



الاتحاد العقارية
Union Properties

Our subsidiaries



Master Communities



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

Consolidated Financial Statements

31 December 2025

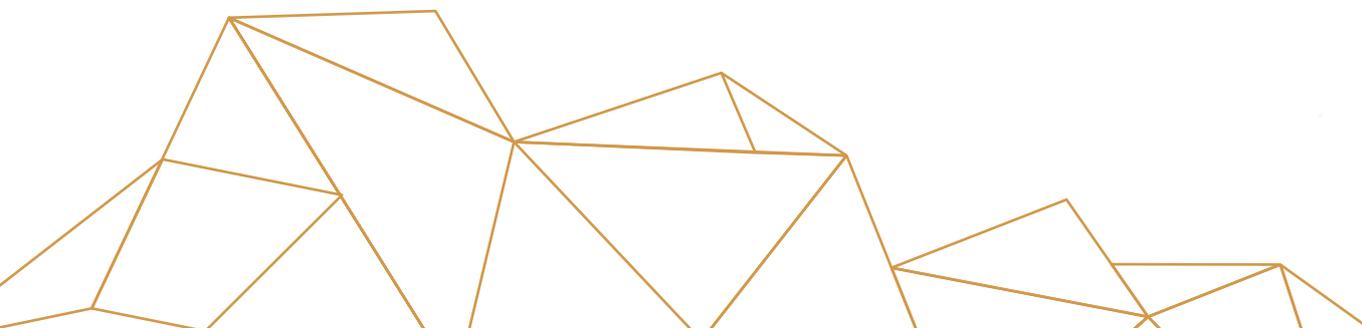


Union Properties (P.J.S.C) and its subsidiaries

Consolidated financial statements

For the year ended December 31, 2025

| <i>Contents</i> | <i>Page(s)</i> |
|-------------------------------------------------------------------------------|----------------|
| Directors' report | 1-3 |
| Independent auditor's report | 4-10 |
| Consolidated statement of profit or loss and other comprehensive income | 11 |
| Consolidated statement of financial position | 12 |
| Consolidated statement of cash flows | 13 |
| Consolidated statement of changes in equity..... | 14 |
| Notes to the consolidated financial statements | 15 – 73 |



Directors' report

The Directors have the pleasure of presenting their report together with the audited consolidated financial statements of Union Properties P.J.S.C (the "Company") and its subsidiaries ("the Group") for the year ended December 31, 2025. The Directors confirm their responsibility for the preparation of the consolidated financial statements of the Group.

To the best of our knowledge, the financial information included in the report fairly present in all material aspects the financial condition, results of operations and cash flows of the Group for the year ended December 31, 2025.

Financial position

The Group revenue for 2025 reached to AED 736.9 million (2024: AED 528.8 million), gain on valuation of investment properties amounted to AED 275.5 million (2024: AED 166.3 million) resulting in a total profit before taxes of AED 508.4 million (2024: AED 304.1 million), and total comprehensive income amounted to AED 462.5 million (2024: AED 395.8 million).

Financial performance review

The Group has achieved an operating profit of AED 240.7 million (2024: AED 161.8 million) which marks an annual growth of 49% in operating profits. The Group's subsidiaries also posted an impressive performance, which steered its revenue to AED 736.9 million, 39% increase from AED 528.8 million in 2024. The subsidiary performance was enhanced by the value accretive acquisition of the House Keeping (LLC) and House Keeping Domestic Workers (LLC), including their subsidiary.

This demonstrates the Group's capability in reaching to sustainable and consistent profits in three consecutive Financial Years: from a net loss of AED 30.0 million in year 2022 to a profit of AED 837.6 million in year 2023, a profit of AED 275.6 million in year 2024 and a net profit after tax of AED 462.5 million in year 2025.

This remarkable achievement highlights the outstanding performance of Union Properties and its subsidiaries in attaining sustainable growth despite the ever-changing market dynamics. This success not only strengthens its market position but also positively impacts the community by fostering economic development and creating new growth opportunities. The performance reflects a notable shift compared to 2024, with 'the Group' registering a net profit after tax of AED 462.5 million in 2025. This is attributed to several key factors, including the efficiency of the Group's approach in enhancing its market position and a marked increase in real estate demand.

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

The debt restructuring process, successfully initiated during FY 2022-2023 and renegotiated in 2024, has strategically positioned Union Properties (UPP) on a solid foundation to deliver long-term and sustainable value for its shareholders. Through efficient debt management, UPP repaid AED 367.3 million towards bank debt, significantly reducing the total debt from AED 575.0 million in year 2024, to AED 297.7 million in year 2025.

This strategic approach has not only improved profitability but also enhanced cash flow generation by effectively reducing the Group's financing costs by AED 1.9 million from AED 31.7 million in 2024 to AED 29.8 million in 2025.

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

The Group has since focused on:

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

As part of a wider recovery plan to ensure Union Properties' business continuity as a Property Developer, the company has sold "non-core" assets at good valuations which generated AED 1.1 billion and granted the necessary funds to service the debt settlement agreements, funding the preliminary costs related to the new real estate projects – TAKAYA Project was launched in October 2024, Mirdad; launched in October 2025 along with other projects that are under various stages of development - honouring the agreement reached with "Dubai land" in 2023 – this last one unlocked all full potential of the Company's landbank adjusted to the market demand along with all the potential from developing it within the next 5 years.

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

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

Fiscal discipline was the primary focus in 2024 and 2025. Combined with growing annual revenues, this improved financial performance and delivered positive EBITDA. The goal was to halt the decline in profitability and transform the Group into a sustainably profitable organization, ensuring stable performance and solid shareholder returns.

Conclusion

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

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

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

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

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

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

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

Critical lawsuits and claims

While the Group has faced various claims or lawsuits with counterparties and third parties due to past business practices, it has actively addressed these challenges. The new management team has shown commitment in resolving any potential legal issues efficiently and transparently. By taking proactive measures and implementing robust legal strategies, the Group has ensured that it minimized any impact on its business performance and continued its path towards sustainable growth and shareholder value.

Compliance and reputation

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

Risk and Control

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

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

Directors

The Board of Directors comprised of:

Mr. Mohamed Fardan Ali Al Fardan
Mr. Abdul Wahab Al Halabi
Mr. Amer Abdulaziz Hussain Khansaheb
Mrs. Arwa Mohamed Al-Owais
Mr. Abdulrahman Hussamuddin Sharaf
Mr. Saif Bin Abdulaziz Bin Yagub Alserkal
Mr. Ahmed Salem Abdulla Salem Alhosani

Chairman
Vice Chairman
CEO and Board Member
Board Member
Board Member
Board Member
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 (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for opinion

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

Key Audit Matters

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



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

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

Key Audit Matters (continued)

| Key Audit Matter | How Our Audit Addressed the Key Audit Matter |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>i) Valuation of investment properties</p> <p>The Group's investment properties portfolio is carried at AED 2,004 million (2024: AED 2,220 million) (as disclosed in note 14 to these consolidated financial statements) under the fair value model including a net fair value gain recorded amounting to AED 275 million (2024: gain of AED 166 million). The Group engaged external valuers to fair value its investment properties.</p> <p>The valuation of the portfolio is a significant judgement area and is underpinned by a number of assumptions.</p> <p>The existence of significant estimation uncertainty warrants specific audit focus in this area as any error in determining the fair value could have a material impact on the value of the Group's investment properties and the fair value gain or loss recognised in respect of these investment properties. Refer to note 36 to the consolidated financial statements which includes disclosures regarding the use of estimates and judgements by management in determining the fair valuation of investment properties.</p> | <p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • We evaluated and have obtained an understanding of the valuation process implemented by the Group. • We have performed test of design and implementation of relevant controls identified above. • We assessed the competence, independence and capability of the external valuers, read their terms of engagement to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work; • On a sample basis, we performed audit procedures to assess whether the source data used for determining the value are reasonable by comparing it to the underlying supporting information; • We involved our real estate valuation specialist, who, on a sample basis, reviewed valuation methodologies used in the valuation process and challenged the assumptions for key estimates of market rent, future rental income, discount rates, capitalisation and terminal yield rates used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Alongside our valuation specialist, we also held discussions with the Group's management to assess the appropriateness of methodology adopted and reasonableness of the key valuation assumption used; • We performed sensitivity analysis on the significant assumptions to evaluate the extent of the impact of changes in the key assumptions to the conclusions reached by the management; and • We assessed the adequacy and sufficiency of the associated disclosures in the consolidated financial statements, which are in accordance with the requirements of IFRS Accounting Standard. |

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

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

Key Audit Matters (continued)

| Key Audit Matter | How Our Audit Addressed the Key Audit Matter |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>ii) Revenue recognition</p> <p>The Group recognised revenues amounting to AED 736.9 million (2024: AED 528.8 million) on sale of properties, income earned from manufacturing, contracting, trading and services business in accordance with IFRS 15 and lease income in accordance with IFRS 16 (as disclosed in note 6 to these consolidated financial statements).</p> <p>The Group generates revenue from multiple streams, the majority of which include sale of properties, fit-out contracts, manpower services and racing facility services. Revenue from these activities is recognised in accordance with IFRS 15 "Revenue from Contracts with Customers". Depending on the contractual terms and the relevant legal and regulatory requirements of the jurisdiction in which the contracts are executed, the Group recognises revenue either at a point in time or over time. Revenue recognition was considered a key audit matter that warrant additional audit focus as it includes key elements of judgements which include analysing whether the contracts comprise one or more performance obligations and determination of whether the performance obligations are satisfied over time or at a point in time and carries the presumed risk of fraud.</p> | <p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • We obtained an understanding of the revenue process implemented by the Group; • We assessed the appropriateness of the revenue recognition accounting policies adopted by the Group and its compliance with International Financial Reporting Standards ("IFRS"); • We performed test of design and implementation of relevant controls for those components where in there is significant reliance on controls; • On a sample basis, we reviewed the contracts to identify the performance obligations of the Group under these contracts and assessed whether these performance obligations are satisfied over time or at a point in time in accordance with the requirements of IFRS 15; • On a sample basis, we have tested significant items of computation by comparing these to the relevant supporting documents including payment certificates to ascertain the existence and accuracy of the revenue recognised during the year and its compliance with IFRS; • We evaluated management's computation of revenue recognised over time, including assessing the methodology applied in determining the percentage of completion. This involved testing the key inputs used in the calculation, such as costs incurred to date, estimated total costs to complete, and project budgets, and agreeing these to underlying supporting documentation; and • We assessed the disclosures made in the consolidated financial statements in relation to IFRS 15 and IFRS 16. |

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

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

Key Audit Matters (continued)

| Key Audit Matter | How Our Audit Addressed the Key Audit Matter |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>iii) Business combination within the scope of IFRS 3:</p> <p>During the year, the Group obtained control over several entities as disclosed in Note 11. These transactions were assessed by management to meet the definition of business combinations in accordance with IFRS 3, "Business Combination". As part of the purchase price allocation process, management engaged external valuation specialists to assist in identifying and measuring the fair value of the acquired assets and liabilities, including any separately identifiable intangible assets and goodwill.</p> <p>Accounting for business combinations was a key audit matter due to the significance of the acquisitions to the Group's financial statements and the high level of judgement involved. Management's assessment requires significant estimation in determining the fair values of identifiable assets and liabilities, selecting appropriate valuation methodologies and assumptions, and evaluating whether the accounting policies of the acquired businesses are aligned with those of the Group. These judgements have a material impact on the amounts recognised for goodwill, intangible assets, and other acquired balances.</p> | <p>We performed, or involved component auditors to perform, the following procedures:</p> <ul style="list-style-type: none"> • We evaluated management's assessment of whether the acquisition met the definition of a business combination under IFRS 3, including reviewing the underlying transaction agreements and considering the substance of the arrangements; • We assessed the competence, capabilities, and objectivity of the external valuation specialists engaged by the Group and evaluated the nature and extent of their involvement; • We obtained and reviewed the valuation reports prepared by management's specialists to understand the methodologies applied in determining the fair values of identifiable assets and liabilities acquired; • We involved our internal valuation specialists in reviewing the reports. The review included discussions with management and consideration of the reasonableness of the assumptions and valuations in line with our expectations. These key assumptions included cash flow projections based on revenues and earnings before interest and tax ("EBIT"), growth rates and discount rates; • We evaluated the identification of intangible assets acquired, including assessing whether all relevant assets meeting the recognition criteria under IFRS 3 and IAS 38 had been appropriately identified and valued; and • We assessed the allocation of the purchase consideration, including the resulting goodwill recognised, and evaluated whether the allocation was consistent with the requirements of IFRS 3. |

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

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

Other Information

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

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

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

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

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

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

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

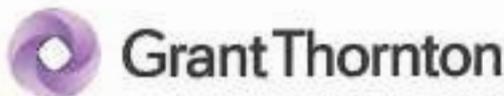
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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



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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.



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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law no. 32 of 2021 (as amended), for the year ended December 31, 2025, we report that:

- i) We have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law no. 32 of 2021 (as amended);
- iii) The Group has maintained proper books of accounts;
- iv) The financial information included in the Directors' Report, in so far as it relates to these consolidated financial statements, is consistent with the books of accounts of the Group;
- v) As disclosed in note 2, the Group has purchased and invested in shares during the year ended December 31, 2025;
- vi) Note 21 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
- vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2025, any of the applicable provisions of the UAE Federal Decree Law no. 32 of 2021 (as amended) or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at December 31, 2025; and
- viii) As disclosed in note 1 the Group did not have any material social contributions made during the year ended December 31, 2025.

GRANT THORNTON UAE

S. Anand Prabhu


Anand Prabhu
Registration No: 5567
Dubai, United Arab Emirates

February 13, 2026

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

Consolidated statement of profit or loss and other comprehensive income

For the year ended December 31, 2025

| | Notes | 2025 AED'000 | 2024 AED'000 |
|---------------------------------------------------------------------------|-------|------------------|------------------|
| Revenue | 6.1 | 736,882 | 528,752 |
| Direct costs | 6.2 | <u>(622,851)</u> | <u>(426,118)</u> |
| Gross profit | | 114,031 | 102,634 |
| Administrative and general expenses | 7 | (195,843) | (145,894) |
| Other operating income | 8.2 | 33,643 | 46,634 |
| Gain on sale of investment property held for sale | 14.5 | 144,375 | - |
| Gain on sale of investment properties | 14.3 | <u>144,479</u> | <u>158,472</u> |
| Operating profit | | 240,685 | 161,846 |
| Gain on valuation of investment properties, net | 14.2 | 275,487 | 166,350 |
| Share of results of equity accounted investees | 16 | (2,306) | (10,771) |
| Other income | 8.1 | 21,389 | 18,109 |
| Finance costs | 9 | (29,789) | (31,659) |
| Finance income | | 2,943 | 275 |
| Profit before tax for the year | | <u>508,409</u> | <u>304,150</u> |
| Income tax for the year | 35 | <u>(45,952)</u> | <u>(28,511)</u> |
| Profit for the year | | 462,457 | 275,639 |
| Other Comprehensive Income: | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Revaluation of land-net of tax | 24 | - | 120,174 |
| Total comprehensive income for the year | | <u>462,457</u> | <u>395,813</u> |
| Basic and diluted earnings per share (AED) | 26 | <u>0.1078</u> | <u>0.0643</u> |

The notes from 1 to 38 form an integral part of these consolidated financial statements.

The independent auditor's report is set out on the pages 4 to 10.

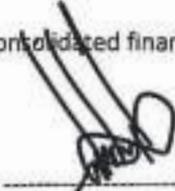
Union Properties (P.J.S.C) and its subsidiaries

Consolidated statement of financial position

As at December 31, 2025

| | Notes | December 31, 2025 AED'000 | December 31, 2024 AED'000 |
|--------------------------------------------------|-------|------------------------------|------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Goodwill | 11 | 66,836 | - |
| Intangible assets | 12 | 37,757 | - |
| Property, plant and equipment | 10 | 473,915 | 455,791 |
| Right-of-use assets | 13 | 15,699 | 14,224 |
| Development properties | 15.2 | 551,049 | 230,528 |
| Investment properties | 14 | 2,004,670 | 2,220,143 |
| Investments in an associate | 16 | 6,883 | 9,143 |
| Non-current receivables | 18 | 8,069 | 28,347 |
| Deferred tax assets | 35 | 5,389 | - |
| Total non-current assets | | 3,170,267 | 2,958,176 |
| Current assets | | | |
| Investment property held for sale | 14.5 | - | 540,960 |
| Investments at fair value through profit or loss | 17 | 460 | 965 |
| Inventories | 15.1 | 6,178 | 4,758 |
| Contract assets | 19 | 28,509 | 17,829 |
| Trade and other receivables | 20 | 1,100,084 | 711,696 |
| Cash and cash equivalents | 22 | 494,249 | 181,213 |
| Total current assets | | 1,629,480 | 1,457,421 |
| Total assets | | 4,799,747 | 4,415,597 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 23 | 2,857,926 | 4,289,540 |
| Statutory reserve | 24 | 56,266 | 437,953 |
| Asset revaluation surplus | 24 | 332,863 | 332,863 |
| Retained earnings/(accumulated losses) | | 406,191 | (1,869,567) |
| Total equity | | 3,653,246 | 3,190,789 |
| Non-current liabilities | | | |
| Non-current portion of bank loans | 27 | 231,680 | 176,360 |
| Non-current payables | | - | 84,000 |
| Lease liabilities | 13 | 13,013 | 12,669 |
| Provision for staff terminal benefits | 29 | 52,680 | 32,128 |
| Deferred tax liabilities | 35 | 50,631 | 28,073 |
| Total non-current liabilities | | 348,004 | 333,230 |
| Current liabilities | | | |
| Trade and other payables | 30 | 461,816 | 410,091 |
| Contract liabilities | 28 | 209,119 | 42,321 |
| Lease liabilities | 13 | 3,853 | 2,070 |
| Bank overdrafts | 31 | 27,539 | 26,101 |
| Current tax liability | 35 | 30,117 | 12,323 |
| Current portion of bank loans | 27 | 66,053 | 398,672 |
| Total current liabilities | | 798,497 | 891,578 |
| Total liabilities | | 1,146,501 | 1,224,808 |
| Total equity and liabilities | | 4,799,747 | 4,415,597 |

These consolidated financial statements were authorised for issue by the Board of Directors on 13 February 2026



Chairman



Board Member & CEO

The notes from 1 to 38 form an integral part of these consolidated financial statements.
The independent auditor's report is set out on the pages 4 to 10.

