowance on a lifetime basis, and how this compared with the guidance contained in IFRS 9. We also tested the mathematical accuracy of the calculations;</li> <li>c) tested the historic payment experience used as the starting point for the re-calculation of the lifetime expected credit losses;</li> <li>d) evaluated the appropriateness of the adjustments for forward looking information to historical balances, loss rates and other information, including agreeing to supporting documents on the sample basis;</li> <li>e) assessed the completeness and accuracy of data used in calculating the expected credit losses, including the appropriate exclusion of balances assessed individually;</li> <li>f) assessed whether time value of money was considered in the expected credit loss impairment model and checked the mathematical accuracy and calculations;</li> <li>g) evaluated the appropriateness of the assumptions and judgements used by the</li> <li>h) management to estimate how much of the balance is recoverable; and</li> <li>i) evaluate the adequacy of the disclosures in note (17 and 31) to the consolidated financial statements in accordance with IFRS.</li> </ul> |

INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF UNION PROPERTIES PJSC (CONTINUED)

Our audit approaches (continued)

Key audit matters (continued)

| Key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Interest bearing borrowings</i></p> <p>Interest-bearing borrowings as at 31 December 2021 amount to AED 992 million as stated in note (24 and 28) to the consolidated financial statements, which represent 43% of the total liabilities and the repayment obligations for 2022 is AED 683 million, including any obligations payable on demand. Compliance with the financing covenants and monitoring the liquidity position are important aspects for our audit since they can impact the Group's ability to repay its obligations.</p> <p>The Group has prepared a cash flow forecast which involves judgements and estimations based on management's input of key variables and market conditions including the future economic conditions, and increased competition. The cash flow forecast has been determined using estimations of future cash flows based on projected income and expenses of the business and working capital needs.</p> | <p>Our audit procedures included carrying out the following:</p> <ul style="list-style-type: none"> <li>a) evaluated the assumptions applied by the management for complying with all the covenants and monitoring liquidity forecasts, as well as the sensitivity analysis prepared;</li> <li>b) performed a retrospective evaluation of prior covenants compliance and liquidity forecasts;</li> <li>c) evaluated management's future cash flow forecasts, and the process by which they were prepared, and tested the underlying key assumptions such as expected cash inflow from property rental and sales and cash outflow from capital expenditures and operating expenses;</li> <li>d) tested the inputs and assumptions used in the cash flow forecast against historical performance, economic and industry indicators, and the Group's strategic plans;</li> <li>e) performed other substantive procedures; and</li> <li>f) evaluate the adequacy of the disclosures in note (24 and 28) to the consolidated financial statements in accordance with IFRS.</li> </ul> |

**Other information**

Other information consists of the information included in the Directors' report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNION PROPERTIES PJSC (CONTINUED)

### 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 IFRSs, and in compliance with the applicable provisions of the Company's Articles/Memorandum of Association and the UAE Federal Law No. (2) of 2015, 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- To obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of expressing an opinion on the effectiveness of the Group's administrative and financial system and internal auditing systems pursuant to the requirement of Article No. 71 of Clause 2 of the Authority's Chairman's Decision No. 3 of 2020.
- 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 auditor's 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.



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNION PROPERTIES PJSC (CONTINUED)

### Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- 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 or 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.

### Report on other legal and regulatory requirements

As required by the UAE Federal Law No. (2) of 2015, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015, and the Articles/Memorandum of Association of the Company;
- iii) the Group has maintained proper books of accounts;
- iv) the financial information included in the Directors' report is consistent with the books of accounts of the Group;
- v) notes (13 and 14) discloses the Group's investment in shares or stocks during the year ended 31 December 2021;
- vi) note (18) discloses material related party transactions and the terms under which they were conducted;

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNION PROPERTIES PJSC (CONTINUED)

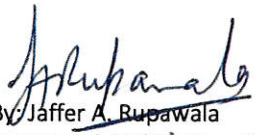
### Report on other legal and regulatory requirements (continued)

- vii) based on the information that has been made available to us and to the best of our knowledge and belief, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles/Memorandum of Association which would materially affect its activities or its consolidated financial position as at 31 December 2021.
- viii) note (35) discloses the social contributions made during the year ended 31 December 2021.

Further, as required by the Article 71 of clause 2 of the Authority's Chairman Decision No.3 of 2020 regarding the adoption of the governance manual for public joint stock companies, we express our opinion that the administrative and financial systems are ineffective and not appropriate for the proper functioning of the Group's business and the preservation of its funds for the following reason:

- i) The Board of Directors have given the full power of attorney in all matters related to the administrative and financial function to the General Manager of the Group; and
- ii) We have not given access to formal internal audit functions and have not received any reports issued by the internal audit functions.

For:  
MAZARS  
Chartered Accountants LLC (Abu Dhabi Br. 1)

  
By: Jaffer A. Rupawala  
Registered Auditor No.: 852  
Abu Dhabi,  
24 March 2022



# Union Properties Public Joint Stock Company and its subsidiaries

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

For the year ended 31 December 2021

|                                                                                                    | Notes       | 2021<br>AED'000  | 2020<br>AED'000 |
|----------------------------------------------------------------------------------------------------|-------------|------------------|-----------------|
| Revenue from contracts with customers                                                              | 5           | 398,699          | 375,866         |
| Net impairment and loss on financial instruments at FVTPL                                          | 14          | (149,282)        | (43,923)        |
| Loss on disposal of an associate                                                                   | 13          | -                | (234,524)       |
| Gain from loss of control over a subsidiary                                                        | 8           | 352,401          | -               |
| Share of results of equity accounted investees                                                     | 13          | (2,955)          | (1,463)         |
| (Loss)/gain on valuation of investment properties, net                                             | 11          | (1,109,302)      | 743,549         |
| Gain/(loss) on sale of investment properties                                                       | 11          | 10,834           | (90,494)        |
| Finance income                                                                                     |             | 2,017            | 2,655           |
| Other income                                                                                       | 7           | 70,890           | 58,748          |
| Direct costs                                                                                       | 5           | (330,867)        | (361,699)       |
| Administrative and general expenses                                                                | 6           | (133,020)        | (127,612)       |
| Finance costs                                                                                      | 10, 24 & 28 | (76,170)         | (120,119)       |
| <b>Profit/(loss) for the year</b>                                                                  |             | <b>(966,755)</b> | <b>200,984</b>  |
| <b>Other comprehensive income</b>                                                                  |             |                  |                 |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</i> |             |                  |                 |
| Exchange differences on translation of foreign operations                                          | 13          | -                | (15,508)        |
| <b>Total other comprehensive (loss)/income</b>                                                     |             | <b>-</b>         | <b>(15,508)</b> |
| <b>Total comprehensive income/(loss) for the year</b>                                              |             | <b>(966,755)</b> | <b>185,476</b>  |
| <b>Basic and diluted earnings per share (AED)</b>                                                  | 23          | <b>(0.225)</b>   | <b>0.047</b>    |

The notes from 1 to 35 form an integral part of these consolidated financial statements.

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Consolidated statement of financial position

As at 31 December 2021

|                                                  | Notes | 31 December 2021<br>AED'000 | 31 December 2020<br>AED'000 |
|--------------------------------------------------|-------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                                    |       |                             |                             |
| <b>Non-current assets</b>                        |       |                             |                             |
| Property, plant and equipment                    | 9     | 312,635                     | 348,076                     |
| Right-of-use assets                              | 10    | 21,694                      | 26,371                      |
| Investment properties                            | 11    | 3,260,726                   | 4,612,744                   |
| Development properties                           | 12    | 7,504                       | 7,504                       |
| Investments in an associate                      | 13    | 84,413                      | 87,368                      |
| Investments at fair value through profit or loss | 14    | -                           | 114,608                     |
| Non-current receivables                          | 15    | 4,301                       | 33,194                      |
| <b>Total non-current assets</b>                  |       | <b>3,691,273</b>            | <b>5,229,865</b>            |
| <b>Current assets</b>                            |       |                             |                             |
| Investments at fair value through profit or loss | 14    | 756                         | 37,276                      |
| Inventories                                      | 12    | 4,732                       | 7,913                       |
| Contract assets                                  | 16    | 35,263                      | 218,864                     |
| Trade and other receivables                      | 17    | 425,146                     | 394,888                     |
| Due from related parties                         | 18    | -                           | 7,648                       |
| Cash in hand and at banks                        | 19    | 65,797                      | 45,400                      |
| <b>Total current assets</b>                      |       | <b>531,694</b>              | <b>711,989</b>              |
| <b>Total assets</b>                              |       | <b>4,222,967</b>            | <b>5,941,854</b>            |
| <b>EQUITY AND LIABILITIES</b>                    |       |                             |                             |
| <b>Equity</b>                                    |       |                             |                             |
| Share capital                                    | 20    | 4,289,540                   | 4,289,540                   |
| Statutory reserve                                | 21    | 352,978                     | 352,978                     |
| Asset revaluation surplus                        | 21    | 212,689                     | 212,689                     |
| Accumulated losses                               |       | (2,927,828)                 | (1,961,073)                 |
| <b>Total equity</b>                              |       | <b>1,927,379</b>            | <b>2,894,134</b>            |
| <b>Non-current liabilities</b>                   |       |                             |                             |
| Non-current portion of bank loans                | 24    | 309,246                     | 463,056                     |
| Contract liabilities                             | 25    | 8,118                       | 8,118                       |
| Lease liabilities                                | 10    | 17,813                      | 20,333                      |
| Provision for staff terminal benefits            | 26    | 29,144                      | 32,935                      |
| <b>Total non-current liabilities</b>             |       | <b>364,321</b>              | <b>524,442</b>              |
| <b>Current liabilities</b>                       |       |                             |                             |
| Trade and other payables                         | 27    | 1,193,546                   | 1,237,010                   |
| Contract liabilities                             | 25    | 50,188                      | 88,692                      |
| Lease liabilities                                | 10    | 4,453                       | 5,084                       |
| Bank overdrafts                                  | 28    | 113,670                     | 192,235                     |
| Current portion of bank loans                    | 24    | 569,410                     | 1,000,257                   |
| <b>Total current liabilities</b>                 |       | <b>1,931,267</b>            | <b>2,523,278</b>            |
| <b>Total liabilities</b>                         |       | <b>2,295,588</b>            | <b>3,047,720</b>            |
| <b>Total equity and liabilities</b>              |       | <b>4,222,967</b>            | <b>5,941,854</b>            |

These consolidated financial statements were authorised for issue by the Board of Directors on 24 March 2022

Chairman

Board Member & Managing Director

The notes from 1 to 35 form an integral part of these consolidated financial statements.

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



# Union Properties Public Joint Stock Company and its subsidiaries

## Consolidated statement of cash flows

For the year ended 31 December 2021

|                                                                  | Notes     | 2021<br>AED'000        | 2020<br>AED'000         |
|------------------------------------------------------------------|-----------|------------------------|-------------------------|
| <b>Operating activities</b>                                      |           |                        |                         |
| Profit/(loss) for the year                                       |           | (966,755)              | 200,984                 |
| <i>Adjustments for:</i>                                          |           |                        |                         |
| Depreciation of property, plant and equipment                    | 9         | 7,961                  | 12,359                  |
| Depreciation of right of use assets                              | 10        | 4,677                  | 4,677                   |
| (Gain)/loss on sale of investment properties                     | 11.4      | (10,834)               | 90,494                  |
| Loss/(gain) on fair valuation of investment properties           | 11        | 1,109,302              | (743,549)               |
| Share of results of equity accounted investees                   | 13        | 2,955                  | 1,463                   |
| Impairment of Property, plant and equipment                      |           | 26,476                 | -                       |
| Allowance for expected credit losses                             | 31        | 17,999                 | 7,991                   |
| Gain on disposal of property, plant and equipment                | 8         | (7,095)                | -                       |
| (Gain)/loss on financial instruments at FVTPL                    | 14        | (5,361)                | 43,923                  |
| Impairment loss on financial instruments at FVTPL                |           | 154,643                | -                       |
| Loss on disposal of an associate                                 | 13        | -                      | 234,524                 |
| Gain from loss of control over a subsidiary                      | 8         | (352,401)              | -                       |
| Finance income                                                   |           | 2,017                  | (2,655)                 |
| Finance cost                                                     |           | 76,170                 | 120,119                 |
| <i>Operating cash flows before working capital changes</i>       |           | <u>59,754</u>          | <u>(29,670)</u>         |
| Change in inventories                                            |           | 3,181                  | (2,908)                 |
| Change in contract assets                                        |           | 19,777                 | 14,968                  |
| Change in trade and other receivables                            |           | (28,425)               | (8,191)                 |
| Change in due from related parties                               |           | 7,648                  | 11,870                  |
| Change in non-current payables                                   |           | -                      | 16,309                  |
| Change in trade and other payables and contract liabilities      |           | (157,786)              | (21,478)                |
| Change in staff terminal benefits - net                          |           | 2,474                  | (1,139)                 |
| <i>Net cash used in from operating activities</i>                |           | <u>(93,377)</u>        | <u>(20,239)</u>         |
| <b>Investing activities</b>                                      |           |                        |                         |
| Additions to property, plant and equipment                       | 9         | (10,127)               | (12,359)                |
| Proceeds from/investments in financial instruments at FVTPL, net | 14        | 1,846                  | 2,918                   |
| Proceeds from disposal of property, plant and equipment          |           | 10,059                 | -                       |
| Proceeds from sale of investment properties                      |           | 250,717                | 78,022                  |
| Proceeds from disposal of investment in an associate             |           | -                      | 125,518                 |
| Interest received                                                |           | (2,017)                | 2,655                   |
| Change in deposit with banks                                     |           | (149)                  | (5,573)                 |
| <i>Net cash from/(used in) investing activities</i>              |           | <u>250,329</u>         | <u>191,181</u>          |
| <b>Financing activities</b>                                      |           |                        |                         |
| Bank loans availed                                               | 24        | 73,513                 | 47,697                  |
| Repayment of bank loans                                          | 24        | (171,564)              | (102,688)               |
| Payment of lease liabilities                                     | 10        | (4,721)                | (8,746)                 |
| Interest paid                                                    |           | (29,509)               | (32,075)                |
| <i>Net cash used in financing activities</i>                     |           | <u>(132,281)</u>       | <u>(95,812)</u>         |
| <b>Net decrease in cash and cash equivalents</b>                 |           | <b>24,671</b>          | <b>75,130</b>           |
| Cash and cash equivalents at the beginning of the year           |           | (172,765)              | (247,895)               |
| Overdraft movement due to loss of control over a subsidiary      |           | 87,720                 | -                       |
| <b>Cash and cash equivalents at the end of the year</b>          | <b>19</b> | <u><b>(60,374)</b></u> | <u><b>(172,765)</b></u> |

The notes from 1 to 35 form an integral part of these consolidated financial statements.

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

## Union Properties Public Joint Stock Company and its subsidiaries

### Consolidated statement of changes in equity

For the year ended 31 December 2021

|                                         | Share<br>capital<br>AED'000 | Statutory<br>reserve<br>AED'000 | Currency<br>translation<br>reserve<br>AED'000 | Asset<br>revaluation<br>surplus<br>AED'000 | Accumulated<br>losses<br>AED'000 | Total<br>AED'000 |
|-----------------------------------------|-----------------------------|---------------------------------|-----------------------------------------------|--------------------------------------------|----------------------------------|------------------|
| At 1 January 2020                       | 4,289,540                   | 332,880                         | 15,508                                        | 212,689                                    | (2,141,959)                      | 2,708,658        |
| Total comprehensive income for the year | -                           | -                               | (15,508)                                      | -                                          | 200,984                          | 185,476          |
| <b>Other equity movements</b>           |                             |                                 |                                               |                                            |                                  |                  |
| Transfer to statutory reserve (note 21) | -                           | 20,098                          | -                                             | -                                          | (20,098)                         | -                |
| <b>At 31 December 2020</b>              | <b>4,289,540</b>            | <b>352,978</b>                  | <b>-</b>                                      | <b>212,689</b>                             | <b>(1,961,073)</b>               | <b>2,894,134</b> |
| At 1 January 2021                       | 4,289,540                   | 352,978                         | -                                             | 212,689                                    | (1,961,073)                      | 2,894,134        |
| Total comprehensive loss for the year   | -                           | -                               | -                                             | -                                          | (966,755)                        | (966,755)        |
| <b>At 31 December 2021</b>              | <b>4,289,540</b>            | <b>352,978</b>                  | <b>-</b>                                      | <b>212,689</b>                             | <b>(2,927,828)</b>               | <b>1,927,379</b> |

The notes from 1 to 35 form an integral part of these consolidated financial statements.

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements

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### 1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

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

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

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB) and the requirements of the UAE Federal Law No. (2) of 2015.

#### 2.2 Basis of measurement

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

#### 2.3 Comparative information

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

#### 2.4 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries at 31 December 2021, as set out below:

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 2 BASIS OF PREPARATION (CONTINUED)

#### 2.4 Basis of consolidation (continued)

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



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 2 BASIS OF PREPARATION (CONTINUED)

#### 2.4 Basis of consolidation (continued)

##### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### Transactions eliminated on consolidation

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

#### 2.5 Functional and presentation currency

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

#### 2.6 Use of estimates and judgements

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

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

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

#### 2.7 Fair Value Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 2 BASIS OF PREPARATION (CONTINUED)

#### 2.7 Fair Value Measurement (continued)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 2 BASIS OF PREPARATION (CONTINUED)

#### 2.8 Financial Commitments

The Group's loans and borrowings as at 31 December 2021 amounted to AED 992.4 million (AED 878.7 million of bank loans and AED 113.7 million of bank overdrafts). Furthermore, the Group has net current liabilities of AED 1,399.6 million as at the reporting date.