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

Consolidated statement of cash flows

For the year ended December 31, 2025

| | Notes | 2025 AED'000 | 2024 AED'000 |
|---------------------------------------------------------------|-------|-----------------|-----------------|
| Operating activities | | | |
| Profit before tax for the year | | 508,409 | 304,150 |
| <i>Adjustments for:</i> | | | |
| Depreciation of property, plant and equipment | 10 | 20,327 | 11,411 |
| Depreciation of right of use assets | 13 | 4,015 | 2,189 |
| Amortisation of intangibles | 12 | 3,694 | - |
| Gain on sale of investment properties | 14.3 | (144,479) | (158,472) |
| Gain on fair valuation of investment properties held for sale | 14.5 | (144,375) | - |
| Gain on fair valuation of investment properties | 14.2 | (275,487) | (166,350) |
| Share of results of equity accounted investees | 16 | 2,306 | 10,771 |
| Allowance for expected credit losses | 34 | 1,292 | 16,150 |
| Loss/(gain) on financial instruments at FVTPL | 17 | 505 | (266) |
| Write back of liabilities no longer required | 8 | (9,838) | (18,109) |
| Finance income | | (2,943) | (275) |
| Finance cost | 9 | 29,789 | 31,659 |
| <i>Operating cash flows before working capital changes</i> | | (6,785) | 32,858 |
| Change in inventories | | (1,420) | 1,094 |
| Change in contract assets | | (10,680) | 11,746 |
| Change in contract liabilities | | 166,798 | 29,869 |
| Change in non current receivables | | 20,638 | (16,772) |
| Change in trade and other receivables | | 193,287 | 61 |
| Change in non current payable | | (84,000) | (160,000) |
| Change in trade and other payables | | (21,415) | (26,755) |
| Change in staff terminal benefits - net | | 1,887 | 1,528 |
| <i>Net cash generated from/used in operating activities</i> | | 258,310 | (126,371) |
| Investing activities | | | |
| Additions to property, plant and equipment | 10 | (53,081) | (25,459) |
| Additions to investment properties | 14 | (949) | (559) |
| Additions to development properties(net) | 15.2 | (45,461) | (4,905) |
| Proceeds from the sale of investment properties held for sale | 14.5 | 367,500 | 206,134 |
| Proceeds from sale of investment properties | 14.3 | 192,500 | 678,337 |
| Interest received | | 2,943 | 275 |
| Change in deposit with banks and escrow accounts | 22 | (102,914) | 25,235 |
| Acquisition of subsidiary net of cash acquired | | (100,637) | - |
| <i>Net cash generated from investing activities</i> | | 259,901 | 879,058 |
| Financing activities | | | |
| Bank loans availed | 27 | 90,000 | 90,410 |
| Repayment of bank loans | 27 | (367,299) | (723,243) |
| Payment of lease liabilities | 13 | (3,741) | (2,763) |
| Interest paid | | (28,487) | (23,930) |
| <i>Net cash used in financing activities</i> | | (309,527) | (659,526) |
| Net increase in cash and cash equivalents | | 208,684 | 93,161 |
| Cash and cash equivalents at the beginning of the year | | 122,973 | 29,812 |
| Cash and cash equivalents at the end of the year | | 331,657 | 122,973 |

The notes from 1 to 38 form an integral part of these consolidated financial statements.

The independent auditor's report is set out on the pages 4 to 10.

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

Consolidated statement of changes in equity

For the year ended December 31, 2025

| | Share capital AED'000 | Statutory reserve AED'000 | Asset revaluation surplus AED'000 | (Accumulated losses)/retained earnings AED'000 | Total equity AED'000 |
|-----------------------------------------|--------------------------|---------------------------------|--------------------------------------------|---------------------------------------------------------|-------------------------|
| At January 1, 2024 | 4,289,540 | 397,857 | 212,689 | (2,105,110) | 2,794,976 |
| Total comprehensive income for the year | - | - | 120,174 | 275,639 | 395,813 |
| Other equity movements | | | | | |
| Transfer to statutory reserve (note 24) | - | 40,096 | - | (40,096) | - |
| At December 31, 2024 | <u>4,289,540</u> | <u>437,953</u> | <u>332,863</u> | <u>(1,869,567)</u> | <u>3,190,789</u> |
| At January 1, 2025 | 4,289,540 | 437,953 | 332,863 | (1,869,567) | 3,190,789 |
| Total comprehensive income for the year | - | - | - | 462,457 | 462,457 |
| Share capital reduction (note 23.1) | (1,431,614) | (424,069) | - | 1,855,683 | - |
| Other equity movements | | | | | |
| Transfer to statutory reserve (note 24) | - | 42,382 | - | (42,382) | - |
| At December 31, 2025 | <u>2,857,926</u> | <u>56,266</u> | <u>332,863</u> | <u>406,191</u> | <u>3,653,246</u> |

The notes from 1 to 38 form an integral part of these consolidated financial statements.

The independent auditor's report is set out on the pages 4 to 10.

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

Notes to the consolidated financial statements

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Union Properties (P.J.S.C) (“the Company”) was incorporated on 28 October 1993 as a (P.J.S.C) by a United Arab Emirates Ministerial decree. The Group’s registered office address is P.O. Box 24649, Dubai, United Arab Emirates (“UAE”).

The principal activities of the Company are investment in and development of properties, the management and maintenance of owned properties including the operation of cold stores, the undertaking of property related services on behalf of other parties (including related parties) and acting as the holding Company of its subsidiaries and investing in other entities as set out in note 2.5.

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

The Group has made no material monetary social contributions during the year ended December 31, 2025.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the requirements of the UAE Federal Decree Law No. (32) of 2021 (as amended) and Articles of Association of the Company. The Company is in the process of assessing the impact of amendment the Company law.

These consolidated financial statements have been prepared under the going concern basis.

2.2 Basis of measurement

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

2.3 Comparative information

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

2.4 Business Combinations

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

Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

2.5 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Group and its subsidiaries on December 31, 2025, as set out in the following pages.

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

Notes to the consolidated financial statements

2 BASIS OF PREPARATION (CONTINUED)

2.5 Basis of consolidation (continued)

| Subsidiaries | Incorporated in | Effective ownership | | Principal activities |
|-----------------------------------------------------------------------------------------------------|-----------------|---------------------|------|---------------------------------------------------------------------------------------------------------------------------|
| | | 2025 | 2024 | |
| Gulf Mechanical A/C Acoustic Manufacturing (GMAMCO) LLC | UAE | 100% | 100% | Central air-conditioning, requisites manufacturing, fire fighting equipment assembling. |
| Al Etihad Cold Storage LLC | UAE | 100% | 100% | Cold storage and warehousing |
| ServeU LLC | UAE | 100% | 100% | Facilities management, security, mechanical, electrical and plumbing works and energy management services. |
| Dubai Autodrome LLC | UAE | 100% | 100% | Building, management and consultancy for all types of race tracks and related developments for all types of motor racing. |
| The Fitout LLC | UAE | 100% | 100% | Manufacturing and interior decoration. |
| The Fitout Industries LLC (b) | UAE | 100% | 100% | Manufacturing and interior decoration. |
| EDACOM Owners Association Management LLC | UAE | 100% | 100% | Owners Association Management |
| Al Etihad Real Estate Development LLC SOC | UAE | 100% | 100% | Real estate development |
| Union Holding LLC | UAE | 100% | 100% | Investment in equities. |
| UPP Capital Investment LLC | UAE | 100% | 100% | Investment in equities. |
| Motor city LLC | UAE | 100% | 100% | Facilities management services. |
| UPP Investments LLC | UAE | 100% | 100% | Investment in equities. |
| Takaya Real Estate Development LLC | UAE | 100% | 100% | Real estate development |
| Golden Premier Trading LLC | UAE | 100% | 100% | Trading Activities |
| Mercury Investment LLC | UAE | 100% | 100% | Investment and management of companies |
| Aydacom Realestate Management LLC | UAE | 100% | 100% | Owners Association Management |
| Serveu Life Lifeguard Services LLC (a) | UAE | 100% | 100% | Lifeguard services |
| Ehkam Altatwir Technical Services LLC | UAE | 100% | 100% | Facilities management and security Services |
| Serveu Maintenance - Sole Proprietorship LLC (a) | UAE | 100% | 100% | Facilities management, security, mechanical, electrical and plumbing works and energy management services. |
| Housekeeping Company LLC (a) | UAE | 100% | 0% | Cleaning Services |
| Housekeeping Domestic workers Services LLC (a) | UAE | 100% | 0% | Domestic workers Mediation and Temporary Employment Services |
| Fairhire Solution LLC (a) | UAE | 100% | 0% | Computer systems and communication Equipment software design and internet content provided |
| Tetra Edge Contracting LLC | UAE | 100% | 0% | Electromechanical works contracting and Building Contracting and Electric power lines contracting |
| Union Real Estate Brokerage LLC S.O.C | UAE | 100% | 0% | Real Estate buying and selling brokerage and leasing property brokerage agents |
| Al Etihad Jointly Owned Property Management Services LLC | UAE | 100% | 0% | Jointly owned property management services |
| Mirad Real Estate Development LLC | UAE | 100% | 100% | Real estate development |
| Associates | | | | |
| Properties Investment LLC | UAE | 30% | 30% | Investment in and development of properties and property related activities. |
| PID Owners Association Management LLC (a) Subsidiary of ServeU LLC (b) Subsidiary of The Fitout LLC | UAE | 30% | 30% | Jointly owned property management services |

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

Notes to the consolidated financial statements

2 BASIS OF PREPARATION (CONTINUED)

2.5 Basis of consolidation (continued)

Subsidiaries

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

Transactions eliminated on consolidation

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

2.6 Functional and presentation currency

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

2.7 Use of estimates and judgements

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 36.

2.8 Fair value measurement

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

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

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

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

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

Notes to the consolidated financial statements

2 BASIS OF PREPARATION (CONTINUED)

2.8 Fair Value Measurement (continued)

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

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

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

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

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

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

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

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

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

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

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

Notes to the consolidated financial statements

2 BASIS OF PREPARATION (CONTINUED)

2.8 Fair Value Measurement (continued)

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

The determination of the fair value of most of these investment properties is performed using the income approach of valuation, while a residual valuation methodology has been used for investment properties under development.

The Group's determination of fair value for the investment properties requires management to make significant estimates and assumptions related to future rental rates, capitalisation rates and discount rates.

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

3.1 Standards, interpretations and amendments to existing standards that are effective in 2025

Standards, interpretations and amendments that are effective for the first time in 2025 (for entities with a December 31, 2025, year-end) are:

- Lack of Exchangeability (Amendments to IAS 21)

These standards, amendments and interpretations do not have a significant impact on the consolidated financial statements and therefore further disclosures have not been made.

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

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

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards – Volume 11
- IFRS 19 'Subsidiaries without Public Accountability: Disclosure'
- Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosure'

These amendments are not expected to have a significant impact on the consolidated financial statements in the period of initial application and therefore no disclosures have been made.

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

Notes to the consolidated financial statements

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS (CONTINUED)

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

The adoption of IFRS 18 'Presentation and Disclosure in Financial Statements', effective for periods commencing on or after January 1, 2027, is expected to have a material impact and therefore relevant disclosures have been made below.

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 'Presentation of Financial Statements'. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure consolidated financial statements and to provide more detailed and useful information to investors, including:

- Two new subtotals defined in the consolidated statement of profit or loss, namely (1) operating profit and (2) profit or loss before financing and income taxes.
- The classification of all income and expenses within the consolidated statement of profit or loss in one of five categories.
- A new requirement to disclose performance measures defined by management.
- An improvement in the principles related to the aggregation and disaggregation of information in the consolidated financial statements and accompanying notes.

Some of the disclosure requirements previously contained in IAS 1 have been transferred to IAS 8 without any material changes. This applies in particular to disclosures on accounting policies and sources of estimation uncertainty. As a result of these changes, IAS 8 will be renamed 'Basis of Preparation of Financial Statements'.

The publication of IFRS 18 also results in consequential amendments to other IFRS Accounting Standards, including IAS 7.

IFRS 18 is effective for annual periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 will be applied retrospectively with specific transitional provisions.

The Group is currently assessing the impact that IFRS 18 will have on the consolidated financial statements

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

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

IFRS S2 Climate-related Disclosures

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

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES

4.1 Summary of material accounting policies

Associates

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

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

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

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

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

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

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

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

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material accounting policies (continued)

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.

Revenue from contracts with customers

The Group is in the business of development, sale and leasing of properties as well as involved in manufacturing, contracting, trading and service activities.

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

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 36.

Trading activities

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

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material accounting policies (continued)

Contracting activities

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

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

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

Variable consideration

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

Contracts with customers specify that the Group is liable to pay penalty or for liquidated damages if certain conditions specified in the contract are not met for reasons not attributable to the customer.

This penalty amount may vary for different contracts and/or customers. When the Group identifies the existence of variable consideration, it will estimate the amount of the consideration at contract inception by using the expected value approach and recognise a liability for the expected future losses.

Contract modifications

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

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material accounting policies (continued)

Contracting activities (continued)

Warranty obligations

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

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

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

Facility management, maintenance and motor racing services

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

Revenue from sale of development properties

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

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

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

Contract balances

Contract assets

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

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material accounting policies (continued)

Contract balances (continued)

Trade receivables

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

Contract liabilities

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

Cost to obtain a contract

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

Contract costs

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

Value added tax

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

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

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

Income tax

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

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

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material accounting policies (continued)

Deferred tax

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

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

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

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

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

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

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

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

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

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

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material accounting policies (continued)

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 loan to associate. Interest income is recognised as it accrues in the profit or loss using the effective interest method.

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

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

Property, plant and equipment and depreciation

Recognition and measurement

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

At December 31, 2024, 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.

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material accounting policies (continued)

Property, plant and equipment and depreciation (continued)

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 | 2 to 20 |
| Plant and machinery | 5 to 10 |
| Furniture, fixtures and office equipment | 2 to 4 |
| Motor vehicles | 4 |
| Equipment and tools | 2 to 3 |

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

Capital work-in-progress

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

Intangible assets and Goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material accounting policies (continued)

Intangible assets and goodwill (continued)

Amortisation is charged on a straight-line basis over the estimated useful lives as follows:

| <i>Intangible Assets</i> | <i>Number of years</i> |
|--------------------------|------------------------|
| Software | 6 |
| Customer contracts | 4.4 |
| Customer relationships | 3 |
| Trade name | 10 |

Customer contracts

Customer contracts have a finite useful life and are carried at cost less accumulated amortisation and mainly represent long term non-cancellable contracts with customers for the supply of services which were acquired in business combinations. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 4.4 years (2024: Nil).

Customer relationships

Customer relationships represent future economic benefits in the form of future business with a customer beyond the amount secured by any current contractual arrangements. Customer relationships acquired in a business combination that does not arise from a contract, may nevertheless be identifiable because the relationships are separable. These mainly represent non-contractual relationships acquired in business combinations and meet the criteria for recognition as intangible assets under IAS 38. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 3 years (2024: Nil).

Trade name

Trade names comprise words, names or other identifiers used in the course of business to indicate the commercial identity of an entity and to distinguish its operations from those of others. Trade names represent future economic benefits in the form of ongoing business and market recognition associated with subsidiaries acquired through business combinations.

Trade names identified and recognised as part of acquisitions may have either indefinite or finite useful lives. Trade names assessed as having a finite useful life are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method over the estimated useful life of 10 years (2024: Nil)

Software

Acquired computer software licences are capitalised at cost, being the expenditure incurred to acquire and bring the specific software to its intended use. Subsequently, such software is carried at cost less accumulated amortisation and accumulated impairment losses. Computer software is amortised on a straight-line basis over its estimated useful life, which is assessed as six (6) years.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses.

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material 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 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 investment properties to development properties

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

Derecognition

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

Development properties

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

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material 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*.

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

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

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

Subsequent measurement

Financial assets at amortised cost (debt instruments)

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

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

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

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

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material accounting policies (continued)

i) Financial assets (continued)

Financial instruments – initial recognition and 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 (P.J.S.C) and its subsidiaries

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material 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.

Subsequent measurement

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

Trade and other payables

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

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material accounting policies (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

ii) Financial liabilities (continued)

Subsequent measurement

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.

Cash held in escrow represents cash received from customers which is held in escrow bank accounts managed by authorised escrow agents. Use of cash held in escrow is restricted to the specific development properties to which the cash receipts relate and can be used for payments related to specific development projects and, hence, considered as cash and cash equivalents.

Impairment of non-financial assets

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

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material accounting policies (continued)

Impairment of non-financial assets (continued)

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

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

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

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

Inventories

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

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

Property held for sale

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

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

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

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material accounting policies (continued)

Property held for sale (continued)

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

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

Provision

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

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

Provision for contract maintenance

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

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

If the Group acquires a controlling interest in a business in which it previously held an equity interest, that equity interest is remeasured to fair value at the acquisition date with any resulting gain or loss recognised in profit or loss or other comprehensive income, as appropriate.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

Assets acquired and liabilities assumed are measured at their acquisition-date fair values

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material accounting policies (continued)

Leases

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

Group as a lessee

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets between 2 to 25 years.

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

Lease liabilities

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

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

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

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

Notes to the consolidated financial statements

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Summary of material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

Short-term leases and leases of low-value assets

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

Group as a lessor

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

Rental income

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

Earnings per share

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

Segment reporting

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

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

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

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

Notes to the consolidated financial statements

5 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

Overview

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

- Financial Risk
- Credit risk
- Liquidity risk
- Market risk Capital Management

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

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

Financial risk

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

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

Credit risk

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

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

Notes to the consolidated financial statements

5 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTINUED)

Credit risk (continued)

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored. At December 31, 2025 and 2024, the Group had receivables from a large number of customers.

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 34. 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 34.

Financial instruments and cash deposits

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

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position on December 31, 2025 and 2024 is the carrying amounts as illustrated in Note 34.

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

Notes to the consolidated financial statements

5 FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk relates to trade and other payables (including non-current payables), security deposits, amounts due to related parties, lease liabilities, short-term bank borrowings, and long-term bank loans. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The maturity profile of the Group's financial liabilities is disclosed in Note 34.

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

Market risk

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

Equity risk

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

Interest rate risk

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

Interest rate sensitivity analysis is disclosed in Note 34.

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 34.

Capital management

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

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

Notes to the consolidated financial statements

6 REVENUE AND DIRECT COSTS

6.1 Disaggregated revenue and cost information

| Segments | For the year ended December 31,2025 | | | | |
|----------------------------------------------------|-------------------------------------|-----------------|--------------------|-----------------|------------------|
| | Real estate | Contracting | Goods and services | Housekeeping | Total |
| | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| <i>Type of goods or service</i> | | | | | |
| Facility management and maintenance services | - | - | 386,229 | 95,609 | 481,838 |
| Interior architecture | - | 69,124 | - | - | 69,124 |
| Motor racing services | - | - | 82,084 | - | 82,084 |
| Sale of goods | - | - | 22,815 | - | 22,815 |
| Property development and sales | 29,673 | - | 0 | - | 29,673 |
| Total revenue from contracts with customers | 29,673 | 69,124 | 491,128 | 95,609 | 685,534 |
| Other operating income | | | | | |
| Property rentals | 51,348 | - | - | - | 51,348 |
| Total revenue | 81,021 | 69,124 | 491,128 | 95,609 | 736,882 |
| <i>Timing of revenue recognition</i> | | | | | |
| Goods and services transferred at a point in time | - | - | 104,899 | - | 104,899 |
| Goods and services transferred over time | 29,673 | 69,124 | 386,229 | 95,609 | 580,635 |
| Total revenue from contracts with customers | 29,673 | 69,124 | 491,128 | 95,609 | 685,534 |
| Property rentals | 51,348 | - | - | - | 51,348 |
| Total revenue | 81,021 | 69,124 | 491,128 | 95,609 | 736,882 |
| Direct costs | (64,719) | (71,351) | (409,378) | (77,403) | (622,851) |
| Gross profit/(loss) | 16,302 | (2,227) | 81,750 | 18,206 | 114,031 |
| For the year ended December 31,2024 | | | | | |
| Segments | Real estate | Contracting | Goods and services | Housekeeping | Total |
| | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| <i>Type of goods or service</i> | | | | | |
| Facility management and maintenance services | - | - | 375,043 | - | 375,043 |
| Interior architecture | - | 25,606 | - | - | 25,606 |
| Motor racing services | - | - | 64,221 | - | 64,221 |
| Sale of goods | - | - | 16,570 | - | 16,570 |
| Property development and sales | - | - | - | - | - |
| Total revenue from contracts with customers | - | 25,606 | 455,834 | - | 481,440 |
| Other operating income | | | | | |
| Property rentals | 47,312 | - | - | - | 47,312 |
| Total revenue | 47,312 | 25,606 | 455,834 | - | 528,752 |
| <i>Timing of revenue recognition</i> | | | | | |
| Goods and services transferred at a point in time | - | - | 80,791 | - | 80,791 |
| Goods and services transferred over time | - | 25,606 | 375,043 | - | 400,649 |
| Total revenue from contracts with customers | - | 25,606 | 455,834 | - | 481,440 |
| Property rentals | 47,312 | - | - | - | 47,312 |
| Total revenue | 47,312 | 25,606 | 455,834 | - | 528,752 |
| Direct costs | (17,420) | (31,355) | (377,343) | - | (426,118) |
| Gross profit/(loss) | 29,892 | (5,749) | 78,491 | - | 102,634 |

All the revenues are generated within United Arab Emirates.