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

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

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Summary of significant accounting policies

##### Associates and joint ventures

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

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

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

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

##### Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Group is in the business of development, sale and leasing of properties as well as involved in manufacturing, contracting, trading and services activities. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 31.

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

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

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

Revenue from contracts for mechanical, electrical and plumbing works as well as from interior architecture is recognised over time using an input method (note 3) to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

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

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

###### *Contract modifications*

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

###### *Warranty obligations*

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

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

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

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

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

###### *Rental income*

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

###### *Contract balances*

###### *Contract assets*

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

###### *Trade receivables*

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

###### *Contract liabilities*

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

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

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

###### *Contract costs*

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### Value added tax

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

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

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

##### Foreign currencies

###### *Transactions and balances*

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

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

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

##### Finance income and expense

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

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

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



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

###### *Recognition and measurement*

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

At 31 December 2021 and 2020, land is measured at fair value less accumulated impairment losses recognised after the date of revaluation. Valuation is performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

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

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

###### *Depreciation*

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

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

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### Investment properties

###### *Recognition*

Land and buildings owned by the Group for the purposes of generating rental income or capital appreciation or both are classified as investment properties. Properties that are being constructed or developed for future use as investment properties are also classified as investment properties. Where the Group provides ancillary services to the occupants of a property, it treats such a property as an investment property if the services are a relatively insignificant component of the arrangement as a whole.

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

###### *Measurement*

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

Where the fair value of an investment property under development is not reliably determinable, such property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable.

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

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

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

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

###### *Derecognition*

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

##### i) Financial assets

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

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section *Revenue from contracts with customers*.

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

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

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

###### *Subsequent measurement*

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

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

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

###### *Impairment of financial assets*

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

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

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

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

##### ii) Financial liabilities

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

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

###### *Subsequent measurement*

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

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

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

###### *Loans and borrowings*

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

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

###### *Derecognition*

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

##### iii) Offsetting of financial instruments

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

##### Cash and cash equivalents

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

##### **Inventories**

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### Inventories (continued)

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

The amount of any write down of properties under development for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down arising from an increase in net realisable value is recognised in profit or loss in the period in which the increase occurs.

###### *Other inventories*

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

##### Provision

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

###### *Provision for contract maintenance*

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

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

###### *Group as a lessee*

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

###### *Group as a lessor*

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



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

##### *Group as a lessee*

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

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

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

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

##### *Lease liabilities*

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

##### *Group as a lessor*

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

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

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

##### **Segment reporting**

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 3.2 Changes in accounting policies and disclosures

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

###### (a) Standards, amendments and interpretations effective from January 1, 2021

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

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

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

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

- Amendments to IAS 1, Presentation of Financial Statements, clarify how to classify debt and other liabilities as current or non-current (effective from January 1, 2023).
- Amendments to IFRS 3, Business Combinations: Reference to the Conceptual Framework (effective from January 1, 2022).
- Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts- Cost of Fulfilling a Contract (effective from January 1, 2022).
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (Annual improvements to IFRS Standards 2018-2020) (effective from January 1, 2022, except for IFRS 16, which effective date is not yet decided).
- Amendments to IAS 16, Property, Plant and Equipment related to Proceeds before Intended Use (effective from January 1, 2022).
- IFRS 17, Insurance Contracts, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts (effective from January 1, 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2 (effective from January 1, 2023).
- Amendments to IAS 8, Accounting Policies, Change in Accounting Estimates and Error, related to Definition of Accounting Estimates (effective from January 1, 2023).
- Amendments to IAS 12, Income Taxes, related to assets and liabilities of deferred tax (effective from January 1, 2023).
- Amendments to IFRS 16, related to COVID-19 related rent concessions beyond June 30, 2021 (effective from April 1, 2022).

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 4 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

#### Overview

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

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Furthermore, quantitative disclosures are included throughout these consolidated financial statements.

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

#### Credit risk

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

#### *Trade receivables and contract assets*

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored. At 31 December 2021 and 2020, the Group had receivables from a large number of customers.

The Group is exposed to credit risk on receivables from real estate property sales as the Group allows its customers to make payments in instalments over a period of 2 to 5 years. In order to mitigate the credit risk, the Group receives advances from its customers at the time of the sale and post-dated cheques for the remaining balance at the time of hand over. In addition, the Group does not transfer the legal title of the property to the customer until the full amount has been paid. Furthermore, the risk of financial loss to the Group on account of customer default is low as the property title acts as collateral.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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

#### Credit risk (continued)

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 31. The Group does not hold collateral as security.

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

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

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

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The Group considers the credit risk on bank balances to be minimal given that the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group invests only on quoted equity and debt securities with low credit risk.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 December 2021 and 2020 is the carrying amounts as illustrated in Note 31.

#### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk relates to trade and other payables (including non-current payables), security deposits, amounts due to related parties, lease liabilities, short-term bank borrowings, and long-term bank loans. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The maturity profile of the Group's financial liabilities is disclosed in Note 31.

#### Market risk

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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

#### Market risk (continued)

##### *Equity risk*

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

##### *Interest rate risk*

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

Interest rate sensitivity analysis is disclosed in Note 31.

##### *Foreign currency risk*

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

Foreign currency risk sensitivity analysis is disclosed in Note 31.

#### Capital management

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

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

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 5 REVENUE AND DIRECT COSTS

#### 5.1 Disaggregated revenue and cost information

| Segments                                           | For the year ended 31 December 2021 |                 |                    |                  |
|----------------------------------------------------|-------------------------------------|-----------------|--------------------|------------------|
|                                                    | Real estate                         | Contracting     | Goods and services | Total            |
|                                                    | AED'000                             | AED'000         | AED'000            | AED'000          |
| <i>Type of goods or service</i>                    |                                     |                 |                    |                  |
| Property rentals                                   | 40,780                              | -               | -                  | 40,780           |
| Mechanical, electricidal and plumbing              | -                                   | 7,153           | -                  | 7,153            |
| Facility management and maintenance services       | -                                   | -               | 256,291            | 256,291          |
| Interior architecture                              | -                                   | 39,943          | -                  | 39,943           |
| Motor racing services                              | -                                   | -               | 40,837             | 40,837           |
| Sale of goods                                      | -                                   | -               | 13,695             | 13,695           |
| <b>Total revenue from contracts with customers</b> | <b>40,780</b>                       | <b>47,096</b>   | <b>310,823</b>     | <b>398,699</b>   |
| <i>Timing of revenue recognition</i>               |                                     |                 |                    |                  |
| Assets and goods transferred at a point in time    | -                                   | -               | 13,695             | 13,695           |
| Services transferred over time                     | 40,780                              | 7,153           | 297,128            | 345,061          |
| Goods and services (bundled) transferred over time | -                                   | 39,943          | -                  | 39,943           |
| <b>Total revenue from contracts with customers</b> | <b>40,780</b>                       | <b>47,096</b>   | <b>310,823</b>     | <b>398,699</b>   |
| <b>Direct costs</b>                                | <b>(39,135)</b>                     | <b>(40,704)</b> | <b>(251,028)</b>   | <b>(330,867)</b> |
| <b>Gross profit</b>                                | <b>1,645</b>                        | <b>6,392</b>    | <b>59,795</b>      | <b>67,832</b>    |
| For the year ended 31 December 2020                |                                     |                 |                    |                  |
| Segments                                           | Real estate                         | Contracting     | Goods and services | Total            |
|                                                    | AED'000                             | AED'000         | AED'000            | AED'000          |
| <i>Type of goods or service</i>                    |                                     |                 |                    |                  |
| Property rentals                                   | 55,020                              | -               | -                  | 55,020           |
| Mechanical, electricidal and plumbing              | -                                   | 17,491          | -                  | 17,491           |
| Facility management and maintenance services       | -                                   | -               | 218,331            | 218,331          |
| Interior architecture                              | -                                   | 44,327          | -                  | 44,327           |
| Motor racing services                              | -                                   | -               | 24,846             | 24,846           |
| Sale of goods                                      | -                                   | -               | 15,851             | 15,851           |
| <b>Total revenue from contracts with customers</b> | <b>55,020</b>                       | <b>61,818</b>   | <b>259,028</b>     | <b>375,866</b>   |
| <i>Timing of revenue recognition</i>               |                                     |                 |                    |                  |
| Assets and goods transferred at a point in time    | 500                                 | -               | 23,149             | 23,649           |
| Services transferred over time                     | 68,429                              | 13,692          | 256,513            | 338,634          |
| Goods and services (bundled) transferred over time | -                                   | 61,123          | -                  | 61,123           |
| <b>Total revenue from contracts with customers</b> | <b>55,020</b>                       | <b>61,818</b>   | <b>259,028</b>     | <b>423,406</b>   |
| <b>Direct costs</b>                                | <b>(41,347)</b>                     | <b>(63,757)</b> | <b>(218,796)</b>   | <b>(323,900)</b> |
| <b>Gross profit</b>                                | <b>(48,462)</b>                     | <b>8,922</b>    | <b>53,707</b>      | <b>14,167</b>    |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 5 REVENUE AND DIRECT COSTS (CONTINUED)

#### 5.2 Direct costs information

Direct costs include the following:

|                                | 2021<br>AED'000 | 2020<br>AED'000 |
|--------------------------------|-----------------|-----------------|
| Staff costs                    | 149,923         | 130,549         |
| Property service charges       | 35,710          | 34,670          |
| Inventories recognised as cost | 25,438          | 25,438          |
| Depreciation (note 9.3)        | <u>4,950</u>    | <u>3,493</u>    |

#### 5.3 Contract balances

|                                                | 2021<br>AED'000 | 2020<br>AED'000 |
|------------------------------------------------|-----------------|-----------------|
| Trade and retention receivables (note 15 & 17) | 221,100         | 249,936         |
| Contract assets (note 16)                      | 35,263          | 218,864         |
| Contract liabilities (note 25)                 | <u>58,306</u>   | <u>96,810</u>   |

##### ***Trade receivables***

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

##### ***Retentions receivable***

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

##### ***Contract assets***

Contract assets are initially recognised for revenue earned from contracting activities as receipt of consideration is conditional on acceptance of the customer. Upon acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. In 2021, no allowance for expected credit losses on contract assets was recognised (2020: Nil).

##### ***Contract liabilities***

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



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 5 REVENUE AND DIRECT COSTS (CONTINUED)

#### 5.4 Performance obligations

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

##### Sales of goods

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

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

##### Contracting

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

|                 | <b>2021</b>          | <b>2020</b>          |
|-----------------|----------------------|----------------------|
|                 | <b>AED'000</b>       | <b>AED'000</b>       |
| Within one year | <b><u>29,384</u></b> | <b><u>19,644</u></b> |

##### Sale of properties

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

##### Rental income from properties

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

##### Services

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 6 ADMINISTRATIVE AND GENERAL EXPENSES

|                                                        | 2021<br>AED'000 | 2020<br>AED'000 |
|--------------------------------------------------------|-----------------|-----------------|
| <i>These include the following:</i>                    |                 |                 |
| Staff costs                                            | 52,738          | 60,349          |
| Professional fees and licenses                         | 22,770          | 21,906          |
| Depreciation of property, plant and equipment (note 9) | 3,011           | 8,999           |
| Depreciation of right of use assets (note 10)          | 4,677           | 4,677           |
| Marketing and advertising expenses                     | 2,654           | 2,131           |
| Expected credit loss expense on receivables (note 31)  | 17,999          | 7,991           |
| Office expenses                                        | 12,369          | 12,601          |

### 7 OTHER INCOME

|                                                   | 2021<br>AED'000 | 2020<br>AED'000 |
|---------------------------------------------------|-----------------|-----------------|
| Reversals of liabilities (refer note below)       | 50,727          | 36,490          |
| Gain on disposal of property, plant and equipment | 7,095           | -               |
| Miscellaneous income                              | 13,068          | 22,258          |

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

### 8 LOSS OF CONTROL OVER A SUBSIDIARY

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

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

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 9 PROPERTY, PLANT AND EQUIPMENT

|                                                 | Land<br>AED'000 | Buildings and<br>leasehold<br>improvements<br>AED'000 | Plant and<br>machinery<br>AED'000 | Furniture,<br>fixtures and<br>office<br>equipment<br>AED'000 | Motor<br>vehicles<br>AED'000 | Equipment and<br>tools<br>AED'000 | Capital work-in-<br>progress<br>AED'000 | Total<br>AED'000 |
|-------------------------------------------------|-----------------|-------------------------------------------------------|-----------------------------------|--------------------------------------------------------------|------------------------------|-----------------------------------|-----------------------------------------|------------------|
| <b>Cost and revaluation:</b>                    |                 |                                                       |                                   |                                                              |                              |                                   |                                         |                  |
| At 1 January 2020                               | 251,977         | 135,887                                               | 34,914                            | 83,168                                                       | 58,739                       | 12,351                            | 24,098                                  | 601,134          |
| Additions                                       | -               | 324                                                   | 379                               | 1,624                                                        | 2,160                        | 78                                | 7,045                                   | 11,610           |
| Revaluation (note 9.2)                          | -               | -                                                     | -                                 | -                                                            | -                            | -                                 | -                                       | -                |
| Disposals                                       | -               | (104)                                                 | -                                 | -                                                            | (733)                        | -                                 | (152)                                   | (989)            |
| Transfers (note 11.1)                           | -               | (8,570)                                               | -                                 | -                                                            | -                            | -                                 | -                                       | (8,570)          |
| At 31 December 2020                             | 251,977         | 127,537                                               | 35,293                            | 84,792                                                       | 60,166                       | 12,429                            | 30,991                                  | 603,185          |
| Additions                                       | -               | 1,095                                                 | 92                                | 2,768                                                        | 762                          | 180                               | 5,230                                   | 10,127           |
| Movement from loss of control over a subsidiary | -               | (9,354)                                               | -                                 | (5,706)                                                      | (12,255)                     | (252)                             | -                                       | (27,567)         |
| Disposals                                       | -               | (11,110)                                              | -                                 | (162)                                                        | (674)                        | (2)                               | -                                       | (11,948)         |
| Impairment of Property, plant and equipment     | -               | -                                                     | -                                 | -                                                            | -                            | -                                 | (26,476)                                | (26,476)         |
| Transfers to investment properties              | -               | -                                                     | -                                 | -                                                            | -                            | -                                 | (8,167)                                 | (8,167)          |
| <b>At 31 December 2021</b>                      | <b>251,977</b>  | <b>108,168</b>                                        | <b>35,385</b>                     | <b>81,692</b>                                                | <b>47,999</b>                | <b>12,355</b>                     | <b>1,578</b>                            | <b>539,154</b>   |
| <b>Depreciation:</b>                            |                 |                                                       |                                   |                                                              |                              |                                   |                                         |                  |
| At 1 January 2020                               | -               | 64,543                                                | 33,820                            | 82,050                                                       | 50,459                       | 12,220                            | -                                       | 243,092          |
| Charge for the year                             | -               | 6,962                                                 | 157                               | 2,425                                                        | 2,936                        | 12                                | -                                       | 12,492           |
| Disposals                                       | -               | -                                                     | -                                 | -                                                            | (475)                        | -                                 | -                                       | (475)            |
| At 31 December 2020                             | -               | 71,505                                                | 33,977                            | 84,475                                                       | 52,920                       | 12,232                            | -                                       | 255,109          |
| Charge for the year                             | -               | 3,985                                                 | 206                               | 1,849                                                        | 1,850                        | 71                                | -                                       | 7,961            |
| Disposals                                       | -               | (8,705)                                               | -                                 | (14)                                                         | (265)                        | -                                 | -                                       | (8,984)          |
| Movement from loss of control over a subsidiary | -               | (9,354)                                               | -                                 | (5,706)                                                      | (12,255)                     | (252)                             | -                                       | (27,567)         |
| <b>At 31 December 2021</b>                      | <b>-</b>        | <b>57,431</b>                                         | <b>34,183</b>                     | <b>80,604</b>                                                | <b>42,250</b>                | <b>12,051</b>                     | <b>-</b>                                | <b>226,519</b>   |
| <b>Net carrying amount:</b>                     |                 |                                                       |                                   |                                                              |                              |                                   |                                         |                  |
| <b>At 31 December 2021</b>                      | <b>251,977</b>  | <b>50,737</b>                                         | <b>1,202</b>                      | <b>1,088</b>                                                 | <b>5,749</b>                 | <b>304</b>                        | <b>1,578</b>                            | <b>312,635</b>   |
| At 31 December 2020                             | 251,977         | 56,032                                                | 1,316                             | 317                                                          | 7,246                        | 197                               | 30,991                                  | 348,076          |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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

#### 9.1 Capital work-in-progress

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

#### 9.2 Revaluation of land

The Group changed the accounting policy with respect to the measurement of land on a prospective basis in 2020. Therefore, the fair value of the land was not measured at 1 January 2020.

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

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

During 2019, management reassessed the significant unobservable inputs used in the valuation performed at 31 December 2018, which resulted in revising certain inputs, and accordingly, the previously recorded gain on revaluation of AED 390 million was decreased by AED 177 million whereby a restated gain of AED 213 million from the revaluation of the land was recognised in OCI in 2018, representing a level 3 revaluation gain. Management believes that the carrying amount of the revalued land at 31 December 2021 does not differ materially from its fair value.

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

#### 9.3 Depreciation

Depreciation is allocated in profit or loss as follows:

|                                                            | <b>2021</b>         | 2020          |
|------------------------------------------------------------|---------------------|---------------|
|                                                            | <b>AED'000</b>      | AED'000       |
| Recognised as cost (note 5.2)                              | <b>4,950</b>        | 3,493         |
| Recognised as general and administrative expenses (note 6) | <b>3,011</b>        | 8,999         |
|                                                            | <b><u>7,961</u></b> | <u>12,492</u> |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 10 LEASES

#### 10.1 Group as lessee

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

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

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

|                                | <b>AED'000</b>       |
|--------------------------------|----------------------|
| <b><u>Cost:</u></b>            |                      |
| As at January 1, 2020 and 2021 | 35,725               |
| <b>As at December 31, 2021</b> | <b><u>35,725</u></b> |
| <b><u>Depreciation:</u></b>    |                      |
| At 1 January 2020              | 4,677                |
| Charge for the year            | 4,677                |
| At 1 January 2021              | 9,354                |
| Depreciation for the year      | 4,677                |
| <b>As at December 31, 2021</b> | <b><u>14,031</u></b> |
| <b><u>Net book value</u></b>   |                      |
| <b>As at December 31, 2021</b> | <b><u>21,694</u></b> |
| As at December 31, 2020        | <u>26,371</u>        |

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

|                              | <b>2021</b>          | 2020          |
|------------------------------|----------------------|---------------|
|                              | <b>AED'000</b>       | AED'000       |
| Opening balance              | <b>25,417</b>        | 32,342        |
| Interest charge for the year | <b>1,570</b>         | 1,821         |
| Payment during the year      | <b>(4,721)</b>       | (8,746)       |
| Closing Balance              | <b><u>22,266</u></b> | <u>25,417</u> |
| Current                      | <b>4,453</b>         | 5,084         |
| Non-current                  | <b><u>17,813</u></b> | <u>20,333</u> |

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 10 LEASES (CONTINUED)

#### 10.1 Group as lessee (continued)

The Group had total cash outflows for leases of AED 4.7 million in 2021 (2020: AED 8.7 million), non-cash additions to right-of-use assets and lease liabilities were AED 35.7 million and AED 33.7 million, respectively, in 2019 upon adoption of IFRS 16. There are no future cash outflows relating to leases that have not yet commenced at the reporting date.

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

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

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

#### 10.2 Group as lessor

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

Rental income recognised by the Group during the year is AED 40.8 million (2020: AED 55 million).

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 11 INVESTMENT PROPERTIES

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

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

|                                                      | <b>2021</b>             | 2020             |
|------------------------------------------------------|-------------------------|------------------|
|                                                      | <b>AED'000</b>          | AED'000          |
| At 1 January                                         | <b>4,612,744</b>        | 4,111,636        |
| Transfer from property, plant and equipment (note 9) | <b>8,167</b>            | 8,570            |
| Gain on fair valuation (note 11.2), net              | <b>(1,109,302)</b>      | 743,549          |
| Sale of investment properties (note 11.4)            | <b>(250,883)</b>        | (251,011)        |
| At 31 December                                       | <b><u>3,260,726</u></b> | <u>4,612,744</u> |

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

During the year, the Group transferred properties amounting to AED 8.6 million (2020: nil) from property, plant and equipment to investment properties upon change in use.

#### 11.2 Valuation of investment properties

As at 31 December 2021, the fair values of the properties are based on valuations performed by Land Sterling and 31 December 2020 valuations were performed by Valustrat Consulting FZCO, accredited independent registered valuers. A valuation model in accordance with that recommended by the International Valuation Standards Council has been applied. The independent valuer provides the fair value of the Group's investment property portfolio every year end.

The independent registered valuer carried out the valuation based on an open market valuation in accordance with RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors, adopting the IFRS basis of fair value and using established valuation techniques. The independent valuer reviewed the updated master community development plan for the MotorCity project in forming its view of the fair value of the portfolio as at 31 December 2021 and 2020.

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 11 INVESTMENT PROPERTIES (CONTINUED)

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

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

Accordingly, based on the above valuation, fair value losses of AED 1,109.3 million has been recognised in the consolidated statement of profit or loss for the year ended 31 December 2021 (2020: gain of AED 743.6 million).

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

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

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

During the previous years, the Group had undertaken a full review of the Masterplan for Dubai Motorcity and had submitted a formal request to the concerned regulatory authorities for the issuance of revised affection plans with amended Gross Floor Areas (the "GFA's"). Furthermore, in accordance with the directions of Dubai Development Authority, the Group had appointed approved independent third party surveyors to perform a detailed survey of the entire land bank at Dubai Motorcity. Based on the official third party surveyor reports, the Group got an attestation from Dubai Land for an additional GFA and thereafter also got an approval of the Traffic Impact Study from Road and Transport Authority during the year ended 31 December 2021. Based on surveyor reports, valuation and approvals received from the experts and authorities, the management continued with inclusion of the additional GFA to the value of AED 677 million in the valuation of the Motorcity land bank in the Group consolidated financial statements as at 31 December 2021 (31 December 2020: AED 1,249 million).

#### 11.4 Sale of investment properties

During the year, investment properties with a carrying value of AED 250.9 million were disposed of for a consideration of AED 261.7 million resulting in a gain of AED 10.8 million.

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

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



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 11 INVESTMENT PROPERTIES (CONTINUED)

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

##### *Income valuation approach*

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

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

##### *Market valuation approach*

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

##### *Other information*

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

The valuation basis and assumptions used for the valuation of investment properties are consistent with those adopted in 2020.

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 12 INVENTORIES

#### *Trading and project related inventories*

|                                                                          | <b>2021</b>         | 2020         |
|--------------------------------------------------------------------------|---------------------|--------------|
|                                                                          | <b>AED'000</b>      | AED'000      |
| Project related material<br>(net of provision for slow moving materials) | <b>1,666</b>        | 3,607        |
| Stock-in-trade                                                           | <b>1,724</b>        | 3,405        |
| Spares and consumables                                                   | <b>1,342</b>        | 901          |
|                                                                          | <b><u>4,732</u></b> | <u>7,913</u> |

#### *Development properties*

|                | <b>2021</b>         | 2020         |
|----------------|---------------------|--------------|
|                | <b>AED'000</b>      | AED'000      |
| At 31 December | <b><u>7,504</u></b> | <u>7,504</u> |

Development properties at 31 December 2021 are stated net of provision of AED 1.6 million (2020: AED 1.6 million). During the previous year an amount of AED 9.4 million was reversed from the provision balance in profit or loss.

### 13 INVESTMENTS IN AN ASSOCIATE

#### *Investments in associates*

|                                                              | <b>2021</b>           | 2020           |
|--------------------------------------------------------------|-----------------------|----------------|
|                                                              | <b>AED'000</b>        | AED'000        |
| <b>Movement for the year</b>                                 |                       |                |
| Opening balance                                              | <b>87,368</b>         | 481,937        |
| Share of profit/(loss)                                       | <b>(2,955)</b>        | (1,463)        |
| Disposal of an associate (note 28)                           | -                     | (376,385)      |
| Transfer to investments at fair value through profit or loss | -                     | (1,213)        |
| Exchange differences on translation on foreign operation     | -                     | (15,508)       |
| Closing balance                                              | <b><u>84,413</u></b>  | <u>87,368</u>  |
| <b>Profit or loss:</b>                                       |                       |                |
| Share of profit/(loss) in Properties Investment LLC          | <b>(2,955)</b>        | (9,281)        |
| Share of profit in Palm Hills Development PJSC               | -                     | 7,818          |
|                                                              | <b><u>(2,955)</u></b> | <u>(1,463)</u> |

#### *Investment in Palm Hills Development*

The disposal of the shares in the associate during the previous year resulted a loss on disposal amounting to AED 234.5 million recognized in profit or loss (note 28).

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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

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

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

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

|                               | 2021<br>AED'000      | 2020<br>AED'000      |
|-------------------------------|----------------------|----------------------|
| <b>Financial position:</b>    |                      |                      |
| Non-current assets            | 395,697              | 195,889              |
| Current assets                | 288,734              | 670,709              |
| Non-current liabilities       | (45,782)             | (281,752)            |
| Current liabilities           | (357,274)            | (293,621)            |
| Equity                        | <u>281,375</u>       | <u>291,225</u>       |
| Group's share of equity - 30% | <u><u>84,413</u></u> | <u><u>87,368</u></u> |
|                               | 2021<br>AED'000      | 2020<br>AED'000      |
| <b>Movement for the year</b>  |                      |                      |
| Opening balance               | 87,368               | 96,649               |
| Share of results              | (2,955)              | (9,281)              |
| Closing balance               | <u><u>84,413</u></u> | <u><u>87,368</u></u> |

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

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

|                 | 2021<br>AED'000   | 2020<br>AED'000       |
|-----------------|-------------------|-----------------------|
| Quoted equities | -                 | 151,128               |
| Unquoted equity | 756               | 756                   |
|                 | <u><u>756</u></u> | <u><u>151,884</u></u> |

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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

|                                                   | <b>2021</b>      | 2020      |
|---------------------------------------------------|------------------|-----------|
|                                                   | <b>AED'000</b>   | AED'000   |
| At 1 January                                      | <b>151,884</b>   | 197,512   |
| Additions                                         | <b>111,941</b>   | 830,395   |
| Disposals                                         | <b>(113,787)</b> | (833,313) |
| Transfer from investment in associate             | -                | 1,213     |
| Loss on revaluation                               | <b>5,361</b>     | (43,923)  |
| Impairment loss on financial instruments at FVTPL | <b>(154,643)</b> | -         |
| At 31 December                                    | <b>756</b>       | 151,884   |

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

#### Level 1:

|                                                   | <b>2021</b>      | 2020      |
|---------------------------------------------------|------------------|-----------|
|                                                   | <b>AED'000</b>   | AED'000   |
| At 1 January                                      | <b>151,128</b>   | 196,164   |
| Additions                                         | <b>111,941</b>   | 830,395   |
| Disposals                                         | <b>(113,787)</b> | (833,313) |
| Transfer from investment in associate             | -                | 1,213     |
| Total loss, net                                   |                  |           |
| -in the consolidated statement of profit or loss  | <b>5,361</b>     | (43,331)  |
| Impairment loss on financial instruments at FVTPL | <b>(154,643)</b> | -         |
| At 31 December                                    | <b>-</b>         | 151,128   |

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

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

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

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

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

The Group also has an investment in a real estate fund valued at AED 0.8 million at end of the period (2020: AED 0.8 million).

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 15 NON-CURRENT RECEIVABLES

|                            | 2021<br>AED'000 | 2020<br>AED'000 |
|----------------------------|-----------------|-----------------|
| Retention receivables      | 4,301           | 5,167           |
| Property sales receivables | -               | 28,027          |
|                            | <u>4,301</u>    | <u>33,194</u>   |

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

### 16 CONTRACT ASSETS

|                                      | 2021<br>AED'000 | 2020<br>AED'000 |
|--------------------------------------|-----------------|-----------------|
| Contract work-in-progress (note 5.3) | 34,851          | 215,851         |
| Unbilled revenue                     | 412             | 3,013           |
|                                      | <u>35,263</u>   | <u>218,864</u>  |

### 17 TRADE AND OTHER RECEIVABLES

|                                                                      | 2021<br>AED'000  | 2020<br>AED'000    |
|----------------------------------------------------------------------|------------------|--------------------|
| <b>Financial instruments</b>                                         |                  |                    |
| Trade receivables                                                    | 252,750          | 1,955,931          |
| Retention receivables                                                | 15,579           | 52,059             |
| Property sales receivables                                           | 65,322           | 46,104             |
|                                                                      | <u>333,651</u>   | <u>2,054,094</u>   |
| Less: provision for allowance for expected credit losses (note 17.1) | <u>(116,852)</u> | <u>(1,837,352)</u> |
|                                                                      | 216,799          | 224,521            |
| Other receivables                                                    | 65,545           | 64,441             |
| <b>Total (A)</b>                                                     | <u>282,344</u>   | <u>265,422</u>     |
| <b>Non-financial instruments</b>                                     |                  |                    |
| Advances to contractors (note 17.2)                                  | 11,634           | 26,241             |
| Advances to banks against loan principal and interest (note 23)      | 112,000          | 70,000             |
| Prepayments and advances                                             | 19,168           | 17,464             |
| <b>Total (B)</b>                                                     | <u>142,802</u>   | <u>113,705</u>     |
| <b>Total (A+B)</b>                                                   | <u>425,146</u>   | <u>293,374</u>     |

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

|                                                       | 2021<br>AED'000 | 2020<br>AED'000  |
|-------------------------------------------------------|-----------------|------------------|
| Provision against trade receivables                   | 116,852         | 1,837,352        |
| Provision against advances to contractors (note 17.2) | 90,592          | -                |
|                                                       | <u>207,444</u>  | <u>1,837,352</u> |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 17 TRADE AND OTHER RECEIVABLES (CONTINUED)

#### 17.2 Advances to contractors

|                                                          | <b>2021</b>          | 2020                 |
|----------------------------------------------------------|----------------------|----------------------|
|                                                          | <b>AED'000</b>       | AED'000              |
| Advances to contractors                                  | <b>102,226</b>       | 26,241               |
| Less: provision for allowance for expected credit losses | <b>(90,592)</b>      | -                    |
|                                                          | <b><u>11,634</u></b> | <b><u>26,241</u></b> |

Significant payments aggregating to AED 90.6 million were made, between May and October 2021 to a third party vendor. Those payments were documented internally as related to various design and project management contracts, although the management identified that no or negligible service had been received, therefore the Company decided to classify it as advances to contractors.

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

### 18 TRANSACTIONS WITH RELATED PARTIES

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

Balances with related parties in the consolidated statement of financial position as at 31 December 2020, represent balances due from an equity accounted investee of AED 10.6 million and during the year ended 31 December 2020, other related parties amounting to 31.5 million were classified as trade receivables.

During the year, the Group entered into a sale and purchase agreement with a related party ("the purchaser") to sell investment properties with a carrying value of AED 172.8 million (2020: AED 141.2 million) for a consideration of AED 127 million (2020: AED 79.2 million) resulting in a loss of AED 45.8 million (2020: AED 62 million).

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

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

|                                                 | <b>2021</b>    | 2020    |
|-------------------------------------------------|----------------|---------|
|                                                 | <b>AED'000</b> | AED'000 |
| Salaries and other short term employee benefits | <b>10,939</b>  | 10,185  |
| Provision towards employees terminal benefits   | <b>734</b>     | 514     |

# Union Properties Public Joint Stock Company and its subsidiaries

Notes to the consolidated financial statements (continued)

## 19 CASH IN HAND AND AT BANKS

|                                       | 2021<br>AED'000 | 2020<br>AED'000 |
|---------------------------------------|-----------------|-----------------|
| Cash in hand                          | 1,239           | 889             |
| Cash at banks                         |                 |                 |
| – in deposit accounts held under lien | 2,898           | 14,781          |
| – in current accounts                 | 52,057          | 18,581          |
| – in other deposit accounts           | 9,603           | 11,149          |
|                                       | <u>65,797</u>   | <u>45,400</u>   |

### (a) Cash and cash equivalents

|                                                           | 2021<br>AED'000  | 2020<br>AED'000  |
|-----------------------------------------------------------|------------------|------------------|
| Cash and cash equivalents comprise:                       |                  |                  |
| Cash in hand and at banks (excluding deposits under lien) | 53,296           | 19,470           |
| Bank overdrafts (refer note 28)                           | <u>(113,670)</u> | <u>(192,235)</u> |
|                                                           | <u>(60,374)</u>  | <u>(172,765)</u> |

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

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

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

## 20 SHARE CAPITAL

|                                                | 2021<br>AED'000  | 2020<br>AED'000  |
|------------------------------------------------|------------------|------------------|
| <i>Issued and fully paid up at 31 December</i> |                  |                  |
| 4,289,540,134 (2020: 4,289,540,134)            |                  |                  |
| shares of par value of AED 1 each              | <u>4,289,540</u> | <u>4,289,540</u> |

At 31 December 2021, the share capital comprised of ordinary equity shares. All issued shares are fully paid. The holders of ordinary equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the General Assembly of the Company. All shares rank equally with regard to the Company's residual assets.

At 31 December 2021, the authorised share capital of the Company is 7 billion shares.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 21 RESERVES

#### Statutory reserve

According to the UAE Federal Law No. (2) of 2015 and the Company's Articles of Association, 10% of the annual profit of the Group is appropriated to statutory reserve until such reserve equals 50% of the paid-up share capital of the Company. Such allocations may be ceased when the statutory reserve equals half of the paid-up share capital of the Company. During the current year, the Company did not make any transfer to statutory reserve given that it incurred a loss (2020: AED 20.1 million were transferred to the 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.

#### Currency translation reserve

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

### 22 DIRECTORS' FEES

This represents professional fees to the Company's directors for serving on any committee, for devoting special time and attention to the business or affairs of the Company and for performing services outside the scope of their ordinary activities. During 2021 and 2020 no directors' fees were paid.