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

Notes to the consolidated financial statements

6 REVENUE AND DIRECT COSTS (CONTINUED)

6.2 Direct costs information

Direct cost includes the following.

| | 2025 AED'000 | 2024 AED'000 |
|--------------------------|-----------------|-----------------|
| Staff costs | 316,299 | 205,805 |
| Project cost | 249,796 | 194,111 |
| Utilities | 14,294 | 13,496 |
| Depreciation (note 10.2) | 9,696 | 7,594 |
| Others | 32,766 | 5,112 |
| | 622,851 | 426,118 |

6.3 Contract balances

Trade receivables

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

Retention receivable

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

Contract assets

Amounts relating to contract assets are balances due from customers under contracts that arise when the Group receives payments from customers in line with a series of performance related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. These contracts have remaining performance obligations which is expected to be recognised as revenue over the remaining tenor of these contracts. In 2025, allowance for expected credit losses on contract assets was recognised at AED 11.0 million (2024: 11.4 million) (note 19).

Contract liabilities

Contract liabilities represent advances received from customers to deliver projects, goods, and services, advances for rental of properties and excess billings (note 28).

6.4 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.

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

Notes to the consolidated financial statements

6 REVENUE AND DIRECT COSTS (CONTINUED)

6.4 Performance obligations (continued)

Contracting

The performance obligation for mechanical, electrical, and plumbing works and interior decorations are satisfied over time, because the customer simultaneously receives and consumes the benefits provided by the Group or the Group's performance creates or enhances an asset that the customer controls as it's created or creates an asset with no alternative use and the entity has an enforceable right to payment for performance completed to date. Payment is generally due upon submission of payment certificates and acceptance of the same by customers.

Rental income from properties

Rental income arising from operating leases on investment properties is recognised, net of discount, in accordance with the terms of lease contracts over the lease term on a straight line basis, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

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.

7 ADMINISTRATIVE AND GENERAL EXPENSES

| | 2025 AED'000 | 2024 AED'000 |
|-----------------------------------------------------------------|-----------------|-----------------|
| Staff costs | 81,562 | 64,846 |
| Professional fees and licenses | 39,186 | 29,399 |
| Expected credit loss expense on receivables and contract assets | 11,493 | 16,351 |
| Marketing and advertising expenses | 25,311 | 6,907 |
| Depreciation of property, plant and equipment (note 10.2) | 10,631 | 3,817 |
| Depreciation of right of use assets (note 13) | 3,024 | 1,238 |
| Other expenses | 24,636 | 23,336 |
| | <u>195,843</u> | <u>145,894</u> |

8 OTHER INCOME AND OTHER OPERATING INCOME

8.1 Other Income

| | 2025 AED'000 | 2024 AED'000 |
|------------------------------------------------------------|-----------------|-----------------|
| Settlement amount from customers (note a) | 11,551 | - |
| Write back of liabilities / reversal of provision (note b) | 9,838 | 3,714 |
| Foreign exchange gain (note c) | - | 14,395 |
| | <u>21,389</u> | <u>18,109</u> |

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

Notes to the consolidated financial statements

8 OTHER INCOME AND OTHER OPERATING INCOME (CONTINUED)

8.1 Other Income (continued)

a Settlement amount from customers

The total amount of AED 11.5 million includes AED 3.2 million arising from proceeds recovered following a customer default on a previously disposed unit, and AED 3.0 million representing compensation for legal costs awarded by the court pursuant to a judgment against another customer.

b Write back of liabilities/reversal of provision

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

c Foreign exchange loss

During the year, foreign exchange loss amounting to AED 1.4 million (2024: gain of 14.3 million) on account of overdraft balance held in Egyptian pound was recorded under general and administrative expense (note 7 and 8.1).

8.2 Other operating income

| | 2025 AED'000 | 2024 AED'000 |
|----------------------|-----------------|-----------------|
| NOC Fee | 12,289 | 11,294 |
| Rental Income | 11,495 | 9,466 |
| Administrative Fee | 2,284 | 369 |
| Scrap Sale | 522 | 5,408 |
| Utilities | 878 | 497 |
| Miscellaneous Income | 6,175 | 19,600 |
| | 33,643 | 46,634 |

9 FINANCE COSTS

| | 2025 AED'000 | 2024 AED'000 |
|-------------------------------------------------|-----------------|-----------------|
| Interest on bank loans | 26,174 | 28,496 |
| Interest expense on lease liabilities (note 13) | 1,303 | 833 |
| Others | 2,312 | 2,330 |
| | 29,789 | 31,659 |

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

Notes to the consolidated financial statements

10 PROPERTY, PLANT AND EQUIPMENT

| | Land AED'000 | Buildings and leasehold improvements AED'000 | Plant and machinery AED'000 | Furniture, fixtures and office equipment AED'000 | Motor vehicles AED'000 | Equipment and tools AED'000 | Capital work- in-progress AED'000 | Total AED'000 |
|-----------------------------------|-----------------|-------------------------------------------------------|-----------------------------------|--------------------------------------------------------------|------------------------------|-----------------------------------|-----------------------------------------|------------------|
| Cost and revaluation: | | | | | | | | |
| At January 1, 2024 | 241,841 | 103,006 | 26,982 | 77,889 | 46,152 | 12,650 | 3,129 | 511,649 |
| Additions | - | 11,915 | 1,956 | 7,061 | 3,388 | 535 | 604 | 25,459 |
| Revaluations (note 24) | 132,059 | - | - | - | - | - | - | 132,059 |
| Disposals | - | - | - | - | (966) | - | - | (966) |
| Write off during the year | - | (13,535) | (6,365) | (5,040) | (18,507) | (5,193) | (456) | (49,096) |
| At December 31, 2024 | 373,900 | 101,386 | 22,573 | 79,910 | 30,067 | 7,992 | 3,277 | 619,105 |
| Additions | - | 787 | 1,476 | 7,832 | 917 | 479 | 41,590 | 53,081 |
| Acquisition during the year | - | 758 | - | 435 | 7 | 13 | - | 1,213 |
| Disposals | - | - | (138) | - | (1,751) | - | - | (1,889) |
| Transfer to Investment properties | - | - | - | - | - | - | (15,843) | (15,843) |
| At December 31, 2025 | 373,900 | 102,931 | 23,511 | 88,177 | 29,240 | 8,484 | 29,024 | 655,667 |
| Depreciation: | | | | | | | | |
| At January 1, 2024 | - | 53,274 | 25,897 | 69,553 | 41,105 | 12,136 | - | 201,965 |
| Charge for the year | - | 4,956 | 544 | 4,080 | 1,222 | 569 | - | 11,411 |
| Disposals | - | - | - | - | (966) | - | - | (966) |
| Write off during the year | - | (15,784) | (6,295) | (6,115) | (15,567) | (5,335) | - | (49,096) |
| At December 31, 2024 | - | 42,486 | 20,146 | 67,518 | 25,794 | 7,370 | - | 163,314 |
| Charge for the year | - | 11,081 | 649 | 6,308 | 1,527 | 762 | - | 20,327 |
| Disposals | - | - | (138) | - | (1,751) | - | - | (1,889) |
| At December 31, 2025 | - | 53,567 | 20,657 | 73,826 | 25,570 | 8,132 | - | 181,752 |
| Net carrying amount: | | | | | | | | |
| At December 31, 2025 | 373,900 | 49,364 | 3,254 | 14,351 | 3,670 | 352 | 29,024 | 473,915 |
| At December 31, 2024 | 373,900 | 58,900 | 2,427 | 12,392 | 4,273 | 622 | 3,277 | 455,791 |

*During the year, capital work in progress relating to construction of warehouse in motorcity amounting to AED 15.8 million was transferred to investment properties

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

Notes to the consolidated financial statements

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.1 Capital work-in-progress

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

10.2 Depreciation

Depreciation is allocated in profit or loss as follows:

| | 2025 AED'000 | 2024 AED'000 |
|------------------------------------------------------------|-----------------|-----------------|
| Recognised as direct cost (note 6.2) | 9,696 | 7,594 |
| Recognised as general and administrative expenses (note 7) | 10,631 | 3,817 |
| | <u>20,327</u> | <u>11,411</u> |

10.3 Transfer to investment properties

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

10.4 Valuation of land

As of December 31,2024, the fair value of land was based on valuations performed by an accredited independent registered valuer. A valuation model in accordance with that recommended by the International Valuation Standards Council has been applied. Valuation is performed every 3 to 5 years, as per the Group policy and therefore no valuation of land was performed in 2025.

The valuer carried out the valuation based on an open market valuation in accordance with RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors, adopting the IFRS basis of fair value and using established valuation techniques.

Valuation is performed every 3 to 5 years, however if the land's fair value fluctuates significantly, more frequent revaluations may be needed, to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. In addition, the Group measures land at revalued amounts, with changes in fair value being recognised in OCI. The land was valued by reference to transactions involving properties of a similar nature, location, and condition.

11 BUSINESS COMBINATION

The Company through its subsidiary ServeU LLC has acquired House Keeping Company LLC, House Keeping Domestic Workers LLC, and Fair Hire Solutions LLC collectively referred as "House Keeping Group" at a purchase consideration of AED 100.6 million. The date of acquisition is August 1,2025.

The acquisition date fair values of the identifiable assets and liabilities of Housekeeping Group were determined and disclosed below.

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

Notes to the consolidated financial statements

11 BUSINESS COMBINATION (CONTINUED)

| | Value as at the date of acquisition |
|----------------------------------------------------------------|----------------------------------------|
| | AED'000 |
| Assets | |
| Right of use assets | 5,941 |
| Property, plant and equipment | 1,213 |
| Other receivables | 17,428 |
| Cash and cash equivalents | 6,582 |
| Account receivable | 339 |
| Total Assets | 31,503 |
| Liabilities | |
| Lease Liabilities | 6,460 |
| Accounts payable and other payables | 12,264 |
| Income tax payable | 1,764 |
| Employee end of service benefits | 18,665 |
| Total Liabilities | 39,153 |
| Total Identifiable net liabilities | (7,650) |
| Purchase consideration | 100,637 |
| Less: Fair value of net assets acquired | (7,650) |
| Excess purchase consideration | 108,287 |
| Allocation of excess consideration paid for acquisition | |
| Goodwill | 66,836 |
| Trade name | 14,248 |
| Customer relationships | 14,864 |
| Customer contracts | 6,227 |
| Software | 6,112 |
| Total | 108,287 |

Revenue and profit contribution

Revenue included in the consolidated statement of profit or loss and other comprehensive income contributed by Housekeeping Group from August 1, 2025 to December 31, 2025, is AED 95.6 million. Housekeeping Group also contributed a net income of AED 12.0 million over the same period.

Had the acquisition occurred on January 1, 2025, management estimates the Group's consolidated revenue would have been AED 877.0 million and Group's consolidated income for the year would have been AED 463.2 million.

Acquisition related cost

Costs related to the acquisition of Housekeeping Group amounting to AED 2.7 million are included in legal and professional fees within general and administrative expenses in the consolidated statement of comprehensive income and in operating cash flows in the statement of cash flows for the period ended December 31, 2025

Goodwill on business combination

The group measured the fair value of the separately recognizable identifiable assets acquired and the liabilities assumed as at the acquisition date. The cost of investment was higher than the fair value of the net assets acquired. This difference, or goodwill on business combination of AED 66.8 million, was recorded in the consolidated financial statement of financial position as at December 31, 2025.

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

Notes to the consolidated financial statements

12 INTANGIBLE ASSETS

| | Trade name AED'000 | Customer relationships AED'000 | Customer contracts AED'000 | Software AED'000 | Total AED'000 |
|----------------------------------------------------|-----------------------|--------------------------------------|----------------------------------|---------------------|------------------|
| At January 1,2025 | - | - | - | - | - |
| Addition on account of acquisition during the year | 14,248 | 14,864 | 6,227 | 6,112 | 41,451 |
| Amortisation during the year | (597) | (2,077) | (593) | (427) | (3,694) |
| At December 31,2025 | 13,651 | 12,787 | 5,634 | 5,685 | 37,757 |

Amortisation charge for the year has been allocated in the consolidated statement of profit or loss as follows:

| | 2025 AED'000 | 2024 AED'000 |
|---------------------------------------------------|-----------------|-----------------|
| Recognised as direct cost | 3,267 | - |
| Recognised as general and administrative expenses | 427 | - |
| | <u>3,694</u> | <u>-</u> |

13 LEASES

13.1 Group as lessee

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

Right of use assets

| | AED'000 |
|-----------------------------|---------------|
| Cost: | |
| As at January 1, 2024 | 24,403 |
| Lease modification | 1,216 |
| As at December 31, 2024 | <u>25,619</u> |
| Acquisition during the year | 5,941 |
| Lease modification | 1,705 |
| As at December 31, 2025 | <u>33,265</u> |
| Depreciation: | |
| At January 1,2024 | 16,313 |
| Charge for the year | 2,189 |
| Lease modification | (7,107) |
| At December 31,2024 | <u>11,395</u> |
| Charge for the year | 4,015 |
| Lease modification | 2,156 |
| As at December 31, 2025 | <u>17,566</u> |
| Net book value | |
| As at December 31, 2025 | <u>15,699</u> |
| As at December 31, 2024 | <u>14,224</u> |

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

Notes to the consolidated financial statements

13 LEASES (CONTINUED)

13.1 Group as lessee (continued)

Depreciation on right of use asset has been charged to direct cost AED 1.0 million (2024: AED 0.9 million) and to administrative expenses of AED 3.0 million (2024: AED 1.2 million).

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

| | 2025 AED'000 | 2024 AED'000 |
|---------------------------------------|-----------------|-----------------|
| Opening balance | 14,739 | 11,224 |
| Interest charge for the year (Note 9) | 1,303 | 833 |
| Payment during the year | (3,741) | (2,763) |
| Lease modification | 4,565 | 5,445 |
| | <u>16,866</u> | <u>14,739</u> |
| Current | 3,853 | 2,070 |
| Non-current | <u>13,013</u> | <u>12,669</u> |

The Group does not have lease contracts that contain variable payments

| | Minimum lease payments due | | | Total AED'000 |
|--------------------------------|----------------------------------|----------------------------|-----------------------------------|------------------|
| | Less than one year AED'000 | 1 to 5 years AED'000 | More than five year AED'000 | |
| As at December 31, 2025 | | | | |
| Lease payments | 4,818 | 12,606 | 3,330 | 20,754 |
| Finance charges | (965) | (2,570) | (353) | (3,888) |
| Net present value | <u>3,853</u> | <u>10,036</u> | <u>2,977</u> | <u>16,866</u> |
| As at December 31, 2024 | | | | |
| Lease payments | 2,957 | 10,857 | 5,460 | 19,274 |
| Finance charges | (887) | (2,995) | (653) | (4,535) |
| Net present value | <u>2,070</u> | <u>7,862</u> | <u>4,807</u> | <u>14,739</u> |

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 (note 36).

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

Notes to the consolidated financial statements

13 LEASES (CONTINUED)

13.2 Group as lessor

The Group has entered operating leases on its investment property portfolio consisting of commercial and residential properties (see Note 13.1). 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 51.3 million (2024: AED 47.0 million).

14 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.

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

| | 2025 AED'000 | 2024 AED'000 |
|------------------------------------------------------|------------------|------------------|
| At 1 January | 2,220,143 | 2,957,379 |
| Additions during the year | 949 | 559 |
| Transfer to development properties (note 15.2) | (275,060) | (213,711) |
| Transfer from property plant and equipment (note 10) | 15,843 | - |
| Gain on fair valuation (note 14.2) | 275,487 | 166,350 |
| Sale of investment properties (note 14.3) | (232,692) | (690,434) |
| At 31 December | <u>2,004,670</u> | <u>2,220,143</u> |

14.1 Transfer from property, plant, and equipment

The transfer amounting to AED 15.8 million represent change in use as this asset was now held for the purpose of earning rental income with the management intending to lease these out.

14.2 Valuation of investment properties

As of December 31, 2025, the fair values of the properties are based on valuations performed by an accredited independent registered valuer. A valuation model in accordance with that recommended by the International Valuation Standards Council has been applied.

The independent valuer provides the fair value of the Group's investment property portfolio every year end. The valuer carried out the valuation based on an open market valuation in accordance with RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors, adopting the IFRS basis of fair value and using established valuation techniques. The independent valuer reviewed the updated master community development plan for the MotorCity project in forming its view of the fair value of the portfolio as at December 31, 2025 and 2024.

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

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

Notes to the consolidated financial statements

14 INVESTMENT PROPERTIES (CONTINUED)

14.2 Valuation of investment properties (continued)

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

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

Accordingly, based on the above valuation, gross fair value gains of AED 275.5 million has been recognised in the consolidated statement of profit or loss for the year ended December 31, 2025 (2024: Gross gain of AED 166.3 million (note 14)). The Group's Board of Directors have reviewed the assumptions and methodology used by the independent registered valuer, and in its opinion, these assumptions and valuation methodology are appropriate and prudent as at the reporting date.

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

14.3 Sale of investment properties

During the year, investment properties with a carrying value of AED 232.6 million (2024: AED 690.4 million) were disposed of for a total consideration of AED 385.0 million (2024: 859.9 million) less cost to sell AED 8.4 million (2024: AED 11.0 million) resulting in a gain of AED 144.5 million (2024: AED 158.5 million).

14.4 Description of valuation techniques used and key inputs to valuation of investment properties.

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

Income valuation approach

In determining the fair value of properties using the income valuation approach, the valuer took into account property specific information such as the current contracted tenancies agreement and forecasted operating expenses.

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.

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

Notes to the consolidated financial statements

14 INVESTMENT PROPERTIES (CONTINUED)

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

Market valuation approach

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

Other information

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

The valuation basis and assumptions used for the valuation of investment properties are consistent with those adopted in 2024. There were no changes to the valuation techniques during the year.

14.5 Investment property held for sale

During the year investment property held for sale having carrying value of AED 540.9 million (2024: 392.0 million) was sold for a total consideration of AED 700 million (2024: 392.0 million) less cost to sell of AED 14.7 million (2024: Nil) resulting in a gain of AED 144.4 million (2024: Nil).

15 INVENTORIES AND DEVELOPMENT PROPERTIES

15.1 INVENTORY

Trading and project related inventories

| | 2025 AED'000 | 2024 AED'000 |
|--------------------------------------------|-----------------|-----------------|
| Project related material - gross | 1,664 | 1,194 |
| Stock-in-trade | 3,614 | 2,736 |
| Spares and consumables | 1,489 | 1,417 |
| Less : provision for slow moving materials | (589) | (589) |
| | 6,178 | 4,758 |

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

Notes to the consolidated financial statements

15 INVENTORIES AND DEVELOPMENT PROPERTIES (CONTINUED)

15.2 Development properties

| | 2025 AED'000 | 2024 AED'000 |
|-----------------------------------------------|-----------------|-----------------|
| At 1 January | 230,528 | 11,912 |
| Cost incurred during the period | 64,458 | 4,905 |
| Transfer to cost of revenue during the period | (18,997) | - |
| Transfer from investment properties (note 14) | 275,060 | 213,711 |
| At 31 December | <u>551,049</u> | <u>230,528</u> |

During the year land included in investment property amounting to AED 275.0 million was transferred to development properties relating to Mirdad project.