### 23 BASIC AND DILUTED EARNINGS PER SHARE

|                                                             | 2021                  | 2020                |
|-------------------------------------------------------------|-----------------------|---------------------|
| <i>(Loss)/profit attributable to shareholders (AED'000)</i> | <b>(966,755)</b>      | 200,984             |
| Weighted average number of shares                           | <b>4,289,540,134</b>  | 4,289,540,134       |
| Basic and diluted earnings per share (AED)                  | <b><u>(0.225)</u></b> | <b><u>0.047</u></b> |

### 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.

|                       | 2021<br>AED'000       | 2020<br>AED'000       |
|-----------------------|-----------------------|-----------------------|
| At 31 December        | <b>878,656</b>        | 1,463,313             |
| Less: Current portion | <b>(569,410)</b>      | (1,000,257)           |
| Non-current portion   | <b><u>309,246</u></b> | <b><u>463,056</u></b> |

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



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 24 BANK LOANS (CONTINUED)

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

|                                                 | <b>2021</b>           | 2020             |
|-------------------------------------------------|-----------------------|------------------|
|                                                 | <b>AED'000</b>        | AED'000          |
| At 1 January                                    | <b>1,463,313</b>      | 1,518,304        |
| Availed during the year                         | <b>73,513</b>         | 47,697           |
| Repayments during the year                      | <b>(171,564)</b>      | (102,688)        |
| Movement from loss of control over a subsidiary | <b>(486,606)</b>      | -                |
| At 31 December                                  | <b><u>878,656</u></b> | <u>1,463,313</u> |

Bank loans mainly include the following facilities:

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

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

- (ii) During the year 2019, the Company obtained a long-term bank loan from a local bank of AED 12.6 million. The loan is repayable in thirteen quarterly instalments that commenced in December 2019 plus interest. At 31 December 2021, the loan amount outstanding is AED 8.6 million. This loan is no longer consolidated in these financial statements due to the loss of control of a subsidiary.

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

As at 31 December 2019, the Company had not complied with one of the bank covenants, and accordingly, the loan was classified as current liability in the consolidated statement of financial position. At 31 December 2021, the loan continues to be classified as a current liability due to breach in contractual payment. As at 31 December 2021, loan amount outstanding is AED 394.9 million (2020: AED 394.9 million).

This loan is being restructured with the bank and during the year ended 31 December 2021, the Company has made payments of AED 42 million (31 December 2020: AED 70 million) to the bank (Refer note 17).

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 24 BANK LOANS (CONTINUED)

- (iv) During the year 2016, the Company entered into an agreement with two local banks and obtained a long-term bank loan with a limit of AED 290 million for the construction of “Oia”, a residential building in MotorCity. The loan is repayable in 12 quarterly equal instalments commencing in September 2019. At 31 December 2021, the loan amount outstanding is AED 53.7 million (*2019: AED 148.6 million*). Two instalments of this loan have been deferred by the bank due to Covid-19 pandemic situation (under targeted economic support scheme- TESS), as per guidelines from Central Bank of UAE.
- (v) During the year 2018, the Group entered into an agreement with a local bank to obtain a long-term loan amounting to AED 350 million, which was utilised to early settle another bank loan. The new facility is repayable in 39 quarterly instalments on an increasing balance basis that commenced in September 2018 and a final instalment of AED 143.5 million due in March 2028. The loan has a balance of AED 316.8 million at year-end (*2020: AED 316.8 million*). Three instalments of this loan have been deferred by the bank due to Covid-19 pandemic situation (under targeted economic support scheme- TESS), as per guidelines from Central Bank of UAE
- (vi) During the year 2018, the Group entered into an agreement with a local bank to obtain a long-term loan amounting to AED 100 million. The loan is repayable in 24 quarterly equal instalments that commenced in April 2018. The loan has a balance of AED 49.4 million at year-end (*2020: AED 62.5 million*).
- (vii) Bills discounting facilities having a balance of AED 23.9 million at year-end (*2020: AED 12.6 million*).

### Securities

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

- a. Registered mortgage of lands and properties with a fair value of AED 1,605 million at 31 December 2021 (*2020: AED 2,171 million*);
- b. Assignment of insurance policies of the mortgaged properties;
- c. Assignment of lease proceeds of certain rental units; and
- d. Corporate guarantees of the Company and certain subsidiaries;
- e. Assignment of receivables; and
- f. Assignment of escrow account of one of the projects

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 25 CONTRACT LIABILITIES

|                                       | <b>2021</b>          | 2020          |
|---------------------------------------|----------------------|---------------|
|                                       | <b>AED'000</b>       | AED'000       |
| Advances from customers - current     | <b>4,871</b>         | 84,249        |
| Advances from customers - non-current | <b>8,118</b>         | 8,118         |
| Excess billings over project WIP      | <b>45,317</b>        | 4,443         |
|                                       | <b><u>58,306</u></b> | <u>96,810</u> |

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

### 26 PROVISION FOR STAFF TERMINAL BENEFITS

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

|                                                 | <b>2021</b>          | 2020          |
|-------------------------------------------------|----------------------|---------------|
|                                                 | <b>AED'000</b>       | AED'000       |
| At 1 January                                    | <b>32,935</b>        | 34,074        |
| Provision made during the year                  | <b>8,996</b>         | 5,947         |
| Payments made during the year                   | <b>(5,710)</b>       | (7,086)       |
| Movement from loss of control over a subsidiary | <b>(7,077)</b>       | -             |
| At 31 December                                  | <b><u>29,144</u></b> | <u>32,935</u> |

### 27 TRADE AND OTHER PAYABLES

|                                               | <b>2021</b>             | 2020             |
|-----------------------------------------------|-------------------------|------------------|
|                                               | <b>AED'000</b>          | AED'000          |
| <b>Financial instruments</b>                  |                         |                  |
| Trade payables                                | <b>113,297</b>          | 323,471          |
| Retention payables                            | <b>3,589</b>            | 39,355           |
| Other payables and accruals (refer (a) below) | <b>1,076,660</b>        | 874,184          |
| <b>Total</b>                                  | <b><u>1,193,546</u></b> | <u>1,237,010</u> |

Other payable and accruals include:

|                                                               | <b>2021</b>    | 2020    |
|---------------------------------------------------------------|----------------|---------|
|                                                               | <b>AED'000</b> | AED'000 |
| Provisions and accruals against contracting business (note 8) | <b>781,242</b> | 518,716 |
| Provision for staff related payables                          | <b>39,294</b>  | 42,415  |
| Provisions and accruals for payment to contractors cost       | <b>30,322</b>  | 36,504  |

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 28 BANK OVERDRAFTS

|                 | <b>2021</b>    | 2020    |
|-----------------|----------------|---------|
|                 | <b>AED'000</b> | AED'000 |
| Bank overdrafts | <b>113,670</b> | 192,235 |

#### Significant terms and conditions

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

#### Securities

Bank overdrafts are secured by:

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

As at 31 December 2019, the Group was in breach of a contractual clause of one of its overdraft facilities wherein the facility was pledged over the Group's entire investment in its foreign associate (the "foreign associate"). In July 2020, the Group's entire investment in the foreign associate was sold by the counterparty at its own discretion and the resulting net sale proceeds amounting to AED 125.5 million were utilized by the counterparty against the outstanding balance under the overdraft facility (note 13).

Overdrafts amounting to AED 87.7 million as at 31 December 2020 is no longer consolidated in these financial statements due to the loss of control of a subsidiary.

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

### 29 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

|                                     | <b>2021</b>    | 2020    |
|-------------------------------------|----------------|---------|
|                                     | <b>AED'000</b> | AED'000 |
| <i>Company and its subsidiaries</i> |                |         |
| <b>Commitments:</b>                 |                |         |
| Capital commitments                 | <b>28,297</b>  | 34,297  |
| <b>Contingent liabilities:</b>      |                |         |
| Letters of guarantee                | <b>294,460</b> | 294,452 |
| <i>An associate</i>                 |                |         |
| <b>Contingent liabilities:</b>      |                |         |
| Letters of guarantee                | <b>252,500</b> | 252,500 |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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

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

#### Contingent liabilities

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

### 30 SEGMENT REPORTING

#### Business segments

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 30 SEGMENT REPORTING (continued)

|                                               | Real estate      | Contracting      | Goods and services | Investments      | Total            |
|-----------------------------------------------|------------------|------------------|--------------------|------------------|------------------|
|                                               | AED'000          | AED'000          | AED'000            | AED'000          | AED'000          |
| <b>2021</b>                                   |                  |                  |                    |                  |                  |
| Segment revenue                               | 40,780           | 47,096           | 310,823            | -                | 398,699          |
| Loss on financial instruments at FVTPL        | -                | -                | -                  | (149,282)        | (149,282)        |
| Share of results of associates                | -                | -                | -                  | (2,955)          | (2,955)          |
| Gain from loss of control over a subsidiary   | 352,401          | -                | -                  | -                | 352,401          |
| Gain on valuation of properties, net          | (1,109,302)      | -                | -                  | -                | (1,109,302)      |
| Loss on sale of investment properties         | 10,834           | -                | -                  | -                | 10,834           |
| Finance income                                | 1,973            | 44               | -                  | -                | 2,017            |
| Other income                                  | 62,679           | 238              | 7,973              | -                | 70,890           |
| Direct costs                                  | (39,135)         | (40,704)         | (251,028)          | -                | (330,867)        |
| Administrative and general expenses           | (66,139)         | (8,621)          | (53,473)           | (4,787)          | (133,020)        |
| Finance costs                                 | (39,267)         | (27,685)         | (3,925)            | (5,293)          | (76,170)         |
| <b>Profit/(loss) for the year</b>             | <b>(785,176)</b> | <b>(29,632)</b>  | <b>10,370</b>      | <b>(162,317)</b> | <b>(966,755)</b> |
| Capital expenditure                           | 9,466            | -                | 8,828              | -                | 18,294           |
| Depreciation of property, plant and equipment | 3,568            | 231              | 4,162              | -                | 7,961            |
| Depreciation of right of use assets           | 3,762            | -                | 915                | -                | 4,677            |
| Segment assets                                | 3,522,906        | 54,224           | 561,109            | 315              | 4,138,554        |
| Investments in associates                     | -                | -                | -                  | 84,413           | 84,413           |
| <b>Total assets</b>                           | <b>3,522,906</b> | <b>54,224</b>    | <b>561,109</b>     | <b>84,728</b>    | <b>4,222,967</b> |
| <b>Segment liabilities</b>                    | <b>1,143,093</b> | <b>838,930</b>   | <b>198,726</b>     | <b>114,839</b>   | <b>2,295,588</b> |
| <b>2020</b>                                   |                  |                  |                    |                  |                  |
| Segment revenue                               | 55,020           | 61,818           | 259,028            | -                | 375,866          |
| Loss on financial instruments at FVTPL        | -                | -                | -                  | (43,923)         | (43,923)         |
| Share of profit of associates                 | -                | -                | -                  | (1,463)          | (1,463)          |
| Gain on valuation of properties, net          | 743,549          | -                | -                  | -                | 743,549          |
| Finance income                                | 2,526            | 129              | -                  | -                | 2,655            |
| Other income                                  | 51,973           | 218              | 5,714              | 843              | 58,748           |
| Direct costs                                  | (103,482)        | (52,896)         | (205,321)          | -                | (361,699)        |
| Administrative and general expenses           | (79,107)         | (7,895)          | (34,491)           | (6,119)          | (127,612)        |
| Finance costs                                 | (53,402)         | (41,369)         | (5,719)            | (19,629)         | (120,119)        |
| <b>Profit/(loss) for the year</b>             | <b>526,583</b>   | <b>(39,995)</b>  | <b>19,211</b>      | <b>(304,815)</b> | <b>200,984</b>   |
| Capital expenditure                           | 7,185            | 216              | 4,632              | -                | 12,033           |
| Depreciation of property, plant and equipment | 6,416            | 243              | 5,833              | -                | 12,492           |
| Depreciation of right of use assets           | 3,762            | -                | 915                | -                | 4,677            |
| Segment assets                                | 4,865,732        | 285,016          | 552,222            | 151,516          | 5,854,486        |
| Investment in an associate and joint venture  | -                | -                | -                  | 87,368           | 87,368           |
| <b>Total assets</b>                           | <b>4,865,732</b> | <b>285,016</b>   | <b>552,222</b>     | <b>238,884</b>   | <b>5,941,854</b> |
| <b>Segment liabilities</b>                    | <b>1,212,680</b> | <b>1,536,599</b> | <b>191,024</b>     | <b>107,417</b>   | <b>3,047,720</b> |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 31 FINANCIAL INSTRUMENTS

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

Notes to the consolidated financial statements (continued)

## 31 FINANCIAL INSTRUMENTS (CONTINUED)

|                                                  | <i>Notes</i> | <b>At fair value<br/>through profit<br/>or loss<br/>AED'000</b> | <b>At amortized<br/>cost<br/>AED'000</b> | <b>Carrying<br/>amount<br/>AED'000</b> | <b>Fair value<br/>AED'000</b> |
|--------------------------------------------------|--------------|-----------------------------------------------------------------|------------------------------------------|----------------------------------------|-------------------------------|
| <b>31 December 2020</b>                          |              |                                                                 |                                          |                                        |                               |
| <b>Financial assets</b>                          |              |                                                                 |                                          |                                        |                               |
| Non-current receivables                          | 15           | -                                                               | 33,194                                   | 33,194                                 | 33,194                        |
| Investments at fair value through profit or loss | 14           | 106,256                                                         | -                                        | 106,256                                | 106,256                       |
| Trade and other receivables                      | 17           | -                                                               | 281,183                                  | 281,183                                | 281,183                       |
| Due from related parties                         | 18           | -                                                               | 7,648                                    | 7,648                                  | 7,648                         |
| Cash in hand and at banks                        | 19           | -                                                               | 45,400                                   | 45,400                                 | 45,400                        |
| Total                                            |              | <u>106,256</u>                                                  | <u>367,425</u>                           | <u>473,681</u>                         | <u>473,681</u>                |
| <b>Financial liabilities</b>                     |              |                                                                 |                                          |                                        |                               |
| Trade and other payables                         | 27           | -                                                               | 1,237,010                                | 1,237,010                              | 1,237,010                     |
| Bank overdrafts                                  | 28           | -                                                               | 192,235                                  | 192,235                                | 192,235                       |
| Bank loans                                       | 24           | -                                                               | 1,463,313                                | 1,463,313                              | 1,463,313                     |
| Lease liabilities                                | 22           | -                                                               | 25,417                                   | 25,417                                 | 25,417                        |
| Total                                            |              | <u>-</u>                                                        | <u>2,917,975</u>                         | <u>2,917,975</u>                       | <u>2,917,975</u>              |



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 31 FINANCIAL INSTRUMENTS (CONTINUED)

#### Credit risk

##### *Exposure to credit risk*

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

|                                                  | Notes | 2021<br>AED'000 | 2020<br>AED'000 |
|--------------------------------------------------|-------|-----------------|-----------------|
| Non-current receivables (refer note below)       | 15    | 4,301           | 33,194          |
| Investments at fair value through profit or loss | 14    | 756             | 106,256         |
| Trade and other receivables (refer note below)   | 17    | 282,344         | 281,183         |
| Due from related parties                         | 18    | -               | 7,648           |
| Cash at banks                                    | 19    | 64,558          | 43,846          |
|                                                  |       | <b>351,959</b>  | <b>472,127</b>  |

##### *Impairment losses*

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

|                           | <i>Advances to<br/>contractors</i> | <i>Retentions<br/>receivable</i> | Trade receivables |                      |                        |                         | <i>Total</i>   |
|---------------------------|------------------------------------|----------------------------------|-------------------|----------------------|------------------------|-------------------------|----------------|
|                           |                                    |                                  | <i>Current</i>    | <i>Past due</i>      |                        |                         |                |
|                           |                                    |                                  |                   | <i>1-90<br/>days</i> | <i>91-365<br/>days</i> | <i>&gt;365<br/>days</i> |                |
|                           | <i>AED'000</i>                     | <i>AED'000</i>                   | <i>AED'000</i>    | <i>AED'000</i>       | <i>AED'000</i>         | <i>AED'000</i>          | <i>AED'000</i> |
| <b>31 December 2021</b>   |                                    |                                  |                   |                      |                        |                         |                |
| Expected credit loss rate | 88.62%                             | 0.00%                            | 0.00%             | 2.39%                | 20.77%                 | 82.81%                  |                |
| Gross amount              | 102,226                            | 19,880                           | 66,138            | 20,792               | 33,793                 | 132,027                 | 374,856        |
| Expected credit loss rate | 90,592                             | -                                | 2                 | 497                  | 7,020                  | 109,333                 | 207,444        |
| <b>31 December 2020</b>   |                                    |                                  |                   |                      |                        |                         |                |
| Expected credit loss rate | 0.00%                              | 70.70%                           | 0.00%             | 18.92%               | 11.00%                 | 99.37%                  |                |
| Gross amount              | 26,241                             | 57,226                           | 74,515            | 58,632               | 100,900                | 1,786,015               | 2,103,529      |
| Expected credit loss rate | -                                  | 40,456                           | -                 | 11,094               | 11,095                 | 1,774,707               | 1,837,352      |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 31 FINANCIAL INSTRUMENTS (CONTINUED)

#### Credit risk (continued)

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

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

|                                                       | <b>2021</b>           | 2020             |
|-------------------------------------------------------|-----------------------|------------------|
|                                                       | <b>AED'000</b>        | AED'000          |
| At 1 January                                          | <b>1,843,054</b>      | 1,837,352        |
| Provision for the year (refer note 6)                 | <b>17,999</b>         | 7,991            |
| Amounts written off                                   | -                     | (2,289)          |
| Movement from loss of control over a subsidiary       | <b>(1,744,201)</b>    | -                |
| Provision against advances to contractors (note 17.1) | <b>90,592</b>         | -                |
| At 31 December (note 17.1)                            | <b><u>207,444</u></b> | <u>1,843,054</u> |

#### Foreign currency risk

The Group's exposure to foreign currency risk is mainly related to a banking facility denominated in Egyptian Pounds. A 5% strengthening in the Egyptian Pound against the AED will result in a negative impact of AED 5.2 million on profit or loss and equity (2020: AED 5.2 million). A 5% devaluation in the Egyptian Pound against the AED would have the opposite effect.