16 INVESTMENTS IN AN ASSOCIATE

The Group has a 30% equity interest in Properties Investment LLC and PID Owners Association Management L.L.C ,involved in property investments. The companies are private entities that are not listed on any public exchange. The Group's interest in the entities 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 the entities:

| | 2025 AED'000 | 2024 AED'000 |
|----------------------------------------------------------|-----------------|-----------------|
| Movement for the year | | |
| Opening balance | 9,143 | 19,914 |
| Addition during the year | 46 | - |
| Share of loss | (2,306) | (10,771) |
| Closing balance | <u>6,883</u> | <u>9,143</u> |
| Profit or loss: | | |
| Share of loss in Properties Investment LLC | (468) | (10,771) |
| Adjustments during the year | (2,256) | - |
| Share of profit in PID Owners Association Management LLC | <u>418</u> | <u>-</u> |

| | Properties Investment LLC 2025 AED'000 | PID Owners Association Management L.L.C 2025 AED'000 | Total 2025 AED'000 |
|---------------------------------|-------------------------------------------------|------------------------------------------------------------------|--------------------------|
| Financial position: | | | |
| Non-current assets | 242,177 | 1,071 | 243,248 |
| Current assets | 372,247 | 7,775 | 380,022 |
| Current liabilities | (290,386) | (2,109) | (292,495) |
| Non-current liabilities | (307,833) | - | (307,833) |
| Equity | <u>16,205</u> | <u>6,737</u> | <u>22,942</u> |
| Group's share of equity - 30% | <u>4,862</u> | <u>2,021</u> | <u>6,883</u> |
| Financial performance | | | |
| Revenue | 37,500 | 6,427 | 43,927 |
| Net loss/Profit | (1,560) | 1,393 | (167) |
| Total comprehensive loss/profit | <u>(1,560)</u> | <u>1,393</u> | <u>(167)</u> |

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

Notes to the consolidated financial statements

16 INVESTMENTS IN AN ASSOCIATE (CONTINUED)

| | Properties Investment LLC 2024 AED'000 | P I D Owners | Total 2024 AED'000 |
|-------------------------------|-------------------------------------------------|----------------------------------------------------|--------------------------|
| | | Association Management L.L.C 2024 AED'000 | |
| Financial position: | | | |
| Non-current assets | 239,651 | - | 239,651 |
| Current assets | 317,345 | - | 317,345 |
| Current liabilities | (526,518) | - | (526,518) |
| Non-current liabilities | - | - | - |
| Equity | <u>30,478</u> | <u>-</u> | <u>30,478</u> |
| Group's share of equity - 30% | <u>9,143</u> | <u>-</u> | <u>9,143</u> |
| Financial performance | | | |
| Revenue | 14,923 | - | 14,923 |
| Net loss | (35,902) | - | (35,902) |
| Total comprehensive loss | <u>(35,902)</u> | <u>-</u> | <u>(35,902)</u> |

As at December 31, 2025 the Group has extended a loan to Properties Investment LLC amounting to AED 10.9 million (2024: AED 3.4 million) which is included in the other receivable balance (note 20).

17 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

| | 2025 AED'000 | 2024 AED'000 |
|-----------------|-----------------|-----------------|
| Unquoted equity | <u>460</u> | <u>965</u> |

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

| | 2025 AED'000 | 2024 AED'000 |
|--------------------------|-----------------|-----------------|
| At January | 965 | 699 |
| (Loss)/gain on valuation | <u>(505)</u> | <u>266</u> |
| At 31 December | <u>460</u> | <u>965</u> |

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

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

Notes to the consolidated financial statements

18 NON-CURRENT RECEIVABLES

| | 2025 AED'000 | 2024 AED'000 |
|----------------------------|-----------------|-----------------|
| Retention receivables | 7,765 | 2,360 |
| Property sales receivables | - | 25,866 |
| Deposit receivable | 304 | 121 |
| | <u>8,069</u> | <u>28,347</u> |

The Group's exposure to credit risk and impairment losses related to financial assets are disclosed in note 34.

19 CONTRACT ASSETS

| | 2025 AED'000 | 2024 AED'000 |
|--------------------------------------|-----------------|-----------------|
| Contract work-in-progress | 36,429 | 25,180 |
| Unbilled revenue | 3,120 | 4,018 |
| Allowance for expected credit losses | (11,040) | (11,369) |
| | <u>28,509</u> | <u>17,829</u> |

20 TRADE AND OTHER RECEIVABLES

| | 2025 AED'000 | 2024 AED'000 |
|--------------------------------------------------------|------------------|-----------------|
| Financial assets | | |
| Trade receivables | 309,472 | 288,289 |
| Retention receivables | 18,121 | 19,541 |
| | <u>327,593</u> | <u>307,830</u> |
| Less: provision for expected credit losses (note 20.2) | (105,766) | (111,776) |
| | <u>221,827</u> | <u>196,054</u> |
| Property sales receivables | 608,970 | 392,163 |
| | <u>830,797</u> | <u>588,217</u> |
| Other receivables | 167,137 | 99,720 |
| Less: provision for expected credit losses | (10,000) | - |
| Total (A) | <u>987,934</u> | <u>687,937</u> |
| Non-financial assets | | |
| Advances to contractors (note 20.1) | 6,808 | 5,614 |
| Prepayments and advances | 67,671 | 20,505 |
| Prepaid commission | 45,436 | - |
| Total (B) | <u>119,915</u> | <u>26,119</u> |
| Total (A+B) | <u>1,107,849</u> | <u>714,056</u> |
| Less: non current portion of retention receivables | (7,765) | (2,360) |
| | <u>1,100,084</u> | <u>711,696</u> |

As at December 31, 2025 the Group has extended a loan to Properties Investment LLC amounting to AED 10.9 million (2024: AED 3.4 million) which is included in the other receivable balance.

Other receivable includes deferred expenses amounting to AED 58.9 million related to Thermo LLC against which provision of AED 10 million is recorded as at December 31, 2025.

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

Notes to the consolidated financial statements

20 TRADE AND OTHER RECEIVABLES (CONTINUED)

20.1 Advances to contractors

| | 2025 AED'000 | 2024 AED'000 |
|----------------------------------------------------------|-----------------|-----------------|
| Advances to contractors | 96,511 | 98,317 |
| Less: provision for allowance for expected credit losses | <u>(89,703)</u> | <u>(92,703)</u> |
| | <u>6,808</u> | <u>5,614</u> |

20.2 Provision for allowance for expected credit losses

| | 2025 AED'000 | 2024 AED'000 |
|-------------------------------------------------------------|-----------------|-----------------|
| Provision against trade and retention receivables (note 20) | 105,766 | 111,776 |
| Provision against advances to contractors (note 20.1) | <u>89,703</u> | <u>92,703</u> |
| | <u>195,469</u> | <u>204,479</u> |

21 TRANSACTIONS WITH RELATED PARTIES

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

During the year the group has extended a loan of AED 7.5 million which is recognized in the consolidated financial statements carrying an interest of 2.75% + 3 months EIBOR (note 20). The total loan balance as at December 31, 2025, amounted to AED 10.9 million (2024:AED 3.4 million).

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

| | 2025 AED'000 | 2024 AED'000 |
|---------------------------------------------------------------|-----------------|-----------------|
| Interest income on loan extended to associate | <u>185</u> | <u>193</u> |
| Salaries, short term employee benefits and other remuneration | 30,336 | 20,802 |
| Directors' fee during the year | 12,000 | 5,000 |
| Provision towards employees terminal benefits | <u>256</u> | <u>411</u> |

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

Notes to the consolidated financial statements

22 CASH AND CASH EQUIVALENTS

| | 2025 AED'000 | 2024 AED'000 |
|---------------------------------------|-----------------|-----------------|
| Cash in hand | 1,654 | 1,326 |
| Cash at banks | | |
| – in deposit accounts held under lien | 3,045 | 973 |
| – in escrow accounts | 132,008 | 31,166 |
| – in current accounts | 132,442 | 147,748 |
| – in fixed deposits | 225,100 | - |
| | <u>494,249</u> | <u>181,213</u> |

Balance held in escrow account represents advance collections from customers that are held with banks authorised by the Real Estate Regulatory Authority ("RERA"), Dubai, United Arab Emirates. Use of cash held in escrow is restricted to the specific development properties to which the cash receipts relate and can be used for payments related to specific development projects and hence, considered as cash and cash equivalents

| | 2025 AED'000 | 2024 AED'000 |
|-------------------------------------------------------------------------------|-----------------|-----------------|
| Cash and cash equivalents comprise: | | |
| Cash in hand and at banks (excluding deposits under lien and escrow accounts) | 359,196 | 149,074 |
| Bank overdrafts (note 31) | <u>(27,539)</u> | <u>(26,101)</u> |
| | <u>331,657</u> | <u>122,973</u> |

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 34.

23 SHARE CAPITAL

| | 2025 AED'000 | 2024 AED'000 |
|----------------------------------------------------|------------------|------------------|
| <i>Issued and fully paid up at December 31</i> | | |
| 4,289,540,134 (2024: 4,289,540,134) | | |
| shares of par value of AED 0.66 (2024: AED 1) each | <u>2,857,926</u> | <u>4,289,540</u> |

On December 31, 2025, the share capital comprised of ordinary equity shares. All issued shares are fully paid. The holders of ordinary equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the General Assembly of the Group. All shares rank equally with regard to the Group's residual assets.

On December 31, 2025, the authorised share capital of the Group is 7 billion shares.

23.1 SHARE CAPITAL REDUCTION

On April 22, 2025, the Company's General Assembly approved a capital restructuring plan, authorizing the Board of Directors to proceed with the necessary actions in accordance with applicable laws and subject to approval by the relevant authorities. On August 7, 2025, Capital Markets Authority (formerly Securities & Commodities Authority ("SCA")) approved the share capital reduction whereby the issued share capital of the Company was reduced to 2,857,926,134.

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

Notes to the consolidated financial statements

24 RESERVES

Statutory reserve

In accordance with the UAE Federal Decree Law No. (32) of 2021 and Articles of Association, 10% of the profit for the year of the public joint stock company and 5% of the profit for the year of each UAE limited liability registered company are transferred to statutory reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid-up share capital of the respective companies. Accordingly, for the year ending December 31, 2025, transfers to the statutory reserve are expected to be made by the individual entities within the Group at the end of the year in line with the aforementioned policy. During the current year, the Group transferred an amount of AED 42.4 million (2024: AED 40.1 million) to statutory reserve.

Asset revaluation surplus

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

| | 2025 AED'000 | 2024 AED'000 |
|-----------------------------|-----------------|-----------------|
| At 1 January | 332,863 | 212,689 |
| Gain on revaluation of land | - | 132,059 |
| Income tax expense | - | (11,885) |
| At 31 December | <u>332,863</u> | <u>332,863</u> |

25 DIRECTORS' FEES

This represents professional fees to the Company's directors for serving on any committee, for devoting special time and attention to the business or affairs of the Group and for performing services outside the scope of their ordinary activities.

26 BASIC AND DILUTED EARNINGS PER SHARE

| | 2025 | 2024 |
|------------------------------------------------------|----------------------|---------------|
| <i>Profit attributable to shareholders (AED'000)</i> | 462,457 | 275,639 |
| Weighted average number of shares | 4,289,540,134 | 4,289,540,134 |
| Basic and diluted earnings per share (AED) | <u>0.1078</u> | <u>0.0643</u> |

27 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 34.

| | 2025 AED'000 | 2024 AED'000 |
|-----------------------|-----------------|-----------------|
| At 31 December | 297,733 | 575,032 |
| Less: current portion | (66,053) | (398,672) |
| Non-current portion | <u>231,680</u> | <u>176,360</u> |

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

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

Notes to the consolidated financial statements

27 BANK LOANS (CONTINUED)

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

| | 2025 | 2024 |
|----------------------------|----------------|----------------|
| | AED'000 | AED'000 |
| At 1 January | 575,032 | 1,207,865 |
| Availed during the year | 90,000 | 90,410 |
| Repayments during the year | (367,299) | (723,243) |
| At December 31 | <u>297,733</u> | <u>575,032</u> |

- (i) During the year ,the group repaid AED 314.0 million in relation to the legacy debt with the local bank.
- (ii) Bills discounting facilities having a balance of AED 30.1 million at year-end (2024: AED 31.3 million).

Securities

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

- a. Registered mortgage of lands and investment properties with a fair value of AED 1,998.0 million on December 31,2025 (2024: AED 2,652.0 million).
- b. Assignment of insurance policies of the mortgaged properties.
- c. Assignment of lease proceeds of certain rental units.
- d. Corporate guarantees of the Group and certain subsidiaries; and
- e. Assignment of receivables.

28 CONTRACT LIABILITIES

| | 2025 | 2024 |
|-----------------|----------------|---------------|
| | AED'000 | AED'000 |
| Deferred Income | <u>209,119</u> | <u>42,321</u> |
| | <u>209,119</u> | <u>42,321</u> |

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

The aggregate amount of the sale price allocated to the performance obligations of the Group that are unsatisfied/partially unsatisfied as at 31 December 2025 is AED 753.7 million (2024: AED 166.8 million). The Group estimates to recognise these unsatisfied performance obligations as revenue over a period of up to 3-5 years.

The Group bills and receives payments from customers based on the billing schedule and terms of payment agreed with the customers as mentioned in the contracts with the customers. Contract liabilities relates to payments received in advance of performance under the contract.

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

Notes to the consolidated financial statements

29 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.

| | 2025 AED'000 | 2024 AED'000 |
|--------------------------------|-----------------|-----------------|
| At January 1 | 32,128 | 30,600 |
| Acquired during the year | 18,665 | - |
| Provision made during the year | 7,349 | 6,497 |
| Payments made during the year | (5,462) | (4,969) |
| At December 31 | <u>52,680</u> | <u>32,128</u> |

30 TRADE AND OTHER PAYABLES

| | 2025 AED'000 | 2024 AED'000 |
|-----------------------------------|-----------------|-----------------|
| Financial liabilities : | | |
| Trade payables | 165,872 | 208,730 |
| Retention payables | 6,036 | 2,080 |
| Accruals and deposits payables | 147,905 | 117,077 |
| Other payables and accruals(a) | 44,233 | 30,218 |
| Total | <u>364,046</u> | <u>358,105</u> |
| Non financial liabilities: | | |
| Advances received from customers | 31,016 | 16,893 |
| VAT payables and other accruals | 66,754 | 35,093 |
| Total | <u>97,770</u> | <u>51,986</u> |
| Total | <u>461,816</u> | <u>410,091</u> |

Trade payable includes current portion of the amount payable to Dubai Land amounting to AED 88.0 million.

a) Other payables and accruals include:

| | 2025 AED'000 | 2024 AED'000 |
|---------------------------------------------------------|-----------------|-----------------|
| Provisions and accruals against contracting business | 3,198 | 3,248 |
| Provision for staff related payables | 32,638 | 22,163 |
| Provisions and accruals for payment to contractors cost | 8,397 | 4,807 |
| | <u>44,233</u> | <u>30,218</u> |

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 34.

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

Notes to the consolidated financial statements

31 BANK OVERDRAFTS

| | 2025 AED'000 | 2024 AED'000 |
|-----------------|-----------------|-----------------|
| Bank overdrafts | <u>27,539</u> | <u>26,101</u> |

Significant terms and conditions

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

Securities

Bank overdrafts are secured by:

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

For more information about the Group's exposure to liquidity risk and interest rate risk, refer note 34.

32 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

| | 2025 AED'000 | 2024 AED'000 |
|------------------------------|-----------------|-----------------|
| Company and its subsidiaries | | |
| Commitments: | | |
| Capital commitments | <u>146,234</u> | <u>1,865</u> |
| Contingent liabilities: | | |
| Letters of guarantee | <u>392,890</u> | <u>36,930</u> |

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.

33 SEGMENT REPORTING

Business segments

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

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

Notes to the consolidated financial statements

33 SEGMENT REPORTING (CONTINUED)

| | Real estate | Contracting | Goods and services | Housekeeping | Investments | Total |
|-----------------------------------------------------|-------------|-------------|--------------------|--------------|-------------|-----------|
| | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 |
| 2025 | | | | | | |
| Segment revenue | 81,021 | 69,124 | 491,128 | 95,609 | - | 736,882 |
| Direct costs | (64,719) | (69,089) | (414,737) | (74,306) | - | (622,851) |
| Gross profit | 16,302 | 35 | 76,391 | 21,303 | - | 114,031 |
| Administrative and general expenses | (136,803) | (7,909) | (40,234) | (9,341) | (1,556) | (195,843) |
| Other operating income | 17,783 | 38 | 14,579 | 1,243 | - | 33,643 |
| Gain on sale of investment properties held for sale | 144,375 | - | - | - | - | 144,375 |
| Gain on sale of investment properties | 144,479 | - | - | - | - | 144,479 |
| Operating profit/(loss) | 186,136 | (7,836) | 50,736 | 13,205 | (1,556) | 240,685 |
| Gain on valuation of properties, net | 251,100 | - | 24,387 | - | - | 275,487 |
| Share of results of equity accounted investees | (2,306) | - | - | - | - | (2,306) |
| Other income | 17,202 | 1,772 | 2,415 | - | - | 21,389 |
| Finance income | 2,722 | - | 221 | - | - | 2,943 |
| Finance costs | (16,351) | - | (13,145) | (293) | - | (29,789) |
| Corporate tax | (39,660) | 2 | (5,270) | (1,156) | 132 | (45,952) |
| Profit/(loss) for the year | 398,843 | (6,062) | 59,344 | 11,756 | (1,424) | 462,457 |
| Capital expenditure | 26,750 | 1,234 | 25,076 | 21 | - | 53,081 |
| Depreciation of property, plant and equipment | 9,150 | 294 | 10,582 | 302 | - | 20,328 |
| Depreciation of right of use assets | 1,239 | - | 990 | 1,785 | - | 4,014 |
| Segment assets | 3,760,034 | 51,455 | 933,480 | 47,084 | 811 | 4,792,864 |
| Investments in associates | - | - | - | - | 6,883 | 6,883 |
| Total assets | 3,760,034 | 51,455 | 933,480 | 47,084 | 7,694 | 4,799,747 |
| Segment liabilities | 595,248 | 37,968 | 445,586 | 38,649 | 29,050 | 1,146,501 |
| 2024 | | | | | | |
| Segment revenue | 47,312 | 25,606 | 455,834 | - | - | 528,752 |
| Direct costs | (17,420) | (31,355) | (377,343) | - | - | (426,118) |
| Gross profit/(loss) | 29,892 | (5,749) | 78,491 | - | - | 102,634 |
| Administrative and general expenses | (96,894) | (6,412) | (42,588) | - | - | (145,894) |
| Other operating income | 23,253 | 9,778 | 12,510 | - | 1,093 | 46,634 |
| Gain on sale of investment properties held for sale | - | - | - | - | - | - |
| Gain on sale of investment properties | 158,472 | - | - | - | - | 158,472 |
| Operating profit/(loss) | 114,723 | (2,383) | 48,413 | - | 1,093 | 161,846 |
| Gain on valuation of properties, net | 164,380 | - | 1,970 | - | - | 166,350 |
| Share of results of equity accounted investees | - | - | - | - | (10,771) | (10,771) |
| Other income | 3,714 | - | - | - | 14,395 | 18,109 |
| Finance income | 275 | - | - | - | - | 275 |
| Finance costs | (18,858) | - | (12,801) | - | - | (31,659) |
| Corporate tax | (21,407) | (2) | (5,705) | - | (1,397) | (28,511) |
| Profit/(loss) for the year | 242,827 | (2,385) | 31,877 | - | 3,320 | 275,639 |
| Capital expenditure | 14,530 | 564 | 10,365 | - | - | 25,459 |
| Depreciation of property, plant and equipment | 2,743 | 190 | 8,478 | - | - | 11,411 |
| Depreciation of right of use assets | 1,239 | - | 950 | - | - | 2,189 |
| Segment assets | 3,337,288 | 36,885 | 1,031,904 | - | 377 | 4,406,454 |
| Investments in associates | - | - | - | - | 9,143 | 9,143 |
| Total assets | 3,337,288 | 36,885 | 1,031,904 | - | 9,520 | 4,415,597 |
| Segment liabilities | 344,667 | 36,112 | 248,700 | - | 595,329 | 1,224,808 |

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

Notes to the consolidated financial statements

34 FINANCIAL INSTRUMENTS

Financial assets of the Group include non-current receivables, investments at fair value through profit or loss, trade and other receivables and cash at banks. Financial liabilities of the Group include trade and other payables, lease liabilities, short-term bank borrowings and long-term bank loans. Accounting policies of financial assets and financial liabilities are disclosed under note 3.