# Union Properties Public Joint Stock Company and its subsidiaries

Notes to the consolidated financial statements (continued)

## 31 FINANCIAL INSTRUMENTS (CONTINUED)

### Liquidity risk

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

|                                             | <i>Notes</i> | <b>Carrying<br/>amount<br/>AED'000</b> | <b>Contractual<br/>cash flows<br/>AED'000</b> | <b>On demand<br/>AED'000</b> | <b>Less than<br/>one year<br/>AED'000</b> | <b>1 to 5 years<br/>AED'000</b> | <b>More than<br/>five year<br/>AED'000</b> |
|---------------------------------------------|--------------|----------------------------------------|-----------------------------------------------|------------------------------|-------------------------------------------|---------------------------------|--------------------------------------------|
| <b>Financial liabilities</b>                |              |                                        |                                               |                              |                                           |                                 |                                            |
| <b>31 December 2021</b>                     |              |                                        |                                               |                              |                                           |                                 |                                            |
| <b>Non-derivative financial instruments</b> |              |                                        |                                               |                              |                                           |                                 |                                            |
| Trade and other payables                    | 27           | 1,193,546                              | 1,193,546                                     | -                            | 1,193,546                                 | -                               | -                                          |
| Bank overdrafts                             | 28           | 113,670                                | 113,670                                       | 113,670                      | -                                         | -                               | -                                          |
| Bank loans                                  | 24           | 878,656                                | 878,656                                       | 434,915                      | 134,497                                   | 111,529                         | 197,715                                    |
| Lease liabilities                           | 10           | 22,266                                 | 22,266                                        | -                            | 22,266                                    | -                               | -                                          |
| <b>Total</b>                                |              | <b>2,208,138</b>                       | <b>2,208,138</b>                              | <b>548,585</b>               | <b>1,350,309</b>                          | <b>111,529</b>                  | <b>197,715</b>                             |
| <b>31 December 2020</b>                     |              |                                        |                                               |                              |                                           |                                 |                                            |
| <b>Non-derivative financial instruments</b> |              |                                        |                                               |                              |                                           |                                 |                                            |
| <b>instruments</b>                          |              |                                        |                                               |                              |                                           |                                 |                                            |
| Trade and other payables                    | 27           | 1,237,010                              | 1,237,010                                     | -                            | 1,237,010                                 | -                               | -                                          |
| Bank overdrafts                             | 28           | 192,235                                | 192,235                                       | 192,235                      | -                                         | -                               | -                                          |
| Bank loans                                  | 24           | 1,463,313                              | 1,737,167                                     | 955,247                      | 170,129                                   | 362,478                         | 249,313                                    |
| Lease liabilities                           |              | 25,417                                 | 25,417                                        | -                            | 25,417                                    | -                               | -                                          |
| <b>Total</b>                                |              | <b>2,917,975</b>                       | <b>3,191,829</b>                              | <b>1,147,482</b>             | <b>1,432,556</b>                          | <b>362,478</b>                  | <b>249,313</b>                             |

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 31 FINANCIAL INSTRUMENTS (CONTINUED)

#### Interest rate risk

The Group is exposed to interest rate risk on cash at bank, short-term bank borrowings and long-term bank loans (refer notes 16, 19 and 20) which carry variable interest rates.

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

|                                 | <b>2021</b>    | 2020      |
|---------------------------------|----------------|-----------|
|                                 | <b>AED'000</b> | AED'000   |
| Bank overdrafts (refer note 28) | <b>113,670</b> | 192,235   |
| Bank loans (refer note 24)      | <b>878,656</b> | 1,463,313 |
|                                 | <b>992,326</b> | 1,655,548 |

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

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

|                           | <b>Effect on profit or loss<br/>and equity</b> |                            |
|---------------------------|------------------------------------------------|----------------------------|
|                           | <b>100 bp<br/>increase</b>                     | <b>100 bp<br/>decrease</b> |
|                           | <b>AED'000</b>                                 | <b>AED'000</b>             |
| <b>31 December 2021</b>   |                                                |                            |
| Variable rate instruments | <b>(9,923)</b>                                 | <b>9,923</b>               |
| <b>31 December 2020</b>   |                                                |                            |
| Variable rate instruments | <b>(16,555)</b>                                | <b>16,555</b>              |

#### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The Group has investments at fair value through profit or loss which are stated at fair value. Also refer to note 14.

|                         | <b>Level 1</b> | <b>Level 3</b> | <b>Total</b>   |
|-------------------------|----------------|----------------|----------------|
|                         | <b>AED'000</b> | <b>AED'000</b> | <b>AED'000</b> |
| <b>31 December 2021</b> |                |                |                |
| Investments at FVTPL    | <b>-</b>       | <b>756</b>     | <b>756</b>     |
| <b>31 December 2020</b> |                |                |                |
| Investments at FVTPL    | <b>151,128</b> | <b>756</b>     | <b>151,884</b> |

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 32 SIGNIFICANT ESTIMATES AND JUDGEMENTS

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

#### **Judgements**

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

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

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

As of 31st December 2021, the Group's current accumulated losses reached an amount of AED 2,928 million from an issued capital of AED 4,290 million hence exceeding 50% of its issued share capital. Therefore, based on article 302 of the UAE Federal Companies Law No (2) of 2015, and article 4 of SCA's Board of Directors' Decision No. (32/R.T) of 2019, the Group is required to call for a General Assembly Meeting to vote on either dissolving the Group or to continue its activity with an appropriate restructuring plan within 30 days of the issue of these consolidated financial statements.

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

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

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

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

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

#### ***Determining the timing of satisfaction of sale of real estate properties***

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 32 SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Judgements (continued)

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

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

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

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

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

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

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

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 32 SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Judgements (continued)

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

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

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

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

#### Estimates and assumptions

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

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

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 32 SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Estimates and assumptions (continued)

##### *Provision for warranty expenses*

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

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

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

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

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

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

The Group's management determines the estimated useful lives and related depreciation charge for its property, plant and equipment on an annual basis. The Group has carried out a review of the residual values and useful lives of property, plant and equipment as at 31 December 2021 and management has not identified any requirement for an adjustment to the residual values and remaining useful lives of the assets for the current or future periods. This assessment is carried out at each reporting date.

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

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model is used, whenever there is a lack of comparable market data because of the nature of certain properties. In addition, the Group measures land under property, plant and equipment at revalued amounts, with changes in fair value being recognised in OCI. The land was valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2021 and 2020 for the investment properties and at 31 December 2021 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 Notes 8 and 9.



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 32 SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Estimates and assumptions (continued)

##### *Provision for obsolete inventory*

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

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

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

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

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

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

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

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### 32 SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

#### Estimates and assumptions (continued)

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

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

### 33 COMPARATIVE FIGURES

#### *Reclassifications*

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

### 34 COVID-19 IMPACT

The existence of novel coronavirus (Covid-19) was confirmed in early 2021 and its spread across the globe is causing disruptions to businesses and economic activity. During the current period, the Group has not witnessed any material impact on overall business, therefore, management is not anticipating any steep reduction in gross turnover during the rest of the year.

The Group has implemented procedures and protocols during the situation. Remote working plans have been initiated and measures were taken to ensure uninterrupted business.

The Group will continue to monitor impact on its operations and will take necessary actions as needed.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the consolidated financial statements (continued)

### 35 SOCIAL CONTRIBUTIONS

During the year the Group have contributed in the following social contributions:

| Contribution nature                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Contribution type | Contribution value |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|
| Makers of the Future Programme, The Emirati internship programme – Makers of the Future that commenced in January 2021 has seen three graduates go through an intense schedule of on-the-job training experience, back office trainings, reviews by Senior Management and extremely beneficial mentoring sessions by Management. This has given these individuals a remarkable opportunity to explore a career in the industry. The performance and output of the individuals has been recognised by clients such as the Ministry of Interior that recommended for one of the interns to be promoted to a permanent role. | In-Kind           | -                  |
| Safe Disposal of Fluorescent Tubes, This initiative is in line with UAE Government's drive to ban refrigerants that are harmful to the environment by 2040                                                                                                                                                                                                                                                                                                                                                                                                                                                                | In-Kind           | -                  |
| Dubai Autodrome supports TheReach Campaign raising over AED40,000. In spirit of charity during the Holy Month of Ramadan 2021, the Group and the Reach Campaign, with support from Emirates Red Crescent, partnered to raise money to develop prevention and treatment of Onchocerciasis (River Blindness) and Lymphatic Filariasis (LF or Elephantiasis), two diseases that affect more than 1.5 billion of the world's most impoverished people and cost developing economies billions of dollars every year.                                                                                                           | In-Kind           | -                  |
| 2021 Ramadan Toy Drive, Toy donations during Ramadan made available through                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | In-Kind           | -                  |
| MEP Technical Trainings and Refresher Trainings were conducted regularly for a total of 3,469 Manhours of Training was achieved.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | In-Kind           | -                  |
| Housekeeping Refresher skill trainings were conducted regularly for a total of 11,616 Manhours of Housekeeping Skills Training was achieved.                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | In-Kind           | -                  |
| Contributed towards the UAE National Day event for the Motor City Community                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                   | 10,672             |
| Contributed towards the DREC Horse Race Sponsorship                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                   | 42,000             |



# *Corporate Governance Report*



## *Union Properties PJSC 2021*



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## الاتحاد العقارية ش.م.ع

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

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

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

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

## 1- البيان بالإجراءات التي تم اتخاذها لاستكمال نظام حوكمة الشركات خلال عام 2021، وكيفية تطبيقها.

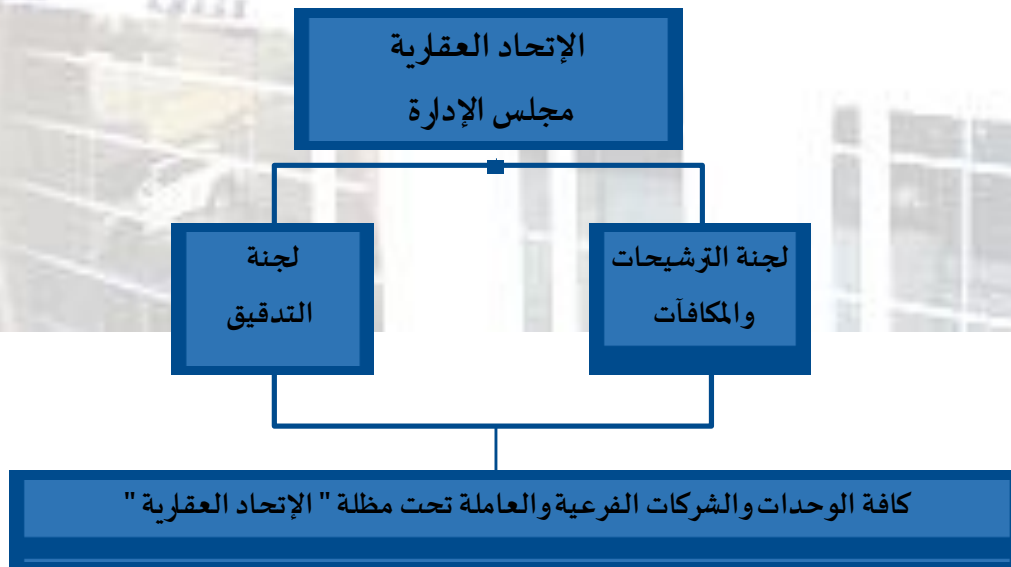
تلتزم شركة "الاتحاد العقارية (ش.م.ع)" بتطبيق أعلى معايير الحوكمة المؤسسية، مدفوعة بمجموعة متكاملة من القيم الجوهرية التي تجمع بين الأخلاقيات المهنية والنزاهة المؤسسية وأفضل الممارسات الدولية في مجال الإمتثال، وتتمثل القيم المؤسسية التي يستند إليها إطار عمل الشركة في الشفافية والنزاهة والإفصاح والمساءلة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

ويراعي إطار عمل الحوكمة المؤسسية كافة المبادئ والمعايير المحددة والمعمول بها من قبل كل من "هيئة الأوراق المالية والسلع" (SCA) "وسوق دبي المالي" (DFM) والأحكام الواردة ضمن القانون الاتحادي رقم (2) لسنة 2015 وتعديلاته من وقت الى اخر في شأن الشركات التجاري و قرارات رئيس مجلس إدارة هيئة الأوراق المالية والسلع في تحديد اتجاهات ومتطلبات شركة "الاتحاد العقارية".

وتلتزم "الاتحاد العقارية" بتطبيق قرار " رئيس مجلس إدارة هيئة الأوراق المالية والسلع رقم (3/ر.م) لسنة 2020 بشأن اعتماد دليل حوكمة الشركات المساهمة العامة والنظام الأساسي للشركات

وبعد التعديل الأخير على قانون الشركات بموجب المرسوم بقانون اتحادي رقم 32 لسنة 2021 في شأن الشركات التجارية سوف يقوم مجلس إدارة الشركة بعرض جميع التعديلات المقترحة على النظام الأساسي للشركة على الجمعية العمومية المقبلة للموافقة والمصادقة على تلك التعديلات من اجل الامتثال للأحكام الواردة ضمن القانون الجديد المذكورة اعلاه.

ويوضح الشكل أدناه هيكلية الحوكمة المؤسسية المطورة والمنفذة من قبل "الإتحاد العقارية" والتي تهدف إلى تعزيز ممارسات الحوكمة الرشيدة المتبعة لدى مجلس إدارة الشركة والإدارات التنفيذية على السواء.



كافة الوحدات الفرعية أعلاه والعاملة تحت مظلة "الاتحاد العقارية" تمتلك إدارة مستقلة معنية بتنفيذ العمليات التشغيلية، ولكن يتم الإشراف عليها من حيث الجوانب المرتبطة بالإستراتيجية والامتثال والحوكمة والمخاطر ومراجعة الحسابات وفق هيكلية واحدة

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

يتولى إدارة الشركة مجلس إدارة و يحدد النظام الأساسي الخاص بشركة الاتحاد العقارية المسائل المتعلقة بتعيين مجلس الإدارة (المجلس) والأدوار المنوطة به ومسؤولياته . ومدة العضوية فيه وقد روعي ان يكون الرئيس واغلبية أعضاء مجلس الادارة من المتمتعين بجنسية الدولة في عضوية المجلس خلال العام 2021، للوفاء بالمعايير التي حددها القرار رقم 3/ر.م لسنة 2020 في ما يتعلق بتشكيل مجلس إدارة الشركة من الأعضاء التنفيذيين وغير التنفيذيين، والأعضاء المستقلين إلى جانب المهارات والخبرات والقدرات المناسبة لعضوية المجلس.

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

يتمتع المجلس بصلاحيات تشكيل لجان المجلس وتفويض الصلاحيات إلى هذه اللجان حسب ما يراه ضروريا أو مناسبا. كما يقوم المجلس بتفويض مهام معينة إلى تلك اللجان ولا يعنى هذا اعفاء مجلس الإدارة من المسؤولية عن الأنشطة والمهام والصلاحيات التي قام بتفويضها لهذه اللجان. وتعد لجان المجلس وسيلة فاعلة لتوزيع العمل بين أعضاء المجلس لإمعان النظر في مسائل محددة وبشكل مفصل. تؤدي جميع لجان المجلس مهامها نيابة عن مجلس الإدارة بحيث يكون مجلس الإدارة مسؤولاً عن تشكيل وتعيين واختيار وتحديد فترة العضوية.

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

يشكل مجلس الإدارة لجنة دائمة تسمى لجنة الترشيحات والمكافآت، تعقد اجتماعها مرة واحدة في العام او كلما دعت الحاجة وتكون مهامها ان تساعد المجلس على الاضطلاع بمسؤولياته في ما يتعلق بمؤهلات وأجور وتعيين وإحلال موظفي الإدارة العليا. كما تشرف اللجنة على عملية الترشيح لعضوية مجلس الإدارة وسياستها فيما يتماشى مع القانون الإتحادي رقم (2) لسنة 2015 وتعديلاته وتطبيق قرار " رئيس مجلس إدارة هيئة الأوراق المالية والسلع رقم (3/ر.م) لسنة 2020 بشأن اعتماد دليل حوكمة الشركات المساهمة العامة والنظام الأساسي للشركات وتعديلاته من وقت الي اخر. وكذلك تعمل بشكل مستمر على مراقبة استقلالية أعضاء المجلس المستقلين.



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

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



2- بيان بملكية وتعاملات أعضاء مجلس الإدارة وأزواجهم وأبنائهم في الأوراق المالية للشركة خلال العام 2021 وفقاً للجدول التالي :

| م | الإسم        | المنصب/ صلة القرابة | الأسهم المملوكة كما في 2021/12/31 | إجمالي عملية البيع | إجمالي عملية الشراء |
|---|--------------|---------------------|-----------------------------------|--------------------|---------------------|
| 1 | محمد الفردان | رئيس مجلس الإدارة   | 23,000,000                        | لا يوجد            | لا يوجد             |
| 2 | درويش الكتبي | عضو مجلس الإدارة    | 3,000                             |                    |                     |
| 3 | راشد الشريف  | عضو مجلس الإدارة    | لا يوجد                           | 2,000,000          | 2,000,000           |

3- تشكيل مجلس الإدارة:

أ. يتشكل مجلس ادارة الشركة الحالي من سبع اعضاء، من بينهم ستة اعضاء مستقلين غير تنفيذيين وعضو واحد تنفيذي وعنصر نسائي من اجل الامتثال الى قرار رئيس هيئة الاوراق المالية والسلع رقم

2021/8 على ضرورة ترشيح العنصر النسائي في مجلس الادارة كما هو واضح في البيانات ادناه التي توضح تشكيل مجلس ادارة الشركة كما في 2021/12/31.



السيد / محمد الفردان علي الفردان  
رئيس مجلس الادارة

تم انتخاب السيد / محمد الفردان كعضو مجلس ادارة لشركة الاتحاد العقارية خلال الجمعية العمومية للشركة المنعقدة بتاريخ 18 يونيو 2020. ومن ثم قام مجلس الإدارة في اجتماعه المنعقد في 2021/12/15 بتعيين السيد محمد الفردان كرئيس جديد لمجلس الإدارة. يتمتع السيد / محمد الفردان بالقيادة الديناميكية وذو دوافع ذاتية مع مسارات مثبتة من ذوي الخبرة المهنية في التعامل مع إدارة العقارات والاستثمارات وإدارة الفنادق لأكثر من 19 عامًا في دولة الإمارات العربية المتحدة وشرق الأوسط. وقد ساهم السيد / الفردان في وضع الخطط الاستراتيجية، وتعزيز الأهداف ، وتطوير الأفكار التي ساهمت في تحقيق نمو وتوسيع في مجال الأعمال والصناعات العقارية . السيد / الفردان حاصل على بكالوريوس إدارة اعمال من جامعة عجمان للعلوم والتكنولوجيا وقد شغل مناصب متعددة ومنها مدير عام شركة عقارات الفردان ونائب مدير شركة الفردان القابضة و نائب مدير شركة المستثمر الأول ش.ذ.م.م وشريك في عدة شركات كارلتون للضيافة وشركة زهرة للتكنولوجيا ش.ذ.م.م و شركة الفردان للإستثمار ليمتد.



السيد / عبد الوهاب الحلبي  
نائب رئيس مجلس الإدارة

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

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

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



السيد / عامر عبد العزيز حسين خانصاحب

عضو مجلس ادارة تنفيذي

العضو المنتدب

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

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

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



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

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

يتمتع السيد / درويش الكتبي بخبرة ترصد في سوق الأوراق المالية مع معرفة متعمقة حول الاستثمارات البديلة والمنتجات المنظمة، واستراتيجيات التجارة المتطورة.  
السيد / الكتبي حاصل على درجة البكالوريوس في العلوم في إدارة الأعمال تخصص المالية وشهادة التعليم بلومبرغ يشغل حالياً عدة مناصب ، عضو مجلس إدارة درويش سايبريك الهند الخاصة المحدودة وكذلك مدير الاستثمار والمحافظ لدى درويش بن أحمد وأولاده.



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



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

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

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

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



السيد / راشد امين محمد الشريف

عضو مجلس الادارة

مستقل - غير تنفيذي

تم انتخابه كعضو مجلس إدارة شركة الإتحاد العقارية خلال الجمعية العمومية للشركة المنعقدة بتاريخ 14 ديسمبر 2021.

السيد/ راشد الشريف هو رئيس تنفيذي للمبيعات ذو كفاءة عالية ولديه أكثر من 27 عامًا من الخبرة بالاضفة الى مجموعة من المهارات في تنفيذ الرؤية الاستراتيجية والفتنة التجارية و المالية واكتساب المواهب والتمكين والقيادة وتحليل الأداء والتسويق وإدارة الحملات والإعلان وحل المشاكل وإدارة البرامج. أثبتت قدرته على القيام بمهام متعددة في بيئات ديناميكية عالية الضغط مع دفع سرعة النمو وتقديم خدمة عملاء متميزة. يشغل السيد/ راشد حاليًا منصب رئيس المبيعات في شركة دبي القابضة العقارية ، كما شغل العديد من المناصب مثل توليه مناصب متعددة في شركة ميراس القابضة من بينها الرئيس التنفيذي للعمليات، رئيس المبيعات، رئيس لجنة التعويضات العقارية والمستشار القانوني العام. وكذلك شغل منصب المستشار القانوني العام في المكتب الهندسي لصاحب السمو الشيخ محمد بن راشد آل مكتوم ومحاضر في معهد دبي العقاري (DREI) ومستشار قانوني أول ومستشار قانوني عام في مركز دبي التجاري العالمي، نائب مدير الموارد البشرية ورئيس المشتريات وعضو اللجنة العليا للمشتريات المباشرة .

السيد / راشد حاصل على درجة البكالوريوس في القانون و دبلوم عالي في دراسات الشرطة +FCE كامبردج



السيدة / عبير محمد عمر بن حيدر

عضو مجلس الإدارة

مستقل - غير تنفيذي

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

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

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

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



## اما بالنسبة لأعضاء مجلس الإدارة السابقين الذي تم عزلهم خلال الجمعية العمومية للشركة المنعقدة بتاريخ 9 نوفمبر 2021

السيد / خليفة الحمادي (رئيس مجلس الإدارة السابق)

السيد / ضاحي المنصوري (عضو مستقل سابق)

السيد / فتحي بن قريه (عضو مستقل سابق)

السيد / جورج كلار (عضو مستقل سابق)

### ب. بيان بنسبة تمثيل العنصر النسائي في مجلس الإدارة للعام 2021.

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

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

لا ينطبق

### ث. بيان بما يلي:

#### 1. مجموع مكافآت أعضاء مجلس الإدارة المدفوعة عن العام 2020.

خلال اجتماع مجلس إدارة الشركة المنعقد في مارس 2021 وافق السادة اعضاء مجلس الادارة على توصية مكافآت لأعضاء مجلس الادارة بمبلغ 15 مليون درهم على ان يتم عرضها على الجمعية العمومية السنوية للشركة للمصادقة عليها ، الا ان الجمعية العمومية للشركة لم توافق على دفع أية مكافآت .

#### 2. مجموع مكافآت أعضاء مجلس الإدارة المقترحة عن العام 2021 والتي سيتم عرضها في اجتماع الجمعية العمومية السنوي للمصادقة عليها.

لم يتم اقتراح اية مكافآت لأعضاء مجلس الإدارة لحضورهم اجتماعات مجلس الإدارة أو اللجان المنبثقة عنه عن العام المالي المنتهي بتاريخ 2021 .

#### 3. تفاصيل بدلات حضور جلسات اللجان المنبثقة عن مجلس الادارة التي تقاضاها أعضاء مجلس الإدارة عن السنة المالية للعام 2021 وفقاً للجدول التالي:

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

**ج. عدد اجتماعات مجلس الإدارة التي عقدت خلال السنة المالية 2021 مع بيان تواريخ انعقادها، وعدد مرات الحضور الشخصي لجميع الأعضاء مع بيان الأعضاء الحاضرين بالوكالة ( يجب أن تطابق أسماء أعضاء مجلس الإدارة حسب ما هو مذكور في البند (3 أ) أعلاه.**

| م | تاريخ الاجتماع | عدد الحضور | عدد الحضور بالوكالة | أسماء الأعضاء الغائبين           |
|---|----------------|------------|---------------------|----------------------------------|
| 1 | 21 مارس 2021   | ستة أعضاء  | لا يوجد             | درويش عبد الله درويش احمد الكتبي |
| 2 | 25 أغسطس 2021  | سبعة أعضاء | لا يوجد             | لا يوجد                          |
| 3 | 08 نوفمبر 2021 | ستة أعضاء  | لا يوجد             | خليفة حسن علي صالح الحمادي       |
| 4 | 15 ديسمبر 2021 | سبعة أعضاء | لا يوجد             | لا يوجد                          |
| 5 | 26 ديسمبر 2021 | ستة أعضاء  | لا يوجد             | عبير محمد عمر بن حيدر            |

ملاحظة: يرجى العلم بأن محاضر اجتماعات مجلس الإدارة المنعقدة بتاريخ 21 مارس 2021، 25 أغسطس 2021 و 8 نوفمبر 2021 لم يتم توقيعها من قبل أعضاء مجلس الإدارة.

**ح. عدد قرارات مجلس الإدارة التي صدرت بالتمرير خلال السنة المالية 2021 مع بيان تواريخ انعقادها.**

قام مجلس الإدارة باتخاذ ثلاثة قرارات بالتمرير بتاريخ 2021/2/14 ، 2021/5/15 و في 2021/8/14 ، خلال السنة المالية المنتهية بتاريخ 2021/12/31 لم يتم توقيعها من قبل أعضاء مجلس الإدارة .

**خ. بيان مهام واختصاصات مجلس الإدارة التي قام بها أحد أعضاء المجلس أو الإدارة التنفيذية خلال عام 2021 بناءً على تفويض من المجلس مع تحديد مدة وصلاحيه التفويض حسب الجدول التالي**

| م | إسم الشخص المفوض           | صلاحيه التفويض                                                                            | مدة التفويض           |
|---|----------------------------|-------------------------------------------------------------------------------------------|-----------------------|
| 1 | السيد/ خليفة الحمادي       | رئيس مجلس الإدارة ينوب عنها ويمثلها في جميع الأمور المالية والإدارة والقانونية والتشغيلية | تم إلغائها            |
| 2 | السيد / عبد الله الرستمانى | مدير عام صلاحيات مالية وادارية وتشغيلية وقانونية لتمثيل شركة                              | تنتهي بتاريخ 2023/2/2 |

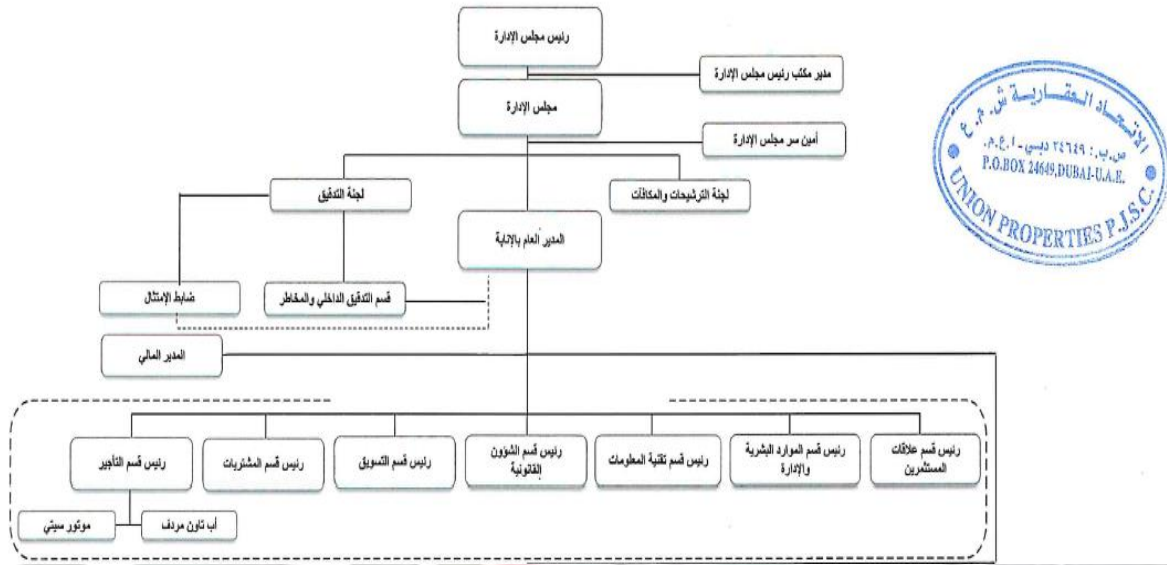
**د. بيان بتفاصيل التعاملات التي تمت مع الأطراف ذات العلاقة (أصحاب المصالح) خلال عام 2021**

إن الأرصدة القائمة مع الأطراف ذات العلاقة بيانها كالتالي كما في بيان المركز المالي الموحد:

| مستحق من أطراف ذات علاقة: |          |                  |
|---------------------------|----------|------------------|
| 2020                      | 2021     |                  |
| ألف درهم                  | ألف درهم |                  |
| 7,648                     | 0        | استثمارات مشتركة |

|                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| في عام 2021 ، أبرمت المجموعة اتفاقية بيع وشراء مع طرف ذي صلة ("المشتري") لبيع عقارات استثمارية بقيمة دفترية 172.8 مليون درهم تم بيعها بمقابل 127 مليون درهم مما أدى إلى خسارة 45.8 مليون درهم. |
| في عام 2020 ، أبرمت المجموعة اتفاقية بيع وشراء مع طرف ذي صلة ("المشتري") لبيع عقارات استثمارية بقيمة دفترية 141.2 مليون درهم تم بيعها مقابل 79.2 مليون درهم نتج عنها خسارة 62 مليون درهم.      |

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



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

| م | المنصب                 | تاريخ التعيين | مجموع الرواتب والبدلات المدفوعة لعام 2021 (درهم) | مجموع المكافآت المدفوعة لعام 2021 (درهم) Bonuses | أي مكافآت أخرى نقدية/عينية للعام 2021 أو تستحق مستقبلاً |
|---|------------------------|---------------|--------------------------------------------------|--------------------------------------------------|---------------------------------------------------------|
| 1 | المدير العام           | 2017/7/16     | 1,078,202                                        | لا يوجد                                          | لا يوجد                                                 |
| 2 | الرئيس المالي التنفيذي | 2020/6/20     | 1,493,387                                        | لا يوجد                                          | لا يوجد                                                 |
| 3 | الرئيس قسم المشتريات   | 2020/9/6      | 609,603                                          | لا يوجد                                          | لا يوجد                                                 |

|         |         |         |                                                                   |                           |    |
|---------|---------|---------|-------------------------------------------------------------------|---------------------------|----|
| لا يوجد | لا يوجد | 339,495 | 2021/03/10                                                        | رئيس قسم الشؤون القانونية | 4  |
| لا يوجد | لا يوجد | 189,950 | 2021/3/8                                                          | رئيس قسم تقنية المعلومات  | 5  |
| لا يوجد | لا يوجد | لا يوجد | شاغر                                                              | رئيس قسم التأجير          | 6  |
| لا يوجد | لا يوجد | 166,696 | 2021/1/3                                                          | رئيس قسم التسويق          | 7  |
| لا يوجد | لا يوجد | 496,861 | الأول 8 يوليو 2019<br>الثاني 1 مارس 2020<br>الثالث 05 فبراير 2020 | مدير العقود التجارية      | 8  |
| لا يوجد | لا يوجد | 512,260 | 2020/12/13                                                        | مدير قسم الموارد البشرية  | 9  |
| لا يوجد | لا يوجد | 89,301  | 2021/6/22                                                         | رئيس قسم التدقيق الداخلي  | 10 |
| لا يوجد | لا يوجد | 128,188 | 2021/4/30                                                         | ظابط الامتثال             | 11 |



#### 4- مدقق الحسابات الخارجي:

أ. تقديم نبذة عن مدقق حسابات الشركة للمساهمين.  
Mazars هي شركة دولية رائدة في مجال التدقيق والضرائب والاستشارات. تعمل كشراكة موحدة ، تقدم خدمات استثنائية ومصممة خصيصاً في التدقيق والمحاسبة ، بالإضافة إلى الضرائب والاستشارات المالية والاستشارات والخدمات القانونية. هي شراكة عالمية تضم أكثر من 44000 محترف مع وجودها في أكثر من 90 دولة والأقاليم .

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

|                                                                            |                                                                                                                                                                  |
|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| مكتب التدقيق: Mazars Chartered Accountants LLC<br>الشريك: جعفر أ. روباوالا | إسم مكتب التدقيق واسم المدقق الشريك                                                                                                                              |
| 2                                                                          | عدد السنوات التي قضاها كمدقق حسابات خارجي للشركة                                                                                                                 |
| 2                                                                          | عدد السنوات التي قضاها المدقق الشريك في تدقيق حسابات الشركة                                                                                                      |
| 690,000 درهم                                                               | إجمالي أتعاب التدقيق ومراجعة للبيانات المالية (المرحلية والسنوية) لعام 2021 (درهم) – يتعين بيان المبالغ بالتفصيل                                                 |
| لا يوجد                                                                    | أتعاب وتكاليف الخدمات الخاصة الأخرى بخلاف التدقيق للبيانات المالية لعام 2021 (درهم) إن وجدت وفي حال عدم وجود أية أتعاب أخرى يتم ذكر ذلك صراحةً                   |
| لا يوجد                                                                    | تفاصيل وطبيعة الخدمات المقدمة الأخرى (إن وجدت) وفي حال عدم وجود خدمات أخرى يتم ذكر ذلك صراحةً                                                                    |
| لا يوجد                                                                    | بيان بالخدمات الأخرى التي قام <u>مدقق حسابات خارجي آخر</u> (إن غير مدقق حسابات الشركة بتقديمها خلال 2020 وجد) وفي حال عدم وجود مدقق خارجي آخر يتم ذكر ذلك صراحةً |

ج. بيان يوضح التحفظات التي قام مدقق حسابات الشركة بتضمينها في القوائم المالية المرحلية والسنوية للعام 2021 وفي حال عدم وجود أي تحفظات يجب أن يتم ذكر ذلك صراحةً.

قام السادة Mazars مدققي حسابات الشركة بتسجيل تحفظ واحد خلال السنة المالية 2021 متعلق بالبيانات المالية الغير مدقة عن الربع الاول للعام المالي 2021 بخصوص المساحة الطابقيه لمخطط الموتور

سيتم وقد طلب مدقق الحسابات استكمال بعض المتطلبات في هذا الشأن وعليه قامت الشركة بتزويد مدققي الحسابات بالمستندات إضافية وتم إلغاء هذا التحفظ في البيانات المالية الغير مدققة عن نصف العام 2021.