The table below sets out the Group's classification of each class of financial assets and financial liabilities and their fair values for the current and the comparative years:

| | Notes | At fair value through profit or loss AED'000 | At amortized cost AED'000 | Total amount AED'000 |
|--------------------------------------------------|-------|-------------------------------------------------------|---------------------------------|----------------------------|
| December 31,2025 | | | | |
| Financial assets | | | | |
| Non-current receivables | 18 | - | 8,069 | 8,069 |
| Investments at fair value through profit or loss | 17 | 460 | - | 460 |
| Trade and other receivables | 20 | - | 987,934 | 987,934 |
| Cash in hand and at banks | 22 | - | 494,249 | 494,249 |
| Total | | 460 | 1,490,252 | 1,490,712 |
| Financial liabilities | | | | |
| Trade and other payables | 30 | - | 364,046 | 364,046 |
| Bank overdrafts | 31 | - | 27,539 | 27,539 |
| Bank loans | 27 | - | 297,733 | 297,733 |
| Lease liabilities | 13 | - | 16,866 | 16,866 |
| Total | | - | 706,184 | 706,184 |
| December 31,2024 | | | | |
| Financial assets | | | | |
| Non-current receivables | 18 | - | 28,347 | 28,347 |
| Investments at fair value through profit or loss | 17 | 965 | - | 965 |
| Trade and other receivables | 20 | - | 687,937 | 687,937 |
| Cash in hand and at banks | 22 | - | 181,213 | 181,213 |
| Total | | 965 | 897,497 | 898,462 |
| Financial liabilities | | | | |
| Trade and other payables | 30 | - | 358,105 | 358,105 |
| Bank overdrafts | 31 | - | 26,101 | 26,101 |
| Bank loans | 27 | - | 575,032 | 575,032 |
| Lease liabilities | 13 | - | 14,739 | 14,739 |
| Total | | - | 973,977 | 973,977 |

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

Notes to the consolidated financial statements

34 FINANCIAL INSTRUMENTS (CONTINUED)

Foreign currency risk

The Group's exposure to foreign currency risk is mainly related to a banking facility denominated in Egyptian Pounds. A 5% strengthening in the Egyptian Pound against the AED will result in a negative impact of AED 1.3 million on profit or loss and equity. A 5% devaluation in the Egyptian Pound against the AED would have the opposite effect.

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 | 2025 AED'000 | 2024 AED'000 |
|------------------------------------------------|-------|------------------|-----------------|
| Non-current receivables (refer note below) | 18 | 8,069 | 28,347 |
| Trade and other receivables (refer note below) | 20 | 987,934 | 687,937 |
| Cash at banks | 22 | 135,487 | 148,721 |
| | | <u>1,131,490</u> | <u>865,005</u> |

Impairment losses

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

| | Advances to contractors AED'000 | Retentions receivable AED'000 | Property sales receivable AED'000 | Trade receivables | | | | Total AED'000 |
|---------------------------|---------------------------------------|-------------------------------------|-----------------------------------------|--------------------|-------------------------|---------------------------|-------------------------|------------------|
| | | | | Current AED'000 | Past due | | | |
| | | | | | 1-90 days AED'000 | 91-365 days AED'000 | >365 days AED'000 | |
| December 31, 2025 | | | | | | | | |
| Expected credit loss rate | 92.95% | 83.38% | 0.00% | 0.00% | 0.20% | 4.53% | 76.47% | 19.06% |
| Gross amount | 96,511 | 10,356 | 608,970 | 94,533 | 50,696 | 39,714 | 124,529 | 1,025,309 |
| Expected credit loss | <u>89,703</u> | <u>8,635</u> | - | - | <u>100</u> | <u>1,801</u> | <u>95,230</u> | <u>195,469</u> |
| December 31, 2024 | | | | | | | | |
| Expected credit loss rate | 94.29% | 36.21% | 0.00% | 0.02% | 1.91% | 6.34% | 77.11% | 25.69% |
| Gross amount | 98,317 | 17,181 | 392,163 | 88,296 | 35,410 | 31,155 | 133,428 | 795,950 |
| Expected credit loss | <u>92,703</u> | <u>6,221</u> | - | <u>14</u> | <u>678</u> | <u>1,976</u> | <u>102,888</u> | <u>204,480</u> |

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

| | 2025 AED'000 | 2024 AED'000 |
|----------------------------|-----------------|-----------------|
| At January 1 | 204,479 | 200,594 |
| Provision for the year | 1,292 | 16,150 |
| Amounts written off | (10,302) | (12,265) |
| At December 31 (note 20.2) | <u>195,469</u> | <u>204,479</u> |

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

Notes to the consolidated financial statements

34 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

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

| | Notes | Carrying amount AED'000 | Contractual cash flows AED'000 | On demand AED'000 | Less than one year AED'000 | 1 to 5 years AED'000 | More than five year AED'000 |
|---------------------------------------------|-------|----------------------------|-----------------------------------|----------------------|-------------------------------|-------------------------|--------------------------------|
| Financial liabilities | | | | | | | |
| December 31, 2025 | | | | | | | |
| Non-derivative financial instruments | | | | | | | |
| Trade and other payables | 30 | 364,046 | 364,046 | - | 364,046 | - | - |
| Bank overdrafts | 31 | 27,539 | 27,539 | 27,539 | - | - | - |
| Bank loans | 27 | 297,733 | 626,437 | 11,312 | 403,155 | 169,295 | 42,675 |
| Lease liabilities | 13 | 16,866 | 20,754 | - | 4,818 | 12,606 | 3,330 |
| Total | | 706,184 | 1,038,776 | 38,851 | 772,019 | 181,901 | 46,005 |
| December 31, 2024 | | | | | | | |
| Non-derivative financial instruments | | | | | | | |
| Trade and other payables | 30 | 358,105 | 358,105 | - | 358,105 | - | - |
| Bank overdrafts | 31 | 26,101 | 26,101 | 26,101 | - | - | - |
| Bank loans | 27 | 575,032 | 626,437 | 11,312 | 403,155 | 169,295 | 42,675 |
| Lease liabilities | 13 | 14,739 | 19,274 | - | 2,957 | 10,857 | 5,460 |
| Total | | 973,977 | 1,029,917 | 37,413 | 764,217 | 180,152 | 48,135 |

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

Notes to the consolidated financial statements

34 FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

The Group is exposed to interest rate risk on short-term bank borrowings and long-term bank loans (refer notes 27 and 31) 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:

| | 2025 AED'000 | 2024 AED'000 |
|---------------------------|-----------------|-----------------|
| Bank overdrafts (note 31) | 27,539 | 26,101 |
| Bank loans (note 27) | 297,733 | 575,032 |
| | <u>325,272</u> | <u>601,133</u> |

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.

| | Effect on profit or loss and equity | |
|---------------------------|----------------------------------------|-------------------------------|
| | 100 bp increase AED'000 | 100 bp decrease AED'000 |
| December 31,2025 | | |
| Variable rate instruments | <u>(3,253)</u> | <u>3,253</u> |
| December 31,2024 | | |
| Variable rate instruments | <u>(6,011)</u> | <u>6,011</u> |

Fair value hierarchy

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

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

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

| | Level 1 AED'000 | Level 3 AED'000 |
|----------------------|--------------------|--------------------|
| December 31,2025 | | |
| Investments at FVTPL | <u>-</u> | <u>460</u> |
| December 31,2024 | | |
| Investments at FVTPL | <u>-</u> | <u>965</u> |

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

Notes to the consolidated financial statements

34 FINANCIAL INSTRUMENTS (CONTINUED)

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

35 INCOME TAX AND DEFERRED TAX EXPENSE

| | 2025 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| | AED'000 |
| For the period from January 1,2025 to December 31,2025 | |
| Current income tax: | |
| Current income tax charge | 28,784 |
| Deferred tax | |
| Relating to origination and reversal of temporary differences | 17,168 |
| Income tax expense reported in the consolidated statement of profit or loss | <u>45,952</u> |
| | |
| Reconciliation of effective tax rate: | 2025 |
| | AED'000 |
| Accounting profit before income tax | 508,409 |
| Adjustments in respect of Taxable Income subject to 0%* | (1,500) |
| Unrealized gains | (190,756) |
| Share of results of equity accounted investees | 2,306 |
| Non-deductible expenses for tax purposes: | 13,595 |
| Others | 2,604 |
| Taxable profit | <u>334,658</u> |
| | |
| At the income tax rate of 9% | <u>30,119</u> |
| | |
| Effective income tax rate | 6% |
| <i>*As per the UAE CT Law, the portion of Taxable Income of the Taxable Person not exceeding AED 375,000 is subject to Corporate Tax at the rate of (0%) zero percent</i> | |
| The deferred tax liabilities comprises of the following temporary differences: | |
| | 2025 |
| | AED'000 |
| Reconciliation of deferred tax liabilities, net: | |
| Forex gains - unrealised | 1,438 |
| Revaluation gains - unrealised | 85,263 |
| Interest disallowed | (277,457) |
| At December 31,2025 | <u>(190,756)</u> |
| At the income tax rate of 9% | <u>(17,168)</u> |
| | |
| The gross movement on the net deferred income tax liabilities is as follows: | 2025 |
| | AED'000 |
| At January 1,2025 | 28,073 |
| Tax charge recognised during the year | 17,168 |
| At December 31,2025 | <u>45,241</u> |

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

Notes to the consolidated financial statements

36 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:

Revenue from contracts with customers

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

Consideration of significant financing component in a contract

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

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

Determining the timing of satisfaction of revenue from contracting activities

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

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

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

Notes to the consolidated financial statements

36 SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

Significant influence over an associate

The Group concluded that it has significant influence over Properties Investments LLC and PID Owners Association Management LLC, an associate. The Group holds 30% shareholding in the associate and is represented on its Board. Through its participation in the decision-making process on the Board of the associate, the Group assessed that significant influence is achieved.

Property lease classification – Group as lessor

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

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

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

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

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

Cost to complete the projects

The Group estimates the costs to complete the real estate development projects in order to determine the cost attributable to the revenue being recognised. The estimates include the cost of providing infrastructure, potential claims by contractors as evaluated by the project consultant and the cost of meeting other contractual obligations to the customers.

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.

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

Notes to the consolidated financial statements

36 SIGNIFICANT ESTIMATES AND JUDGEMENTS (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.

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 December 31, 2025, 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.

Valuation of property, plant and equipment and investment properties and intangible assets

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), income approach and sale comparison model is used, whenever there is a lack of comparable market data because of the nature of certain properties. In addition, the Group measures land under property, plant, and equipment at revalued amounts, with changes in fair value being recognised in OCI. The land was valued by reference to transactions involving properties of a similar nature, location, and condition. The Group engaged an independent valuation specialist to assess fair values as of December 31, 2025, and 2024 for the investment properties and at December 31, 2025 for land under property, plant and equipment.

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

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).

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

Notes to the consolidated financial statements

36 SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

Provision for expected credit losses of trade receivables (continued)

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 34.

Provision against claim and contingent liabilities

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

Leases - Estimating the incremental borrowing rate

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

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

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 over the period of time.

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.

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

Notes to the consolidated financial statements

37 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.

38 SUBSEQUENT EVENTS

No significant adjusting or non-adjusting events occurred between the reporting date and the authorization date of the consolidated financial statements which required adjustments of or disclosure in these consolidated financial statements.

Union Properties ESG Report 2025



Table of Content

| | |
|--------------------------------------------------|------------|
| Introduction | 76 |
| Message From CEO & Board Member | 77 |
| About this Report | 78 |
| Our Values | 79 |
| Sustainability Highlights | 80 |
| Corporate Governance | 81 |
| Executive Summary | 82 |
| Board of Directors & Oversight | 84 |
| Organizational Structure | 85 |
| Company Overview | 86 |
| Union Properties at Glance | 87 |
| Our Projects | 87 |
| Approach to Sustainability | 89 |
| Sustainability Management | 90 |
| Key Focus | 91 |
| Engaging Stakeholders, Empowering Progress | 92 |
| Materiality Assessment | 93 |
| UNSDGs Alignment | 94 |
| Environmental Stewardship | 97 |
| Energy & Emissions Management | 98 |
| Climate Resilience | 101 |
| Water Stewardship | 101 |
| Circular Economy | 102 |
| Nature & Biodiversity | 104 |
| Creating Societal Value | 105 |
| Investing in Our People | 106 |
| Employee Wellbeing | 106 |
| Training & Development | 109 |
| Health & Safety | 110 |
| Customer Centricity | 113 |
| Community Outreach & Impact | 114 |
| Socio-Economic Development | 116 |
| Responsible Governance | 117 |
| Sustainability Governance Commitment | 118 |
| Risk Management & Compliance | 119 |
| Cybersecurity and Data Protection | 120 |
| Sustainable Supply Chain | 122 |
| Awards & Recognitions | 123 |
| Annexures | 128 |
| ESG Certifications | 128 |
| GRI Content Index | 129 |

Introduction

Introduction Message CEO & Board Member



Message CEO & Board Member

Eng. Amer Khansaheb, CEO & Board Member of Union Properties PJSC

The year 2025 has marked a significant phase in **Union Properties'** ongoing journey of transformation and growth. It has been a year defined by purposeful action, strengthening our organisational foundations, refining strategic priorities, and translating vision into measurable progress. Across the **Company**, this period of reflection and execution has reinforced our commitment to rebuilding confidence, creating enduring value, and operating with integrity, transparency, and accountability at every level.

Sustainability and human-centric development remain central to how we plan, build, and operate. These principles are firmly embedded in our decision-making and underpin the long-term relevance of our portfolio. The launch of Mirdad in Motor City exemplifies this approach, bringing together environmental stewardship, smart design, and lifestyle-led planning. Across our developments, the integration of energy-efficient technologies, EV-enabled infrastructure, and wellness-oriented communal spaces supports the creation of resilient, healthier, and more connected communities.

In parallel, we have placed strong emphasis on governance, financial discipline, and operational rigour. By fully addressing legacy debt and restoring a clean, resilient balance sheet, we have significantly strengthened the **Company's** financial position. This stability enables **Union Properties** to plan with confidence, invest responsibly, and pursue sustainable growth, while upholding the highest standards of transparency, oversight, and ethical governance.

Our people are fundamental to delivering our ESG commitments. Through continued investment in our capabilities and organisational development, we are fostering an inclusive culture that prioritises well-being, capability building, and service excellence. We believe that sustainable outcomes are achieved through empowered teams who share a common commitment to quality, responsibility, and long-term value creation.

As we look ahead, ESG considerations will continue to shape **Union Properties'** strategy, decision-making, and performance management. With strengthened governance, clearer ESG oversight, and ongoing monitoring of our environmental and social impact, we remain focused on building a business that delivers sustainable growth while contributing positively to the communities we serve and the future of the built environment.



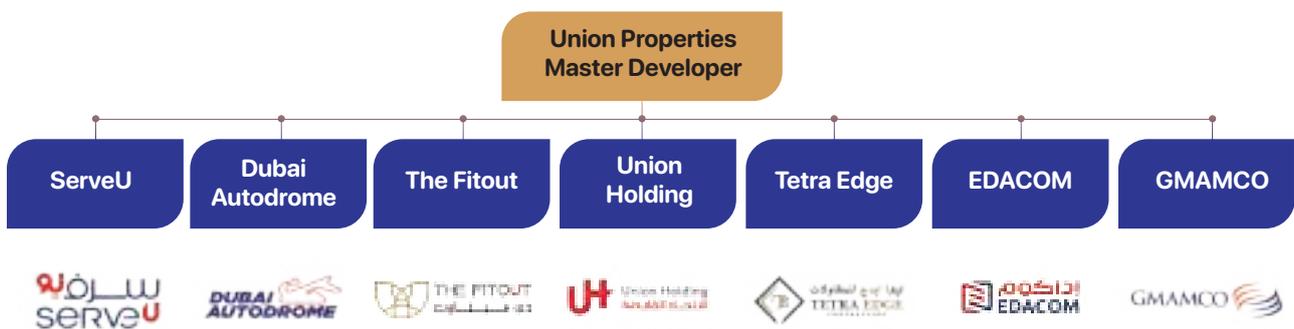
About this Report

Union Properties prioritizes responsible business practices and transparent communication of our sustainability performance. The ESG Report 2025 reflects our commitment to sustainable development, participation in the region’s sustainability journey, and adherence to the highest standards of environmental, social, and governance (ESG) performance.

Report Scope

Reporting Period: 1 January 2025 – 31 December 2025

Coverage: Union Properties, its key subsidiaries (of which two are added this year; Tetra Edge & Union Holding), joint ventures and special purpose where UP have operational control.



Materiality

A materiality assessment exercise was conducted through engaging internal stakeholder at UP corporate and subsidiary level to identify and prioritize ESG issues most relevant to our business and stakeholders, ensuring alignment with evolving market dynamics and sustainability expectations.

Restatements

No restatements of previously disclosed information have been made. Refer to the GRI Content Index for details.

Forward-Looking Statements

This report includes forward-looking statements based on current assumptions and expectations. Actual results may differ due to unforeseen circumstances. Union Properties assumes no obligation to update these statements unless required by law. We remain committed to transparency and will continue to update our stakeholders on our progress towards achieving our sustainability goals. If you have any questions or feedback about this report or Union Properties' sustainability efforts, please feel free to reach out to us at contactdesk@up.ae

Our Values

At the core of our Company there are three core values. These values collectively shape our identity, drive our decisions, and inspire us to continually strive for greatness.




Mission

Through innovation, craftsmanship, and a commitment to sustainability, we create environments and experiences that empower people to realise their potential and lead more fulfilling lives.



Vision

To be recognised as a leading and trusted force for positive progress - driven by integrity, innovation, and a commitment to enhancing lives.

Sustainability Highlights

CEO Insights on Smart and Sustainable Urban Development

Throughout 2025, Eng. Amer Khansaheb contributed opinion pieces on sustainable urban development, articulating how intelligent ecosystems and eco-conscious design enable inclusive, resilient, and future-ready communities. His commentary underscored the balance between economic growth and environmental responsibility, the application of smart technologies for energy-efficient design, and the use of data-driven planning aligned with national frameworks such as the Dubai 2040 Urban Master Plan. These contributions reinforced Union Properties' stakeholder engagement and knowledge-sharing on sustainability in the built environment, supporting awareness and capability development across the workforce.



Environmental

- Increased share of Renewable Energy in Total Energy Consumption
- Ambitions to Reduce GHG emission and management climate impacts
- Improve water efficiency and reduce consumption
- Direct maximum waste to recycling and reuse



Social

- Strategic and focused efforts of community engagement
- Provide training and capability development platforms to our employees
- Retain talent
- Promote health and safety among employees and contractors



Governance

- Implement and ensure full coverage of code of conduct and ethics policies
- Zero Complaints with respect to Data privacy, Advertising, Cyber-security
- Promote Anti-competitive policy and behaviours, Anti-competitive Monopoly and Anti-trust Practices.
- Protect data of employees and customer and certify Information Security Management System

Corporate Governance

Executive Summary



Corporate Governance

Executive Summary

Union Properties (UP) is a leader in sustainable real estate development in Dubai. Our 2025 ESG Report demonstrates our commitment to environmental stewardship, social responsibility, and robust governance, aligned with global standards and best practices.