## 5- لجنة التدقيق:

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

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

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

من تاريخ 21 يونيو 2020 إلى 9 نوفمبر 2021

- السيد / ضاحي المنصوري (رئيس اللجنة)
- السيد / فتحي بن جريه (عضو)
- السيد / جورج كارل (عضو)

من تاريخ 15 ديسمبر إلى 31 ديسمبر 2021

- السيد / عبد الوهاب الحلبي (رئيس اللجنة)
- السيد / فراس الرامحي (عضو)
- السيد / درويش الكاتبي (عضو)

○ اختصاصات ومهام لجنة التدقيق :

تتولى لجنة التدقيق المهام والواجبات التالية:

- 1- مراجعة السياسات والإجراءات المالية والمحاسبية في الشركة.
- 2- مراقبة سلامة البيانات المالية للشركة وتقاريرها ( السنوية و نصف السنوية وربع السنوية ) وأنظمة الرقابة الخاصة بها، ومراجعتها كجزء من عملها العادي خلال السنة، وعليها التركيز بشكل خاص على ما يلي:

أ. أي تغييرات في السياسات والممارسات المحاسبية.

ب. إبراز النواحي الخاضعة لتقدير الإدارة.

ج. التأكد من تحديث الشركة بشكل سنوي لسياساتها وإجراءاتها وأنظمة الرقابة بها.

د. التعديلات الجوهرية الناتجة عن التدقيق.

هـ. افتراض استمرارية عمل الشركة.

و. التقيد بالمعايير المحاسبية التي تقررها الهيئة.

ز. التقيد بقواعد الإدراج والإفصاح وغيرها من المتطلبات القانونية المتعلقة بإعداد التقارير المالية.

3- التنسيق مع مجلس إدارة الشركة والإدارة التنفيذية العليا والمدير المالي أو المدير القائم بنفس المهام في الشركة في سبيل أداء مهامها.

4- النظر في أي بنود هامة وغير معتادة ترد أو يجب إيرادها في تلك التقارير والحسابات، وعليها إيلاء الاهتمام اللازم بأية مسائل يطرحها المدير المالي للشركة أو المدير القائم بنفس المهام أو ضابط الامتثال أو مدقق الحسابات

5- رفع توصية لمجلس الإدارة بشأن اختيار أو استقالة أو عزل مدقق الحسابات وفي حالة عدم موافقة مجلس الإدارة على توصيات لجنة التدقيق بهذا الشأن، فعلى مجلس الإدارة أن يضمن في تقرير الحوكمة بيانات يشرح توصيات لجنة التدقيق والأسباب التي دعت مجلس الإدارة لعدم الأخذ بها

6- وضع وتطبيق سياسة التعاقد مع مدقق الحسابات، ورفع تقرير مجلس الإدارة تحدد فيه المسائل التي ترى أهمية اتخاذ إجراء بشأنها مع تقديم توصياتها بالخطوات اللازم اتخاذها.

7- التأكد من إستيفاء مدقق الحسابات للشروط الواردة في القوانين والانظمة والقرارات المعمول بها والنظام الاساسي للشركة ومتابعة ومراقبة استقلاليتها.

8- الاجتماع بمدقق الحسابات للشركة دون حضور أي من أشخاص الإدارة التنفيذية العليا أو من يمثلها ومناقشته حول طبيعة ونطاق عملية التدقيق ومدى فعاليتها وفقا لمعايير التدقيق المعتمدة.

9- اعتماد أي أعمال إضافية يقوم بها مدقق الحسابات الخارجي لصالح الشركة والأتعاب التي يتقاضاها مقابل تلك الأعمال.

10- بحث كل ما يتعلق بعمل مدقق الحسابات وخطة عمله ومراسلاته مع الشركة وملاحظاته ومقترحاته وتحفظاته وأي استفسارات جوهرية يطرحها المدقق على الإدارة التنفيذية العليا بخصوص السجلات المحاسبية أو الحسابات المالية أو أنظمة الرقابة ومتابعة مدى استجابة إدارة الشركة لها وتوفيرها للتسهيلات اللازمة للقيام بعمله



- 11- التأكد من رد مجلس الإدارة في الوقت المطلوب على الاستيضاحات والمسائل الجوهرية المطروحة في رسالة مدقق الحسابات.
- 12- مراجعة وتقييم أنظمة التدقيق الداخلي وإدارة المخاطر في الشركة.
- 13- مناقشة نظام التدقيق الداخلي مع مجلس الإدارة، والتأكد من أدائها لواجبها في إنشاء نظام فعال للرقابة الداخلية.
- 14- النظر في نتائج التحقيقات الرئيسية في مسائل التدقيق الداخلي التي يكلفها بها مجلس الإدارة أو تتم بمبادرة من اللجنة وموافقة مجلس الإدارة.
- 15- الاطلاع على تقييم المدقق لإجراءات التدقيق الداخلي والتأكد من وجود التنسيق فيما بين المدقق الداخلي ومدقق الحسابات الخارجي.
- 16- التأكد من توفر الموارد اللازمة لوظيفة التدقيق الداخلي ومراجعة ومراقبة فعالية تلك الإدارة.
- 17- دراسة تقارير التدقيق الداخلي ومتابعة تنفيذ الإجراءات التصحيحية للملاحظات الواردة فيها.
- 18- وضع الضوابط التي تمكن موظفي الشركة من الإبلاغ عن أي مخالفات محتملة في التقارير المالية أو التدقيق الداخلي أو غيرها من المسائل بشكل سري والخطوات الكفيلة بإجراء تحقيقات مستقلة وعادلة لتلك المخالفات.
- 19- مراقبة مدى تقييد الشركة بقواعد السلوك المهني.
- 20- مراجعة تعاملات الأطراف ذات العلاقة مع الشركة والتأكد من عدم وجود أي تضارب في المصالح والتوصية بشأنها لمجلس الإدارة قبل ابرامها.
- 21- ضمان تطبيق قواعد العمل الخاصة بمهامها والصلاحيات الموكلة إليها من قبل مجلس الإدارة.
- 22- تقديم التقارير والتوصيات إلى مجلس الإدارة عن المسائل المذكورة أعلاه والواردة في هذه المادة.
- 23- النظر في أي موضوعات أخرى يحددها مجلس الإدارة.

**ج. عدد الاجتماعات التي عقدتها لجنة التدقيق خلال عام 2021 وتواريخها لمناقشة المسائل المتعلقة بالبيانات المالية وأية أمور أخرى، وبيان عدد مرات الحضور الشخصي للأعضاء في الاجتماعات المنعقدة.**

| الاسم                | المنصب      | الاجتماع بتاريخ | قرار بالتمير بتاريخ | قرار بالتمير بتاريخ |
|----------------------|-------------|-----------------|---------------------|---------------------|
| السيد/ ضاحي المنصوري | رئيس اللجنة | 20 مارس 2021    | 10 مايو 2021        | 12 اغسطس 2021       |
| السيد/ فتحي بن قريرة | عضو         | حاضر            |                     |                     |
| السيد/ جورج كلار     | عضو         | حاضر            |                     |                     |

ملاحظة: لم يقوم أعضاء لجنة التدقيق بالتوقيع على محضر الاجتماع المنعقد بتاريخ 20 مارس 2021 وكذلك لم يقوم أعضاء اللجنة بالتوقيع على قرارات التمير المذكورة أعلاه.

**6- لجنة الترشيحات والمكافآت:**

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

تم عقد اجتماع واحد فقد خلال العام 2021 و تم عزل رئيس اللجنة السيد ضاحي المنصوري خلال اجتماع الجمعية العمومية المنعقد بتاريخ 2021/11/9.

ب. أسماء أعضاء لجنة الترشيحات والمكافآت، وبيان اختصاصاتها والمهام الموكلة لها. كان تشكيل لجنة الترشيحات والمكافآت يتكون من خمسة أعضاء حتى تاريخ إعادة تشكيل اللجنة بتاريخ 15 ديسمبر 2021.

من تاريخ 21 يونيو 2020 إلى 9 نوفمبر 2021

- السيد / ضاحي المنصوري (رئيس اللجنة)
- السيد / فتحي بن جريه (عضو)
- السيد / جورج كلار (عضو)
- السيد / محمد الفردان (عضو)
- السيد / درويش الكاتي (عضو)

من تاريخ 15 ديسمبر 2021

- السيد / راشد الشريف (رئيس اللجنة )
- السيدة / عبير بن حيدر ( عضو )
- السيد / عامر خانصاحب (عضو)

### بيان اختصاصات ومسؤوليات ومهام لجنة الترشيحات والمكافآت.

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

- 1- تنظيم ومتابعة الإجراءات الخاصة بالترشيح لعضوية مجلس الإدارة بما يتفق والقوانين والأنظمة المعمول بها وأحكام هذا القرار.
- 2- التحقق من استمرار توافر شروط العضوية لأعضاء مجلس الإدارة بشكل سنوي.
- 3- التأكد من استقلالية الأعضاء المستقلين بشكل مستمر
- 4- إذا تبين للجنة أن أحد الأعضاء فقد شروط الاستقلالية وجب عليها عرض الأمر على المجلس ليقوم بإخطار العضو بكتاب مسجل على عنوانه الثابت بالشركة بمبررات انتفاء صفة الاستقلالية عنه، وعلى العضو أن يرد على مجلس الإدارة خلال خمسة عشر يوماً من تاريخ إخطاره، ويصدر مجلس الإدارة قراراً باعتبار العضو مستقلاً أو غير مستقل في أول اجتماع يلي رد العضو أو انقضاء المدة المشار إليها في الفقرة السابقة دون رد.
- 5- مع مراعاة نص المادة 145 من قانون الشركات، إذا كان من شأن قرار مجلس الإدارة انتفاء أسباب أو مبررات الاستقلالية عن العضو التأثير على الحد الأدنى للنسبة الواجب توافرها من أعضاء المستقلين، قام مجلس الإدارة بتعيين عضو مستقل يحل محل هذا العضو إذا قدم الأخير استقالته لانتفاء صفة الاستقلالية عنه وفي حال رفض العضو تقديم الاستقالة يتعين على مجلس الإدارة عرض الأمر على الجمعية العمومية لاتخاذ قرار بالموافقة على تعيين عضو آخر محله أو بفتح باب الترشح لانتخاب عضو جديد.
- 6- إعداد السياسة الخاصة بمنح المكافآت والمزايا والحوافز والرواتب الخاصة بأعضاء مجلس إدارة الشركة والعاملين فيها، ومراجعتها بشكل سنوي، وعلى اللجنة أن تتحقق من أن المكافآت والمزايا الممنوحة للإدارة التنفيذية العليا معقولة وتتناسب مع أداء الشركة.
- 7- التأكد من ربط المكافآت والعلاوات بما في ذلك الخيارات و المكافآت المؤجلة الأخرى والمزايا المعروضة على الإدارة التنفيذية العليا بأداء الشركة على المدى المتوسط والطويل.

8- المراجعة السنوية للاحتياجات المطلوبة من المهارات المناسبة لعضوية مجلس الإدارة وإعداد وصف للقدرات والمؤهلات المطلوبة لعضوية مجلس الإدارة، بما في ذلك تحديد الوقت الذي يلزم أن يخصصه العضو لأعمال مجلس الإدارة.

9- مراجعة هيكل مجلس الإدارة ورفع التوصيات في شأن التغييرات التي يمكن إجراؤها.

10- تحديد احتياجات الشركة من الكفاءات على مستوى الإدارة التنفيذية العليا والموظفين وأسس اختيارهم

11- إعداد السياسة الخاصة بالموارد البشرية والتدريب في الشركة ومراقبة تطبيقها، ومراجعتها بشكل سنوي.

**ج. بيان بعدد الاجتماعات التي عقدتها اللجنة خلال عام 2021 وتواريخ انعقادها، مع بيان عدد مرات الحضور الشخصي لجميع أعضاء اللجنة.**

| الإسم                            | المنصب      | اجتماع واحد بتاريخ  |
|----------------------------------|-------------|---------------------|
| السيد / ضاحي المنصوري<br>السيد / | رئيس اللجنة | 1 يونيو 2021<br>حضر |
| السيد / فتحي بن قريه             | عضو         | حضر                 |
| السيد / جورج كلار                | عضو         | حضر                 |
| السيد / محمد الفردان             | عضو         | تغيب                |
| السيد / درويش الكتبي             | عضو         | تغيب                |

ملاحظة: لم يقوم أعضاء لجنة الترشيحات والمكافآت بالتوقيع على محضر الاجتماع المنعقد بتاريخ 01 يونيو 2021 .

**7- لجنة متابعة والإشراف على تعاملات الأشخاص المتطلعين**

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

تم تشكيل لجنة الإشراف والمتابعة على معاملات المطلعين ، وتم تحديد وظيفتها بناءً على قرار اجتماع مجلس الإدارة بتاريخ 21 مارس 2021 ، وضمت اللجنة في عضويتها رئيس الموارد البشرية كرئيسة ورئيس للشؤون المالية وأمين سر الشركة كأعضاء في اللجنة ولكن بسبب إعادة هيكلة الشركة

والتغييرات التي حدثت خلال الفترة ، فقد تم الأخذ في الاعتبار إما إعادة تشكيل اللجنة المذكورة وترشيح أعضاء جدد أو تعيين المهام إلى مسؤول تنفيذي كبير يقوم بتفعيل الوظائف و دور اللجنة ابتداء من عام 2022

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

- رئيس الموارد البشرية: السيدة/ زينب النعيمي (رئيس)
- رئيس الشؤون المالية: السيد/ ياريش خيارة (عضو)
- أمين سر الشركة: السيد/ عاصم الجازي (عضو)

ج. ملخص عن تقرير أعمال اللجنة خلال العام 2021.

- إعداد سجل خاص وشامل لجميع المطلعين ، بما في ذلك الأشخاص الذين يمكن اعتبارهم مطلعين على أساس مؤقت والذين يحق لهم أو يمكنهم الوصول إلى المعلومات الداخلية للشركة قبل النشر. يجب أن يتضمن السجل أيضًا الإفصاحات السابقة واللاحقة للمطلعين.
- الإدارة والمتابعة والإشراف على تداول الأشخاص المطلعين وملكياتهم والاحتفاظ بسجل خاص بهم.
- إخطار هيئة الأوراق المالية والسلع والسوق بقائمة محدثة من المطلعين في بداية كل سنة مالية وأي تعديلات تطرأ عليها خلال العام وتقديم نسخة من سجل المطلعين إلى هيئة الأوراق المالية والسلع عند الطلب.
- وضع إجراءات تهدف إلى منع المطلعين في الشركة من استغلال المعلومات الداخلية السرية لتحقيق مكاسب مادية أو معنوية.

#### 8- اللجنة التنفيذية :

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

تم تشكيل اللجنة التنفيذية خلال اجتماع مجلس الإدارة المنعقد في 15 ديسمبر 2021 ، وهدفها الرئيسي هو الإشراف على قرارات الإدارة التنفيذية للشركة وتقديم الدعم خلال مرحلة إعادة الهيكلة.

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

- السيد / محمد الفردان - (رئيس)

- السيد / عبد الوهاب الحلبي - (عضو)

- السيد / عامر خنصاحب - (عضو)

**بيان اختصاصاتها والمهام الموكلة لها.**

**الغرض**

- مساعدة مجلس إدارة الشركة في أداء مسؤولياته الرقابية

- التصرف نيابة عن مجلس الإدارة والتوصية بالنتائج التي يتوصلون إليها

- ضمان تنسيق أنشطة الأعمال بين لجان المجلس

- العمل كممثل لتمثيل رئيس مجلس الإدارة في الإدارة العامة لأعمال وشؤون الشركة

- اتخاذ القرارات التي تم رفعها إلى المجلس بناءً على مستوى الصلاحيات المفوضة

**الصلاحيات**

- تعمل اللجنة التنفيذية كمستشار لمجلس الإدارة وتقوم بمراجعة وتقييم وتقديم التوصيات لمجلس الإدارة بشأن مختلف الأمور المطروحة على المجلس.

- أن اللجنة مكلفة بمراجعة وتقديم التوصيات إلى المجلس بشأن المسائل المعروضة عليها حتى لو كانت فوق مستوى الصلاحيات المفوضة إليها.

- يجوز للجنة التنفيذية تعيين المستشارين القانونيين وغيرهم لمساعدة اللجنة في تنفيذ مهامها . وقد يكون هؤلاء المستشارون هم المستشارون المعتمدون بشكل منتظم لدى الشركة.

- جميع التوصيات التي تُقدم إلى مجلس الإدارة يجب أن يتم اتخاذها بأغلبية بسيطة. وسوف يكون الصوت المُرجح في حالة تعادل الأصوات هو صوت رئيس اللجنة التنفيذية.

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

- رفع التقييمات والتوصيات لمجلس الإدارة حول خطة المراجعة السنوية بالإضافة إلى استراتيجية وجدول أنشطة الشركة.

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

### **د. بيان بعدد الاجتماعات التي عقدتها اللجنة خلال عام 2021 وتواريخ انعقادها، مع بيان عدد مرات الحضور الشخصي لجميع أعضاء اللجنة.**

تم تشكيل اللجنة بتاريخ 15 ديسمبر 2021 ولم يتم عقد أي اجتماع حيث ان تشكيل اللجنة جاء في اخر العام 2021 ، وقامت اللجنة بالبدء في عقد اجتماعاتها في بداية العام 2022.

### **9- نظام الرقابة الداخلية:**

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

يقرّ مجلس الإدارة بمسؤوليته تجاه تطبيق ومراجعة وفعالية نظام الرقابة الداخلية من خلال الحفاظ على آلية رقابة داخلية فعّالة وقوية وقد ألزم مجلس الإدارة نفسه بتعزيز ونشر أفضل الممارسات في إدارة المخاطر والتطبيق السليم لقواعد الحوكمة والتحقّق من إمتثال الشركة وموظفيها للقوانين واللوائح

والقرارات التي تستند إليها عملياتها، وكذلك للإجراءات والسياسات الداخلية ومراجعة البيانات المالية التي يتم إرسالها إلى الإدارة العليا للشركة والمستثمرين وجميع المساهمين بشكل عام.

#### ب. أسم مدير الإدارة ومؤهلاته وتاريخ التعيين.

السيد/ مهتمت باريس تيمور تم تعيينه في 21 يونيو 2020 حتى تاريخ 3 ابريل 2021. بدأ السيد تيمور مسيرته المهنية في سبتمبر 2006 في إرنست ويونغ في إسطنبول كإستشاري خدمات الأعمال للتأمين و في فبراير 2008 انضم السيد تيمور الى الشركة إرنست و يونغ دبي لخدمات استشارات المخاطر. ثم واصل خبرته في العديد من شركات الخدمات المالية في دولة الإمارات العربية المتحدة.و على مدار الخمسة عشر عاماً الماضية شارك السيد/ تيمور في تقديم التدقيق الداخلي / الضوابط الداخلية وإدارة المخاطر و الخدمات الاستشارية المتعلقة بالتدقيق الخارجي و شغل العديد من المناصب العليا في مجالات الخدمات الاستشارية و المصرفية و المالية. تمتد خبرته لفترة وجيزة إلى مجالات التدقيق الداخلي/ الضوابط الداخلية، حوكمة الشركات ، إدارة المخاطر، الامتثال القانوني و التنظيمي. السيد/ تيمور حاصل على درجة البكالوريوس في المالية العامة.

السيد/ شرف الدين تاكابارامبان تم تعيينه تاريخ 15 مايو 2021 حتى تاريخ 14 نوفمبر 2021

السيد/ شرف الدين حاصل على شهادة البكالوريوس في الاقتصاد ومحاسب قانوني ومدقق داخلي معتمد حيث ان السيد/ شرف الدين لديه خبرة تزيد عن 19 عامًا في مجال التدقيق.

#### ج. أسم ضابط الامتثال ومؤهلاته وتاريخ التعيين.

السيد / محمد بلال أكبر تم تعيينه في تاريخ 1 فبراير 2019 ، كمسؤول الامتثال.

السيد/ محمد بلال أكبر هو عضو في جمعية المحاسبين القانونيين المعتمدين (ACCA) والمعهد الباكستاني للمحاسبين الماليين (PIPFA) وجمعية المحاسبين والمراجعين (AAA). يتمتع بخبرة واسعة وخبرة متنوعة في التأهيل لأكثر من أربع سنوات في مجال المراجعة والتأمين والاستشارات المحاسبية وإدارة المخاطر والضرائب. لقد أدار العديد من المهام بما في ذلك عمليات المراجعة الكاملة ، وتدقيق الامتثال المحدود ، والإجراءات المتفق عليها ، والتدقيق الداخلي ، والتدقيق الخاص وفقًا لمعايير التقارير المالية الدولية والمتطلبات التنظيمية المحلية. قبل انضمامه إلى الاتحاد العقارية ، عمل السيد أكبر



لدى "موريسون مينون" ، محاسبون قانونيون و Crowe International في أبوظبي ، بالإضافة إلى شركات أخرى في باكستان.

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

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

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

قدم قسم التدقيق الداخلي تقريرين إلى لجنة التدقيق للمراجعة والموافقة عليهما خلال اجتماعهم في مارس 2021 "تقرير ملخص المراجعة" الذي لخص سجل التدقيق من عام 2018 حتى 2020 ونتائجه وتقرير خطة التدقيق الداخلي لعام 2021-2023 الذي غطي منهجية التدقيق وتدقيق العمليات مع موازنة زمنية.

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

حسب سجلاتنا، فقد تم اخطار الشركة بعدد 38 مخالفة خلال العام 2021 من قبل هيئة الأوراق المالية والسلع ، وهي مخالفات عن عدم التزام الشركة بالامتثال إلى قرارات رئيس مجلس إدارة هيئة الأوراق المالية والسلع الخاصة بحوكمة الشركات.

في شأن الاجراءات التصحيحية التي اتخذها مجلس إدارة الشركة الحالي فقد تم اتخاذ عدة قرارات من شأنها تحسين المستوى الوظيفي للموظفين عن طريق تعيين موظفين كفؤين يتمتعوا بخبرة واسعة في مجال الشركات المساهمة العامة قادرين على تقديم الاعمال والخدمات التي من شأنها التصحيح والامتثال إلى قوانين واحكام حوكمة الشركات.

## **11- بيان بالمساهمات النقدية والعينية التي قامت بها الشركة خلال العام 2021 في تنمية المجتمع المحلي والحفاظ على البيئة. (في حالة عدم وجود مساهمات فيجب ذكر أن الشركة لم تقم بأي مساهمات).**

صنّاع برنامج المستقبل ، برنامج التدريب الإماراتي - صنّاع المستقبل الذي بدأ في يناير 2021 شهد ثلاثة خريجين يخضعون لجدول زمني مكثف لتجربة التدريب أثناء العمل ، وتدريبات المكتب الخلفي ، ومراجعات من قبل الإدارة العليا وتوجيه مفيد للغاية جلسات من قبل الإدارة. وقد منح هذا التدريب هؤلاء الأفراد فرصة رائعة لاستكشاف مهارات المهنة في هذه الصناعة. تم الاعتراف بأداء ومخرجات الأفراد من قبل العملاء مثل وزارة الداخلية التي أوصت بترقية أحد المتدربين إلى منصب دائم.

التخلص الآمن من أنابيب الفلورسنت ، تتماشى هذه المبادرة مع حملة حكومة الإمارات العربية المتحدة لحظر المبردات الضارة بالبيئة بحلول عام 2040.

يدعم دبي أوتودروم حملة TheReach التي جمعت أكثر من 40 ألف درهم إماراتي. بروح العمل الخيري خلال شهر رمضان المبارك 2021 ، تعاونت المجموعة وحملة Reach ، بدعم من الهلال الأحمر الإماراتي ، لجمع الأموال لتطوير الوقاية والعلاج من داء كلابية الذنب (عوى النهر) وداء الفيلايريات اللمفي (LF) أو داء الفيل) ، مرضان يصيبان أكثر من 1.5 مليار من أفقر سكان العالم ويكلفان الاقتصادات النامية مليارات الدولارات كل عام. عينية

Ramadan Toy Drive 2021 ، يتم توفير التبرعات باللعب خلال شهر رمضان من خلال In-Kind

كما اشتركت الشركة في عدة حملات عينية أخرى للتبرع بالدم.

## 12- معلومات عامة:

أ. بيان بسعر سهم الشركة في السوق (سعر الإغلاق، أعلى سعر، وأدنى سعر) في نهاية كل شهر خلال السنة المالية للعام 2021.  
جدول حركة التداول السوقي للسهم

| نهاية شهر   | أدنى سعر | أعلى سعر | سعر الإغلاق |
|-------------|----------|----------|-------------|
| يناير 2021  | 0.274    | 0.305    | 0.278       |
| فبراير 2021 | 0.257    | 0.284    | 0.264       |
| مارس 2021   | 0.260    | 0.275    | 0.267       |
| أبريل 2021  | 0.261    | 0.272    | 0.264       |
| مايو 2021   | 0.263    | 0.289    | 0.278       |
| يونيو 2021  | 0.264    | 0.283    | 0.265       |
| يوليو 2021  | 0.229    | 0.267    | 0.245       |
| أغسطس 2021  | 0.241    | 0.312    | 0.303       |
| سبتمبر 2021 | 0.278    | 0.312    | 0.289       |
| أكتوبر 2021 | 0.243    | 0.301    | 0.300       |
| نوفمبر 2021 | 0.270    | 0.415    | 0.315       |
| ديسمبر 2021 | 0.300    | 0.377    | 0.319       |

ب. بيان بالأداء المقارن لسهم الشركة مع مؤشر السوق العام ومؤشر القطاع الذي تنتمي إليه الشركة خلال العام 2021.

| الشهر (نهاية كل شهر) | سعر الاغلاق | مؤشر DFM | مؤشر العقارات |
|----------------------|-------------|----------|---------------|
| يناير 2021           | 0.278       | 2,654.06 | 3,619         |
| فبراير 2021          | 0.264       | 2,551.54 | 3,329         |
| مارس 2021            | 0.267       | 2,550    | 3,312         |
| ابريل 2021           | 0.264       | 2,605.38 | 3,463         |
| مايو 2021            | 0.278       | 2,797.52 | 3,855         |
| يونيو 2021           | 0.265       | 2,810.56 | 3,876         |
| يوليو 2021           | 0.245       | 2,765.71 | 3,780         |
| اغسطس 2021           | 0.303       | 2,902.97 | 4,020         |
| سبتمبر 2021          | 0.289       | 2,845.49 | 3,863         |
| أكتوبر 2021          | 0.300       | 2,864.21 | 3,883         |
| نوفمبر 2021          | 0.315       | 3,072.91 | 4,499         |
| ديسمبر 2021          | 0.319       | 3,195.91 | 4,651         |

**ج. بيان بتوزيع ملكية المساهمين كما في 2021/12/31 (أفراد، شركات، حكومات) مصنفة على النحو التالي: محلي، عربي، وأجنبي.**

| نسبة الأسهم المملوكة**             |       |        |        | تصنيف   | م |
|------------------------------------|-------|--------|--------|---------|---|
| DSI Total Shares : 4,289,540,123.4 |       |        |        | المساهم |   |
| مجموع النسبة %                     | حكومة | شركات  | أفراد  |         |   |
| %79.57                             | %0.03 | %21.20 | %58.34 | محلي    |   |
| %12.76                             |       | %2.10  | %10.66 | عربي    |   |
| %7.67                              |       | %3.55  | %4.12  | أجنبي   |   |
| %100                               | %0.03 | %26.85 | %73.12 | المجموع |   |

**د. بيان بالمساهمين الذين يملكون 5% أو أكثر من رأس مال الشركة كما في 2021/12/31 حسب الجدول التالي:**

لا ينطبق

**ه. بيان بكيفية توزيع المساهمين وفقاً لحجم الملكية كما في 2021/12/31 حسب الجدول التالي:**

| م | ملكية الأسهم (سهم)              | عدد المساهمين | عدد الأسهم المملوكة | نسبة الأسهم المملوكة من رأس المال |
|---|---------------------------------|---------------|---------------------|-----------------------------------|
| 1 | أقل من 50,000                   | 5,943         | 86,143,263          | 2.01%                             |
| 2 | من 50,000 إلى أقل من 500,000    | 3,705         | 616,368,080         | 14.37%                            |
| 3 | من 500,000 إلى أقل من 5,000,000 | 874           | 1,212,181,304       | 28.26%                            |
| 4 | أكثر من 5,000,000               | 114           | 2,374,847,487       | 55.36%                            |

## و. بيان بالإجراءات التي تم اتخاذها بشأن ضوابط علاقات المستثمرين مع بيان ما يلي:- اسم مسؤول علاقات المستثمرين

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

انضم السيد كسابيه إلى شركة لإتحاد العقارية (ش.م.ع.) كمستشار لعلاقات المستثمرين ، مستفيداً من خبرته في مجال البيع في أسواق رأس المال في الإمارات العربية المتحدة. عمل السيد قصبية سابقاً كرئيس تنفيذي للشؤون المالية في شركة ناشئة مقرها دبي بالإضافة إلى محلل أول في شركة أسهم رائدة في الإمارات العربية المتحدة. خبرة واسعة في إدارة أصحاب المصلحة ، تشمل خبرة قصبية إدارة علاقات المستثمرين والعلاقات العامة ، حيث تظهر في قطاعات الأعمال التي تبث على الصعيدين الإقليمي والدولي. السيد قصبية حاصل على درجة البكالوريوس في المحاسبة والمالية ، PGDip في القيادة والأداء التنظيمي من هيربوت وات ، المملكة المتحدة ، وهو محلل معتمد في التقييم والنمذجة المالية من قبل معهد تمويل الشركات وكذلك عضو في جمعية علاقات المستثمرين في الشرق الأوسط.

### - بيانات التواصل مع علاقات المستثمرين :

البريد الإلكتروني: IR@up.ae

الهاتف: 04-8066667

الفاكس: 04-8066777

صندوق بريد : 24649

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

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

## ز. بيان بالقرارات الخاصة التي تم عرضها في الجمعية العمومية المنعقد خلال عام 2021 والإجراءات المتخذة بشأنها.

- بتاريخ تم عقد بتاريخ 9 مايو 2021 اجتماع الجمعية العمومية السنوية للشركة وتم الموافقة على القرارات الخاصة التالية :

1- وافق المساهمون خلال اجتماع الجمعية العمومية السنوي المنعقد في 9 مايو 2021 على التعديلات الموصى بها على النظام الأساسي للشركة وفقاً لما يلي: تعريف الأطراف ذات العلاقة وتعريف الرقابة المادة:

(1/14),(1/58),(2/52),(50),(48),(1/47),(2/42),(41),(37),(A/29),(21),(1/17),(16),(4/14),  
(12)

وتفويض مجلس الإدارة باتخاذ كافة الإجراءات القانونية والمضي قدماً في هذا الشأن ، وبناءً على الموافقة الممنوحة ، قامت الشركة بتعديل نظامها الأساسي تماشياً مع قرار رئيس مجلس إدارة الهيئة (رقم 03 /ر.م) لسنة 2020 بشأن اعتماد دليل حوكمة الشرك المساهمة العامة.

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

- اسم مقرر اجتماعات مجلس الإدارة  
السيد/ عاصم الجزائري

- تاريخ تعيينه

تم تعيين السيد عاصم الجزائري في يونيو 2020 خلال اجتماع مجلس الإدارة لتولي دور أمين سر الشركة وفقاً للمادة 8.3 تماشياً مع قرار رئيس مجلس إدارة الهيئة (رقم 03 /ر.م) لسنة 2020 بشأن اعتماد دليل حوكمة الشركات المساهمة العامة. حيث ان السيد الجزائري حاصل على درجة البكالوريوس في المحاسبة ومستشار مالي معتمد وشغل في منصبه حتى تاريخ 15 ديسمبر 2021.

## ط. بيان تفصيلي بالأحداث الجوهرية والإفصاحات الهامة التي صادفت الشركة خلال العام 2021.



| التاريخ        | الحدث                                                                                                                                      |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| 26 أغسطس 2021  | إعلان الشركة عن خبر صحفي بخصوص مشروع سيتي فيوز                                                                                             |
| 5 سبتمبر 2021  | إعلان الشركة عن خبر صحفي متعلق بالشركة التابعة سرفيو عن فوزها بعقد تقديم خدمات إدارة المرافق في 14 جناح من أجنحة EXPO 2020.                |
| 16 سبتمبر 2021 | إعلان الشركة عن خبر صحفي متعلق بوضع حجر الأساس لمشروع ال "موتور سيتي فيوز" بقيمة 800 مليون درهم .                                          |
| 22 سبتمبر 2021 | إعلان الشركة عن خبر صحفي متعلق بتوقيع الشركة مذكرة تفاهم للخروج من مركز تسوق تحت الانشاء كائن في منطقة الموتور سيتي بقيمة 420 مليون درهم . |
| 26 سبتمبر 2021 | إعلان الشركة عن خبر صحفي متعلق بطرح المرحلة الأولى من مشروع موتور سيتي هيلز بقيمة 500 مليون درهم بالتعاون مع شركة أكوا للعقارات.           |
| 24 أكتوبر 2021 | إعلان الشركة عن خبر صحفي عن آخر التطورات المتعلقة بدعوى التحكيم المرفوعة من الشركة والبالغ قيمتها في حدود 3.5 مليار درهم .                 |
| 24 أكتوبر 2021 | إعلان الشركة عن خبر صحفي متعلق بإفصاح توضيحي عن بيع أصول للشركة خلال العام 2020.                                                           |
| 9 نوفمبر 2021  | عزل 4 أعضاء من مجلس إدارة الشركة خلال الجمعية العمومية للشركة المنعقدة بتاريخ 9 نوفمبر 2021                                                |
| 14 ديسمبر 2021 | انتخاب عدد أربعة أعضاء جدد في مجلس إدارة جدد خلال الجمعية العمومية للشركة.                                                                 |
| 15 ديسمبر 2021 | تعيين رئيس ونائب رئيس مجلس إدارة الشركة خلال اجتماع مجلس الإدارة المنعقد بتاريخ 2021/12/15.                                                |



ي. بيان بالصفقات التي قامت بها الشركة خلال عام 2021 والتي تساوي 5% أو أكثر من رأس مال الشركة.  
لا يوجد

ك. بيان نسبة التوطين في الشركة بنهاية عام 2021 (يستبعد العمال بالنسبة للشركات العاملة في مجال المقاولات).

- 2019 : 6 %

- 2020 : 5.18 %

- 2021 : 3.56 %

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

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



ختم الشركة الرسمي



ختم الشركة الرسمي

السيد / محمد الفردان

توقيع رئيس مجلس الإدارة

التاريخ : 28 / 3 / 2022



السيد / عبد الوهاب الحلبي

توقيع رئيس لجنة التدقيق

التاريخ : 28 / 3 / 2022

السيد / راشد الشريف

توقيع رئيس لجنة الترشيحات والمكافآت

التاريخ : / / 2022

ختم الشركة الرسمي