We enhance residents' quality of life by delivering high-quality living conditions and a diverse range of services, prioritizing health, safety, accessibility, and community wellbeing.

Sustainability in Action

Union Properties (UP) is a leader in sustainable real estate development in Dubai, and its 2025 ESG Report demonstrates a clear commitment to environmental stewardship, social responsibility, and robust governance aligned with global standards and best practices.

UP continued to enhance residents' quality of life by delivering high-quality living conditions and a diverse range of services, prioritizing health, safety, accessibility, and community wellbeing. Sustainability in action was evidenced through ongoing infrastructure upgrades in Motor City and Uptown Mirdif that aims to expand green spaces, reduce power consumption, and improve pedestrian and cycling infrastructure, lowering the carbon footprint while elevating the resident experience.

Our 2025 projects advanced these objectives and reinforced UP's commitment to resilient, future-ready communities. In governance and reporting, UP strengthened its foundations by conducting stakeholder engagement and a materiality assessment to identify and prioritize the most relevant ESG topics; preparing the report in reference to the GRI Standards; introducing an ESG Policy and establishing an ESG management process with defined governance responsibilities and data/reporting controls; and progressing the development of the Company's sustainability strategy and implementation roadmap.

UP's 2025 actions were aligned with Dubai's 2030 vision frameworks and city agendas, including the Dubai Industrial Strategy 2030 and the Dubai Autonomous Transportation Strategy, which advanced diversification and smart mobility across the emirate while reinforcing the UN 2030 Agenda for Sustainable Development. Enhancements to green space, walkability, and cycling access are consistent with the Dubai 2040 Urban Master Plan objectives to double green and leisure areas, improve resource efficiency, and provide sustainable, flexible means of mobility, strengthening quality of life for residents and visitors.

Energy-efficiency measures and low-carbon operations further support Dubai's long-term clean-energy transition under the Dubai Clean Energy Strategy 2050—which targets 75% clean energy by 2050 and anchors projects such as the Mohammed bin Rashid Al Maktoum Solar Park—and align with the national UAE Net Zero 2050 Strategy that guides decarbonization across power, transport, buildings, and industry.

These alignments complement the emirate's broader economic transformation under the Dubai Economic Agenda D33, which seeks to double Dubai's economy over the next decade and consolidate its position among the top three global cities, ensuring ESG progress contributes to competitiveness and quality of life. City-level momentum on sustainability reflected in initiatives highlighted by the Dubai Department of Economy and Tourism reinforces UP's approach to accessible, inclusive communities and efficient urban infrastructure.

2026 Commitments



Whole-life carbon-led design

- Assess all new schemes against whole-life carbon (WLC) benchmarks, testing design options to reduce upfront and in-use emissions.
- Set project level carbon budgets and require early stage LCA at key design gates.



Low carbon structural solutions

- Increase use of optimized structural grids to reduce material volumes.
- Specify low carbon concrete mixes where feasible.
- Deploy hybrid/alternative structural systems (e.g., steel timber composites) where viable.
- Expand Design for Manufacture and Assembly (DFMA) to improve quality and reduce waste.



Pre-manufactured components

- Greater use of modular bathroom pods and service risers to enhance build quality and cut site waste.



Enhanced digital integration

- Progress toward wider adoption of 5D BIM (cost and carbon).
- Improve digital asset handover to facilities management for lifecycle optimization.
- Advance innovation in design workflows to shorten iterations and raise consistency.



AI assisted design (exploration)

- Pilot tools to optimize layouts, reduce material intensity, and improve early-stage energy modelling.



Governance and performance

- Embed requirements in project briefs and procurement; monitor delivery through defined KPIs (e.g., embodied carbon intensity, % premanufactured components, % designs delivered in 5D BIM, waste diversion rate).

Board of Directors & Oversight

The Board of Directors sets the standards and principles for internal control and provides objective, independent oversight. This approach establishes a control environment aligned with Board expectations and strengthens the effectiveness of the Audit Committee, Nomination and Remuneration Committee and the Executive Committee. The Internal Audit Department operates under a Board endorsed Charter and integrates ESG considerations into audit planning, testing, and reporting.

Board of Directors

- Approves the ESG Policy and oversees ESG risks, opportunities, and performance in line with SCA/DFM requirements.
- Reviews key ESG indicators, material disclosures, and significant ESG related issues.

Board Committees (Audit, Nomination & Remuneration ; Executive Committee)

- Oversee ESG related controls within their remit (risk management, compliance, and internal controls).
- Ensure material ESG matters are escalated to the Board.

Internal Audit Department

- Executes audits under the Board approved Charter with a consistent focus on ESG.
- Assesses the effectiveness of ESG related controls and reports findings to the relevant committees and the Board.



Mr. Mohamed Fardan Ali Al Fardan
Chairman



Mr. Abdul Wahab Al Halabi
Vice Chairman



Eng. Amer Abdulaziz Hussain Khansaheb
CEO & Board Member



Mr. Abdulrahman Sharaf
Board Member



Mr. Ahmed Salem Abdulla Salem Alhossani
Board Member

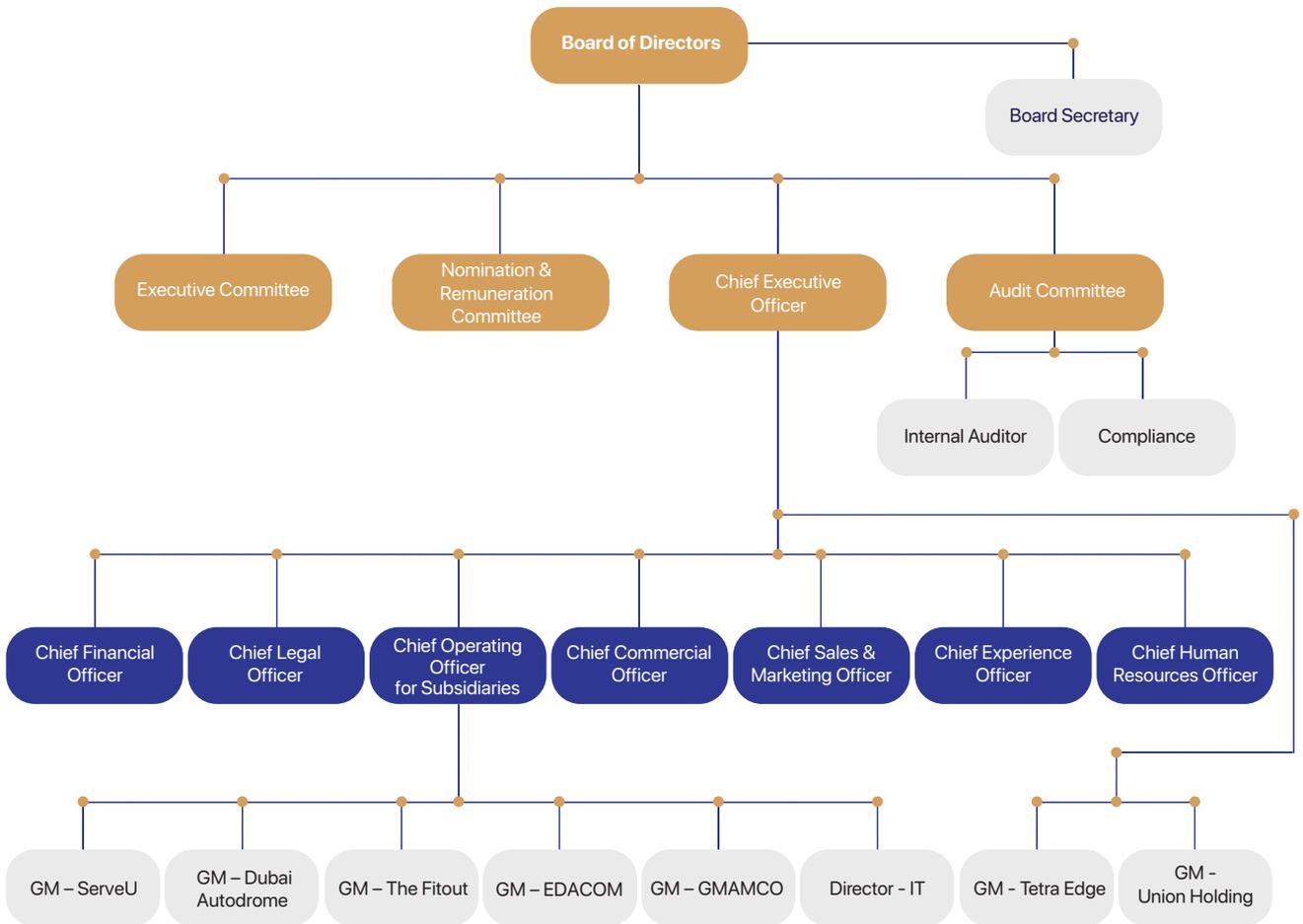


Mrs. Arwa Mohamed Al-Owais
Board Member



Mr. Saif Al Serkal
Board Member

Organizational Structure



Audit Committee

Mr. Abdulrahman Sharaf – Chairman
 Mr. Abdul Wahab Al Halabi – Member
 Mr. Saif Alserkal – Member

Executive Committee

Mr. Abdul Wahab Al Halabi – Chairman
 Mr. Ahmed Salem Al Hossani – Member
 Eng. Amer Khansaheb – Member

Nomination and Remuneration Committee

Mr. Saif Alserkal – Chairman
 Mr. Abdul Wahab Al Halabi – Member
 Mrs. Arwa Al Owais – Member

Company Overview

Union Properties at a Glance



Company Overview

Union Properties at a Glance

Union Properties PJSC, established in 1987 and headquartered in Dubai, UAE, is a leading real estate developer, manager, and investor. The Company is publicly traded on the Dubai Financial Market (DFM) under the ticker UPP. Union Properties maintain a strong presence across the UAE, with landmark communities including Motor City, Green Community, and Uptown Mirdif, supported by diversified subsidiaries; Dubai Autodrome, ServeU, The Fitout, EDACOM, GMAMCO, Tetra Edge & Union Holding.

For more than three decades, Union Properties (UP) has contributed to Dubai's urban development, shaping communities and the built environment. Our approach goes beyond construction to deliver sustainable, resilient, and people-centric places where quality of life is paramount. We integrate innovation and customer focused design across our portfolio, embedding green technologies and resource efficient practices as core elements of our business model not optional add-ons.

Looking ahead, UP remains committed to continuous improvement in sustainability performance, advancing low carbon and nature positive outcomes across projects, and creating enduring legacies that enrich communities while delivering positive environmental and social impact.

Our Projects

Union Properties (UP) develops and operates mixed-use, residential, commercial, leisure, and hospitality assets across Dubai anchored by large master communities and landmark towers.

Ongoing flagship developments (2024–2028)

Mirdad, Motor City (AED 2 bn) – Four towers over 2.2 Million sq ft of BUH, delivering **1,087** units and **26** curated amenities. Design integrates **smart building technologies, energy efficient façades, green spaces, and EV charging in 647 of 1,294 parking bays.** Groundbreaking: **Dec 11, 2025; completion Q4 2028.**



Takaya, Motor City (AED 2 bn) – Mixed-use development **overlooking Dubai Autodrome** on **2.1 Million sq ft** of BUH; **three residential towers** with **788 units** (studios to 4bed), plus podium villas, stand alone villas, and a **500 meter retail boulevard.** Enabling works include **995 foundation piles** and **99,000 m³** excavation. Groundbreaking: **Dec 20, 2024.**

Completed Landmark Communities and Assets

Uptown Mirdiff (Mixed-use Community) – Heritage inspired, walkable neighborhood around a central Grand Piazza, combining residential, retail, schools, parks, fitness clubs and landscaped pools.

Index Tower, DIFC – Iconic 328 m tower (residential, offices, retail), **CTBUH “Best Tall Building – Middle East & Africa” (2011)**. Passive design keeps internal temperature **below 28 °C without air conditioning in peak conditions**, significantly **reducing energy use and environmental impact**.

Dubai Autodrome (Leisure) – UAE’s first **FIA sanctioned** multipurpose motorsport facility; **5.39 km** circuit (six configurations), indoor/outdoor karting; **200,000+ annual visitors**. Onsite **solar PV (2.87 MW)** and **LED lighting** reduce emissions by **≈2,055 tCO₂/year**; irrigation uses **grey water** from Motor City.

OIA Residence, Motor City (Residential) – Low-rise community of **269** units with first-class facilities (green open spaces, pools, gym, squash), echoing Santorini’s architecture.

Green Community (DIP & Motor City) – Family-oriented villas, townhouses, and bungalows within a landscaped, secure setting—part of UP’s long-standing portfolio.

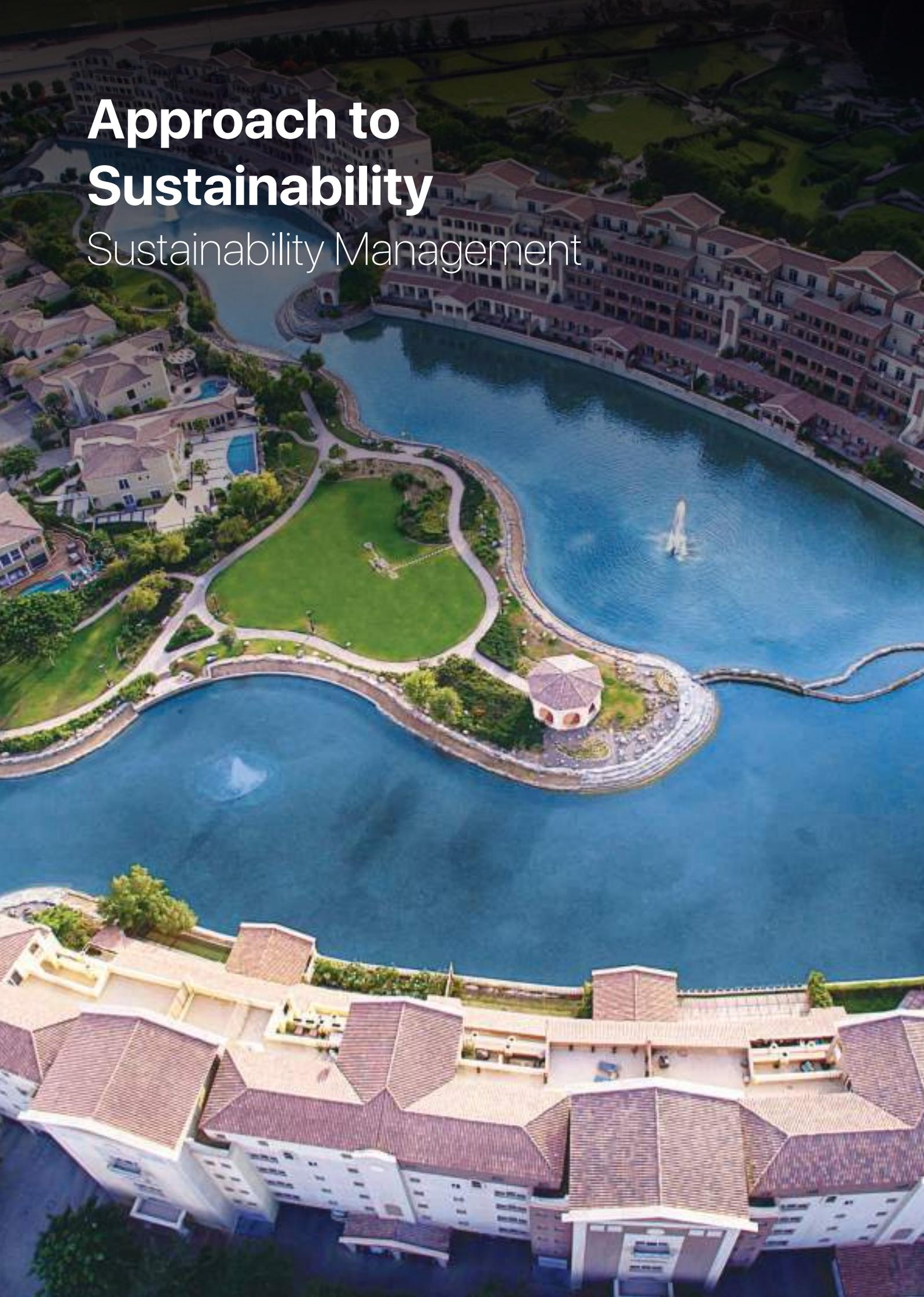


ServeU Expands Through Strategic AED 100 Million Acquisition

ServeU, a Subsidiary of Union Properties, strengthened its position as a leading facilities management provider with the strategic acquisition of House Keeping LLC and **House Keeping Domestic Workers LLC**, in a deal valued at AED 100 million. The acquisition expands ServeU’s workforce to over 18,000 employees and broadens its service portfolio across residential, commercial, government, and hospitality sectors. **Eng. Amer Khansaheb, CEO & Board Member of Union Properties**, highlighted that this step reinforces ServeU’s commitment to delivering integrated, people-centric solutions while supporting the Company’s long-term growth agenda.

Approach to Sustainability

Sustainability Management



Approach to Sustainability

Sustainability Management

Union Properties embed ESG principles across all aspects of its business to ensure responsible growth and long-term value creation. Our approach combines sustainable design, efficient operations, ethical procurement, and strong governance to deliver resilient communities and high-quality living environments.

Pillars

Sustainable Design & Operations: Sustainability is integrated into every stage of development from master planning to engineering design prioritizing energy and water efficiency, green building standards, mobility, and biodiversity. We strive to create climate-resilient communities that enhance quality of life. Operationally, our properties are managed under QHSE protocols, with continuous monitoring of resource consumption and improvement initiatives such as retrofits, solar installations, and waste reduction programs. Some initiatives at ServeU are highlighted below:

- AI and Drone Systems for high-rise cleaning, reducing safety risks and energy use.
- I-Mop technology, saving 48 liters of water per day per unit (17,280 liters annually), significantly lowering water and chemical consumption.
- Ameyo Soft Call System, eliminating hardware footprint and reducing electronic waste.

Responsible Procurement & People Strategy

Our procurement processes apply stringent ESG criteria to ensure ethical conduct, labour rights, and environmental compliance. High-risk suppliers undergo enhanced oversight through audits, site visits, and performance reviews. People remain at the heart of our sustainability agenda: we promote fairness, diversity, inclusion, and Emiratization, aligned with UAE Gender Balance Council initiatives and global best practices. Targeted ESG training and community engagement programs further strengthen our social impact.

Governance & Accountability

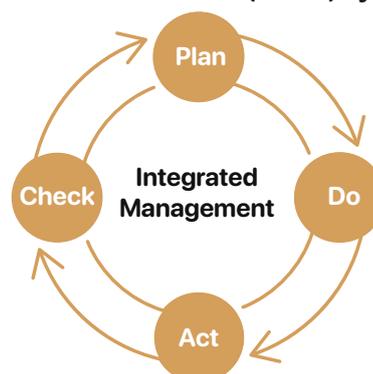
Governance underpins our ESG framework through integrated risk management, strict compliance, and robust grievance mechanisms. Policies on ethics, anti-bribery, and whistleblowing are consistently applied, ensuring transparency and accountability across the organization.

Management Process

ESG management follows an annual Plan-Do-Check-Act (PDCA) cycle embedded in our Integrated Management System. Each year, we assess ESG context, stakeholder expectations, legal requirements, and risks, then set objectives and KPIs approved by executive management. These targets are cascaded into business plans and implemented through initiatives covering energy, water, waste, health and safety, governance, and community engagement.

Performance data is collected, validated, and consolidated into dashboards and reports, forming the basis for ESG disclosures in governance and annual reports. Management reviews outcomes, identifies corrective and preventive actions, and updates objectives, controls, and policies to drive continuous improvement.

Plan-Do-Check-Act (PDCA) cycle



ESG Principles

Our ESG approach is anchored in five core principles:



Key Focus

Aligned with the Dubai 2040 Urban Master Plan and national sustainability agendas, we prioritize environmental stewardship across all developments and operations:



Sustainable Communities: Integrating sustainability into design and delivering projects that meet green building and well-being standards.



Water Stewardship: Promoting efficiency, responsible irrigation, and reuse practices.



Biodiversity & Green Spaces: Supporting urban forestation, native planting, and preserving ecosystems.



Energy & Emissions: Reducing energy use and GHG emissions, deploying renewable energy where feasible.



Waste & Circularity: Implementing segregation, recycling, and sustainable material selection.

These commitments are operationalized through our QHSE Management System, compliance registers, and subsidiary-level procedures.

Engaging Stakeholders, Empowering Progress

At Union Properties, we recognize that strong stakeholder relationships are essential to sustainable success. We are committed to maintaining open, transparent, and continuous engagement with all our stakeholders. To achieve this, we have established a structured engagement framework that enables stakeholders to share their perspectives on issues that matter most to them.

These insights play a critical role in shaping our strategies and decisions, helping us balance environmental and economic priorities, foster mutual understanding, and drive collaborative innovation. By listening and responding effectively, we aim to create shared value and strengthen trust across our stakeholder ecosystem.



Our Approach to Stakeholder Engagement & Materiality Assessment:



Stakeholder Engagement Process

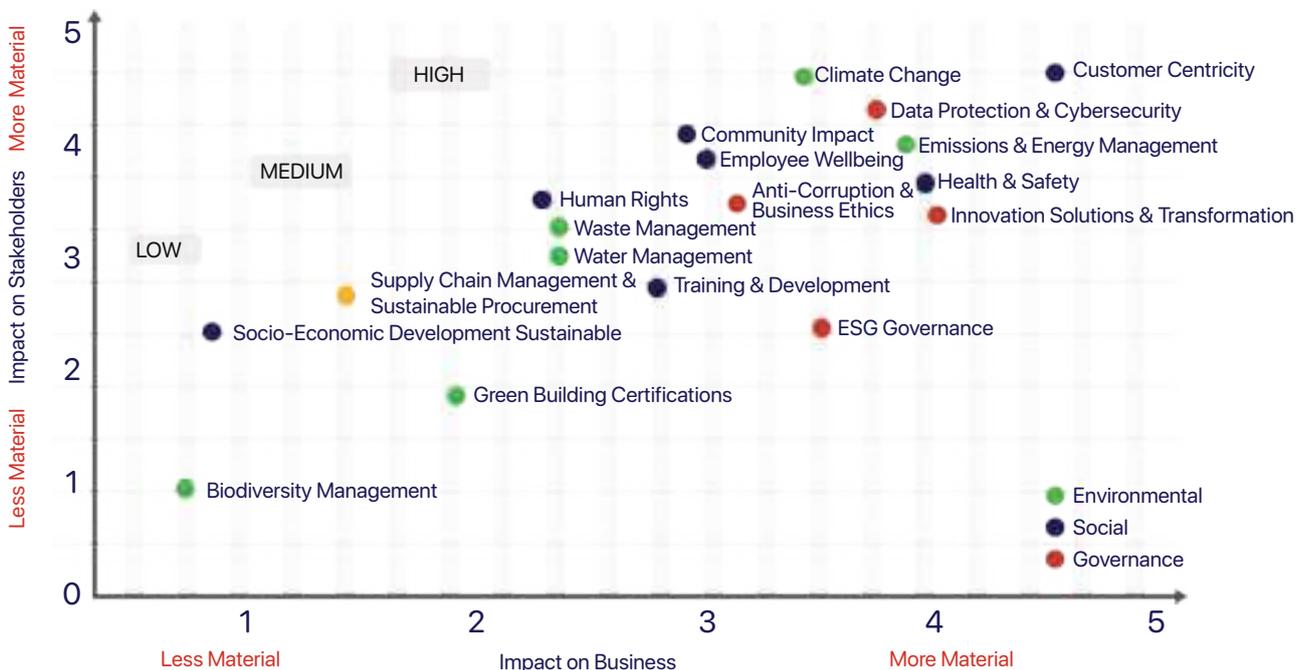
| Why are they important to us? | How do we engage with them | Their most material topics | Value Creation | Management |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Management | | | | |
| Provide strategic direction, allocate resources, and set governance for ESG. Management also interprets external stakeholder requirements (customers, investors, regulators, communities) and finalizes material topics accordingly. | Executive and Board materiality workshops, quarterly ESG reviews, cross functional steering meetings, HSE and risk dashboards, performance scorecards, and synthesis of external inputs (e.g., customer care data, investor feedback, regulatory updates) brought into internal discussions. | Material topics are identified, discussed, and prioritized through internal stakeholder engagement covering customer experience, health & safety, climate/energy, water & waste, data privacy, responsible supply chain, community investment, governance & compliance. | Clear ESG priorities and targets; improved risk management and compliance; stronger customer and community outcomes; operational efficiency; long-term value creation across assets and subsidiaries. | Board of Directors, Audit Committee, Executive Committee, ESG Working Group/ Office, Business Unit leadership (ServeU, The FITOUT, EDACOM, GMAMCO, Dubai Autodrome, Tetra Edge & Union Holding). |

Materiality Assessment

Material topics are fundamental to an organization’s ability to create and sustain value over the short, medium, and long term. At Union Properties, insights from our materiality assessment form the foundation of a focused sustainability roadmap, defining clear goals and targets across environmental, social, and governance (ESG) dimensions.

The materiality process categorizes topics into high, medium, and low priorities based on their significance to stakeholders and impact on business performance. A structured materiality matrix is developed by assigning weights and scores to both business relevance and stakeholder feedback.

In 2025, we conducted our first comprehensive assessment that considered global ESG risk trends, sector benchmarks, and stakeholder inputs. This exercise identified 09 high-priority material issues, which continue to guide our ESG strategy. These topics are reviewed regularly in light of evolving stakeholder expectations, regulatory developments, and strategic objectives. As no significant changes were observed in stakeholder concerns or operating context during the reporting period, the existing set of material topics remains relevant and applicable.



UNSDGs Alignment

At UP, we are committed to aligning our operations, workforce, and community initiatives with the United Nations Sustainable Development Goals (SDGs) to foster a more equitable and sustainable world by 2030.

We undertook a comprehensive internal assessment this year to identify the SDGs most relevant to our business. This prioritization considered our regional footprint, current and potential impact areas, and the scope for meaningful contributions. The outcome of this exercise has helped us focus our efforts where they matter most, ensuring our actions drive measurable and lasting change.

Below are the SDGs identified as key priorities for UP.



| Material Topics | GRI Topics | SDG Alignment |
|------------------------|------------------------------|---------------|
| Health & Safety | Occupational Health & Safety | |
| Employee Wellbeing | Employment | |
| Training & Development | Training & Education | |
| Human Rights | Non-Discrimination | |
| | Child Labor | |
| | Forced & Compulsory Labor | |
| | Rights of Indigenous peoples | |

| Material Topics | GRI Topics | SDG Alignment |
|---------------------------------------------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customer Centricity | Customer Health & Safety |    |
| | Marketing & Labelling | |
| Supply Chain Management & Sustainable Procurement | Supplier Environmental Assessment |   |
| | Supplier Social Assessment | |
| Climate Change | Energy & Emissions |     |
| Waste Management | Waste |    |
| Water Management | Water & Effluents |   |
| Energy & Emissions Management | Energy & Emissions |     |
| Anti-Corruption & Business Ethics | Anti-Corruption |  |
| | Anti-competitive Behavior | |

| Material Topics | GRI Topics | SDG Alignment |
|---------------------------------------|---------------------------------------------------|---------------|
| Community Impact | Local Communities | |
| Data Protection & Cybersecurity | Customer Privacy | |
| Socio-Economic Development | Indirect Economic Impacts | |
| ESG Governance | ESG Governance All General Disclosures Indicators | |
| Green Building Certifications | Energy & Emissions | |
| Biodiversity Management | Biodiversity | |
| Innovative Solutions & Transformation | Energy & Emissions | |
| | Indirect Economic Impacts | |

Environmental Stewardship

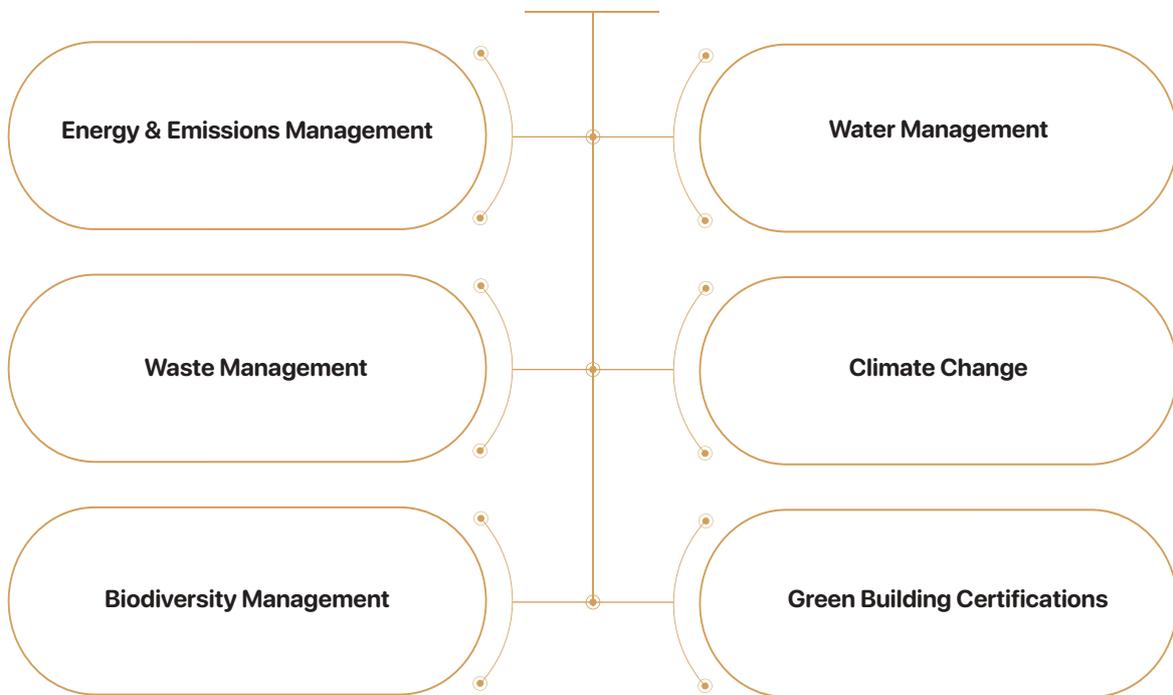


Environmental Stewardship

Our environmental strategy is centered on sustainable resource management and minimizing our ecological footprint. Key priorities include climate action, energy efficiency, fostering circularity, water stewardship, and leveraging innovation and automation to develop sustainable communities and to drive long-term sustainability.

Environmental stewardship is a cornerstone of our operations. In alignment with the Dubai 2040 Urban Master Plan, we are committed to creating developments that harmonize with nature, optimize resource use, and reduce environmental impact. This commitment spans multiple dimensions—renewable energy adoption, sustainable material sourcing, and urban forestation initiatives—each reinforcing our resolve to build eco-friendly and resilient communities.

Linked Material Topics



Energy & Emissions Management

We are integrating solar power across developments to reduce reliance on conventional energy and advance our clean energy commitment. Additionally, our construction practices focus on energy efficiency through natural lighting, superior insulation, and smart systems delivering properties that are both sustainable and cost-effective.

ServeU

At ServeU, we have implemented a robust environmental management program aligned with ISO 14001:2015 and ISO 50001:2018, ensuring systematic monitoring and continuous improvement. Our approach addresses Scope 1, 2, and 3 emissions, resource efficiency, and compliance with environmental regulations. In 2025, we strengthened our commitment to climate action by integrating emission assessments into operational planning and promoting awareness among employees and stakeholders.

Guided by ISO standards, we established clear baselines and reduction targets across corporate offices and staff accommodations. Through initiatives such as optimized HVAC systems, lighting controls, and renewable energy adoption, we achieved measurable progress:

| Initial Emissions: 414,902 kg CO₂ | | CO₂ Saved: 174,258.84 kg | |
|---------------------------------------------------------------------------------------------|--|---------------------------------------------------------|--|
| Implemented Operational Energy Efficiency Measures | | Projected Savings in kWh/Year | |
| Schedule for kitchen extract fans Schedule for corridor, kitchen and dining hall | | 34,952 | |
| Lighting | | 46,690 | |
| Setpoint temperature reset for fan coil units | | 76,846 | |
| Free cooling through fresh air handling units | | 164,776 | |
| Energy tracking through Power BI dashboard | | 91,638 | |
| Total projected savings in kWh | | 414,902 | |
| Target Energy Savings: 414,902 kWh (10%) | | Achieved Savings (Oct 2025): 325,850 kWh (7.85%) | |

These efforts not only reduced operational costs but also reinforced our commitment to a low-carbon future.

Total Energy Consumption

| Energy Consumption (in GJ) | |
|------------------------------------|------------------|
| Category | FY 2025 |
| Energy Consumption (Renewable) | 1.30 |
| Energy Consumption (Non-Renewable) | 40,630.14 |
| Total Energy Consumption | 40,631.44 |

Data presented in the table represents only The Fitout, GMAMCO, ServeU, EDACOM, & Dubai Autodrome. UP is in the process to expand data collection across subsidiaries and intends to report them in future years.

| Emissions (in tCO ₂ e) | |
|-----------------------------------|-----------------|
| Category | FY 2025 |
| Total Scope 1 Emissions | 244.5 |
| Total Scope 2 Emissions | 4,571.8 |
| Total Emissions | 4,816.30 |

Data presented in the table represents only The Fitout, ServeU, EDACOM, GMAMCO & Dubai Autodrome. UP is in the process to expand data collection across subsidiaries and intends to report them in future years.

Dubai Autodrome & GMAMCO

Renewable energy & solar initiatives form important part of our sustainability strategy. Since April 2023, more than 5,000 solar panels have been fully operational across Dubai Autodrome and Dubai Kart drome, generating 9,573,144 kWh of clean energy and avoiding 5,266 metric tonnes of CO₂ emissions till date.

At GMAMCO, we introduced off-grid solar lighting systems, installing 12 solar lights that operate with zero electricity consumption, delivering 100% savings compared to traditional AC-powered lights. Each solar light saves 250–500 kWh annually, reducing energy costs and supporting sustainable development.

Air Emissions

| Air Emissions (in mg/NM ³) | |
|----------------------------------------|-----------|
| Category | FY 2025 |
| NO _x | 120 |
| SO _x | 15 |
| Others (if available) | NA |

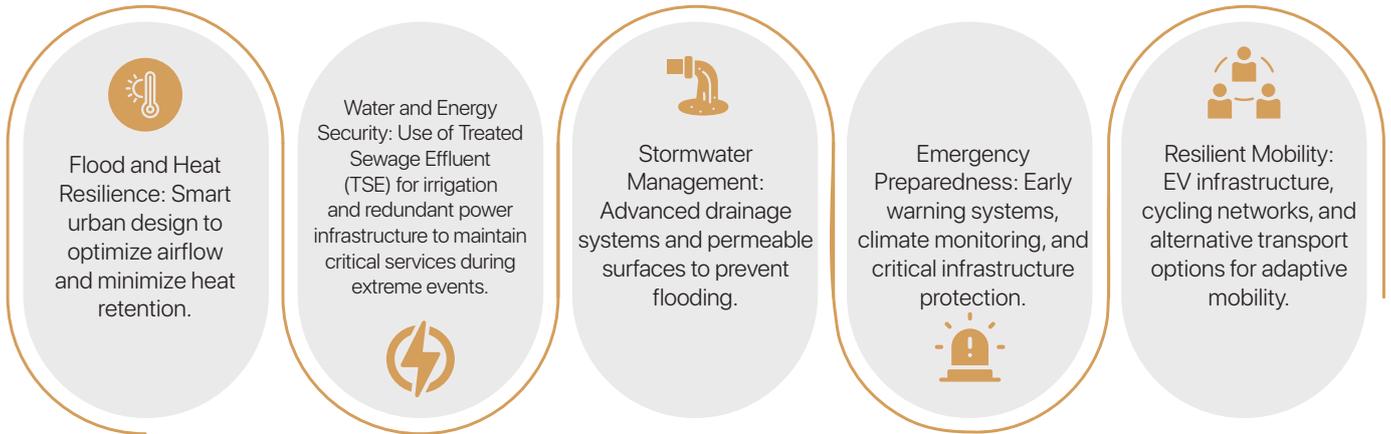
Data presented in the table represents only The Fitout. UP is in the process to expand data collection across subsidiaries and intends to report them in future years.

Climate Resilience

Resilience planning is vital for creating future-ready urban developments, helping cities reduce emissions, adapt to shifting climate risks, and protect communities from disruptions. While sustainable framework addresses mitigation, adaptation and resilience strategies are essential for tackling challenges such as rising sea levels, extreme heat, and infrastructure vulnerabilities. Building urban systems that are robust, flexible, and equipped with redundancies is no longer optional, it is a fundamental requirement for sustainable growth.

Recognizing the growing climate and urbanization challenges, UP implemented resilience planning across some projects in 2025. These developments integrate climate adaptation, disaster risk reduction, and urban sustainability, ensuring communities remain livable and resilient for decades to come.

UP established a multi-tiered resilience strategy combining adaptation, mitigation, and redundancy. Key measures include:

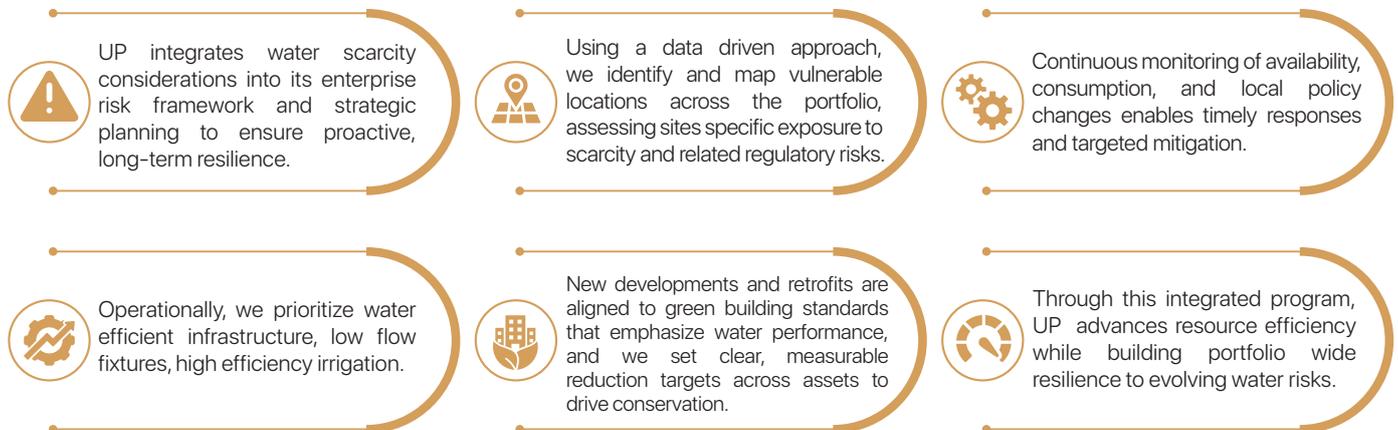


Resilience planning is not just risk mitigation, it ensures long-term economic, social, and environmental stability. By embedding resilience into urban design, UP enhances public safety, minimizes disruptions, and creates sustainable communities capable of withstanding climate uncertainties.

Water Stewardship

Water conservation and management is also a key component of UP's sustainability strategy. Given the region's significant water scarcity, UP acknowledges these challenges and actively embeds responsible conservation and smart water management practices into its design and development approach. In alignment with the UAE Water Security Program, we implement initiatives to minimize water consumption across operations and integrate water-saving measures throughout both design and construction phases.

Some measures to bring efficiency in water consumption



Water Consumption data

| Water Consumption (in KiloLitres) | |
|--------------------------------------------|----------------|
| Category | FY 2025 |
| Total Water Withdrawal | 202,173 |
| Total Water Discharge into the Environment | 0 |
| Total Water Consumption | 202,173 |

Data presented in the table represents only UP Head Office, The Fitout, ServeU, EDACOM Communities, GMAMCO & Dubai Autodrome. UP is in the process to expand data collection across subsidiaries and intends to report them in future years. Also UP is in process of calculating water discharge, till that all water withdrawal is considered as water consumption.

Circular Economy

We are advancing circular economy principles across the entire building lifecycle through a multifaceted approach that prioritizes waste reduction, recycling, and reuse. Working closely with tenants and government entities, we are systematically diverting growing volumes of waste away from landfill and into higher value pathways including material recovery, refurbishment, and secondary use.

In the built environment, our updated policies and technical specifications for new developments and refurbishments aim to minimize raw material use, extend asset durability and longevity, and enable future disassembly and reuse. This design for circularity lens is embedded from concept through operations, reducing lifecycle impacts and improving resource efficiency.

To strengthen performance management, we are developing an internal waste management dashboard (launch planned for 2026). The platform will consolidate data across assets to track waste streams, identify reduction opportunities, benchmark recycling and diversion rates, and share best practices across the business supporting continuous improvement and transparent ESG reporting.

Total waste generated

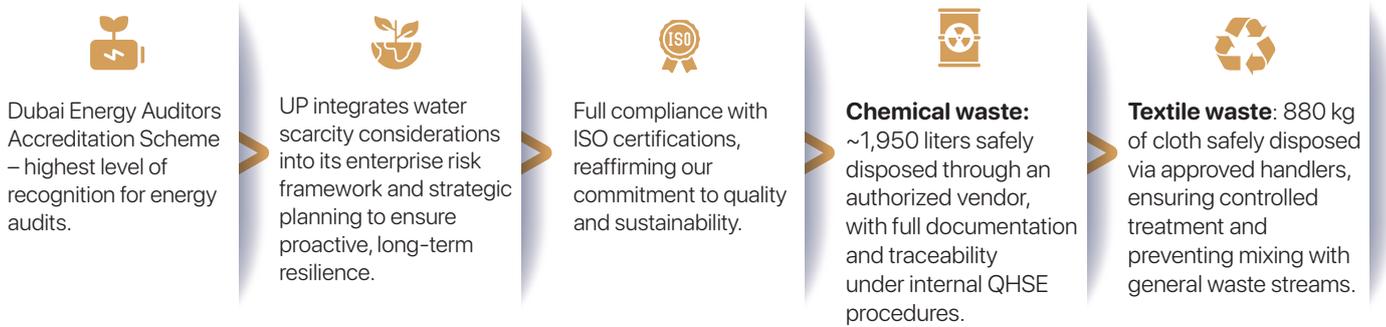
| Waste Generated (in MT) | | Waste Directed to Disposal (in MT) | |
|----------------------------------|---------|------------------------------------|---------|
| Waste Category | FY 2025 | Waste Disposal Method | FY 2025 |
| Total Waste | 5,765 | Incineration | - |
| Total waste diverted to disposal | | Landfill | 5,760 |
| | | Other Disposal Operations | 5 |

Data presented in the table represents only The Fitout. UP is in the process to expand data collection across subsidiaries and intends to report them in future years.

Paper Reduction & Digitalization (ServeU)

Digitization remains a key driver of environmental performance. We introduced QR-based documentation systems for QHSE project records, reducing paper usage and streamlining workflows. This initiative improves data accessibility, minimizes document loss, and reinforces our commitment to digital transformation and environmental conservation.

Our efforts were recognized with:



Waste Management & Circularity (The Fitout)

The Fitout demonstrates its commitment to environmental stewardship through a robust waste management system that prioritizes prevention, reduction, reuse, and recycling across operations. Comprehensive waste tracking and documentation underpin the program, ensuring control of waste streams at every stage and enabling continuous improvement in diversion performance. Updated policies and specifications for new developments and refurbishments further embed design for circularity (minimizing raw material use, promoting durability, and enabling future disassembly and reuse).

Paper Recycling Performance (ServeU)

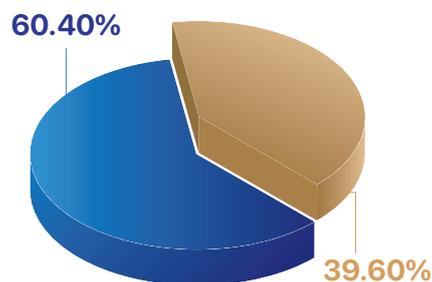
ServeU received a certificate of recognition for its paper recycling initiative, underscoring tangible environmental impact and behavior change:

- Total paper collected: 6,152 kg
- Recycled: 100%
- Purpose: Reduce landfill burden, conserve natural resources, and promote sustainable practices among employees and stakeholders.

Chemical Management

Cleaning chemicals are essential for maintaining hygiene and safety across facilities. In 2025, we transitioned to green and sustainable chemical products, reducing harmful emissions, improving indoor air quality, and lowering water contamination risks. These products require less volume and are safer for staff and occupants, enhancing operational efficiency while supporting long-term sustainability goals.

Traditional Chemicals



Sustainable / Green Chemical

Nature & Biodiversity

UP recognizes its responsibility to safeguard the region's biodiversity, including sensitive marine habitats and endangered species. We integrate ecosystem considerations into project planning and operations to prevent, minimize, and remediate impacts.

Our landscaping standards prioritize native species, water efficient irrigation, and soil health, ensuring communities that are both aesthetically appealing and ecologically resilient. We monitor plant diversity, biomass/canopy cover, carbon sequestration, and other ecosystem health indicators to drive continuous improvement.

ServeU Planted 77 Palm trees, 625 Ornamental trees, 158 Olive trees and 20,439 Shrubs in various UAE locations as part of our CSR activities.

Eid Al Etihad Ghaf Tree Plantation Initiative

In 2025, Union Properties supported the National Day Ghaf Plantation initiative as a **Gold Sponsor**, organized by the SAAED Association for the Prevention of Traffic Crashers, in alignment with the **54th Eid Al Etihad celebrations**. Many of UP's team members actively participated in planting Ghaf trees, reinforcing our commitment to environmental stewardship, community engagement, and sustainable growth. The campaign promoted sustainable agriculture and contributed to carbon-emissions reduction, reflecting Union Properties' dedication to nurturing sustainability and creating a positive, lasting impact for future generations.



Dubai Autodrome

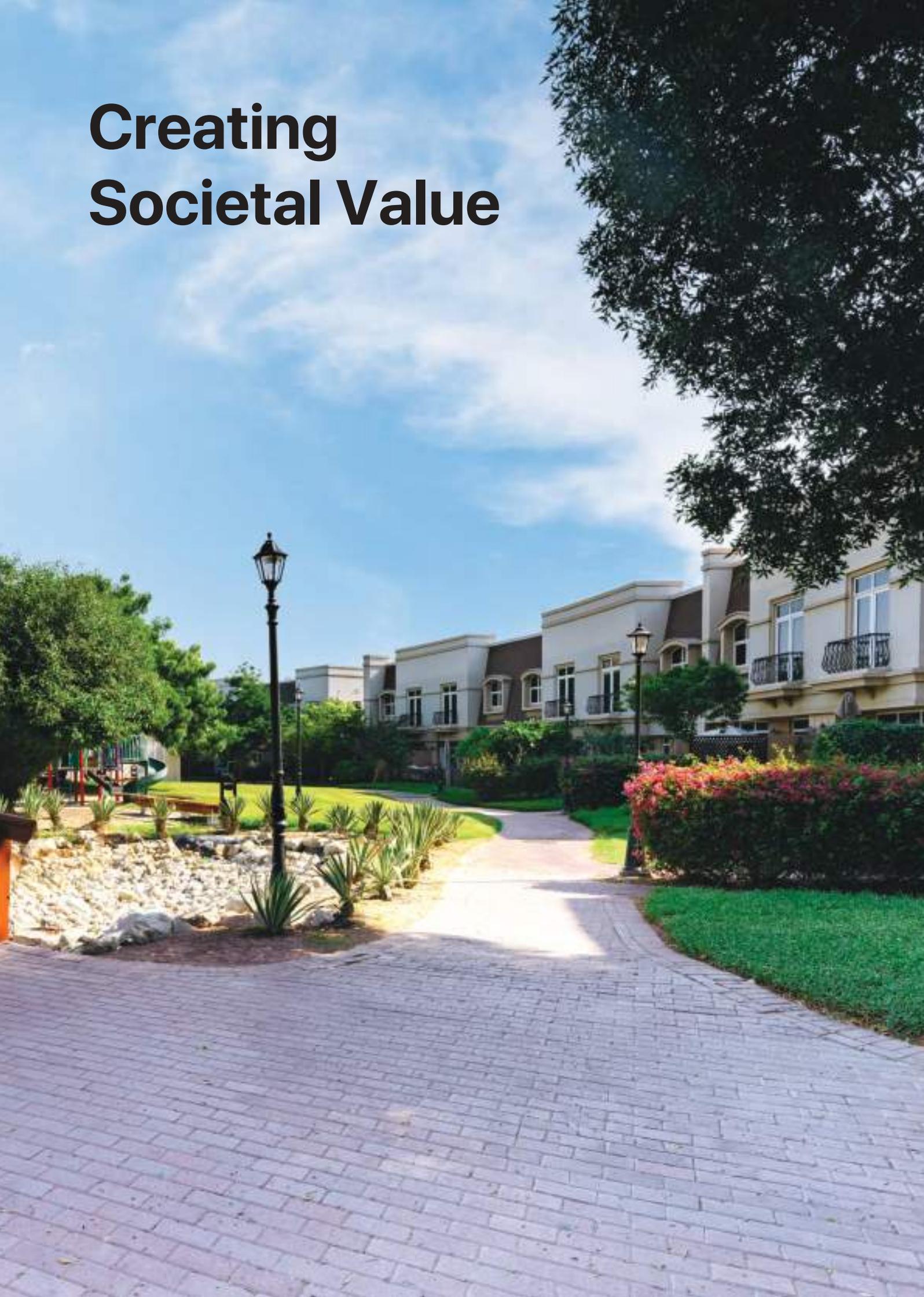
15,749 Sq meters of grass and groundcover added in 2025
50 trees including 20 gaff trees planted in venue in 2025



Solidek: Sustainable Outdoor Materials

Solidek is a UK based provider of premium capped composite decking, composite decking, pergolas, carports, and outdoor accessories. Its products are designed to be sustainable and ecofriendly and are recognized for durability and low maintenance. Solidek's materials are specifically engineered to withstand harsh climates, supporting longterm performance and reduced lifecycle impacts.

Creating Societal Value

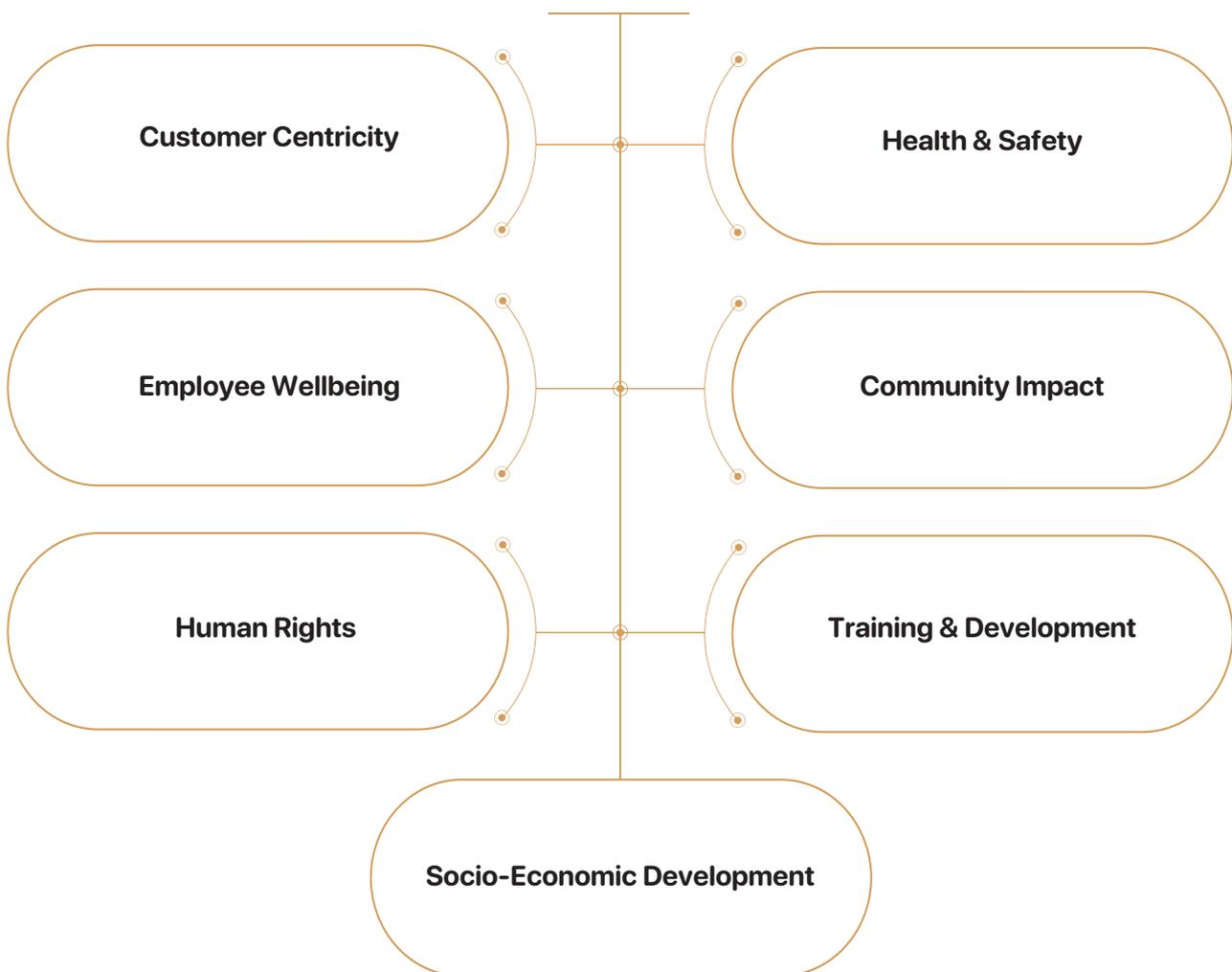


Creating Societal Value

Union Properties integrate social responsibility into every stage of development. Our projects are designed as community centric spaces that foster social interaction, cultural expression, and active engagement. We prioritize safety, inclusivity, and accessibility across assets and public realms, aligning design and operations to enhance daily life for residents, visitors, and businesses.

We support the wellbeing of employees and communities through initiatives in education and skills development, local supplier engagement, and community programs. Our people centric approach ensures each project delivers tangible social value, strengthening neighborhood cohesion and improving outcomes for those who interact with our properties.

Linked Material Topics



Investing in Our People

Our people embody the values that define Union Properties. Grounded in trust, experience, and pride in heritage, our diverse team operates with innovation, future focus, and unity. Transparency guides our communication, and our shared, limitless ambition drives performance and continuous improvement. Together, these qualities underpin collective success and our commitment to a sustainable future.

Employee Wellbeing

Union Properties prioritizes the wellbeing and growth of its employees. In 2025, we delivered a structured calendar of wellness workshops, leadership training, and teambuilding activities. These programs equipped employees with stress management tools, supported professional advancement, and strengthened team cohesion contributing to higher satisfaction, improved productivity, and a more cohesive work environment.

Diversity Culture

We are proud of the rich diversity of perspectives our people bring. Different ages, genders, nationalities, backgrounds and skills come together to serve our diverse customer base and bring innovative ideas that enable UP to thrive and compete as a business. The culture is characterized by openness, inclusivity, and collaboration where equal opportunities are given, and proactive measures are taken to attract and develop underrepresented groups.

We remain committed to empowering women, particularly in senior management roles. The number of women in management has increased over the last couple of years, reflecting our ongoing efforts to advance gender diversity, expand career pathways, and embed inclusive practices across the organization.

| Details | As per 2020 Report | As per 2021 Report | As per 2022 Report | As per 2023 Report | As per 2024 Report | 2025 Data |
|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------|
| Total Number of Employees | +6.9K | +7K | 7,209 | 8,485 | 8,506 | 19,843 |
| Number of Nationalities | +25 | +25 | 40 | 45 | 49 | 99 |
| Female Employment Ratio | 28.79% | 46.66% | 18% | 15.52% | 12.94% | 49% * |
| % of UAE Nationals | +5% | +3% | 2% | 2% | 2% | 11.66% |
| Employee Turnover | 28.16% | 30% | 36% | 24.87% | 25% | 15% |

*There has been a significant increase in the number of female employees due to the addition of a new entity under ServeU, primarily engaged in housekeeping and childcare services. Emiratisation is based on Emiratis in comparison to skilled positions.

Employee Data

| HR Disclosures | Union Properties PJSC | ServeU * | Dubai Autodrome | The Fitout | GMAMCO | EDACOM | Union Holding | AL Etihad Real Estate | Tetra Edge | Total |
|---------------------------|-----------------------|----------|-----------------|------------|--------|--------|---------------|-----------------------|------------|--------|
| Total Full-Time employees | 85 | 17,886 | 108 | 461 | 114 | 35 | 32 | 112 | 1,010 | 19,843 |
| Employees - Male | 52 | 8,348 | 88 | 449 | 114 | 22 | 30 | 74 | 1,001 | 10,178 |
| Employees - Female | 33 | 9,538 | 20 | 12 | - | 13 | 2 | 38 | 9 | 9,665 |
| UAE Nationals | 4 | 19 | 2 | 1 | - | 3 | 1 | 1 | 2 | 33 |
| Other Middle East | 2 | 50 | 2 | 0 | - | 0 | 0 | 1 | 1 | 56 |
| Africa | 7 | 2,933 | 12 | 3 | 10 | 4 | 3 | 23 | 5 | 3,000 |
| Asia | 53 | 14,745 | 86 | 448 | 103 | 25 | 28 | 51 | 986 | 16,525 |
| Others | 20 | 139 | 6 | 9 | 1 | 3 | 0 | 35 | 16 | 229 |

*There has been a significant increase in the number of female employees due to the addition of a new entity under ServeU, primarily engaged in housekeeping and childcare services. Emiratisation is based on Emiratis in comparison to skilled positions.



The FITOUT places staff well-being at the core of a productive and positive workplace. As part of our commitment to supporting mental, physical, and emotional health, we integrate office improvements and dedicated relaxation areas into project and facility designs. These spaces combined with ergonomic standards and quiet, collaborative zones are central to fostering a culture of well-being, creativity, and teamwork, and to sustaining a high-quality, safe working environment.

Employee engagement & team building activities conducted at **GMAMCO**



Union Properties & Its Subsidiaries Celebrate UAE Flag Day

In 2025, **Union Properties** united its teams across subsidiaries to celebrate UAE Flag Day, honoring national unity, resilience, and shared purpose. Flag-raising ceremonies fostered pride and solidarity, reaffirming the Company's commitment to serving with pride, working with purpose, and supporting the UAE's growth and harmony.



Union Properties successfully launched the **Autodrome Festival** at the Dubai Autodrome in Motor City, featuring a series of concerts in collaboration with international artists. The festival positioned the venue as a leading destination for world-class entertainment, while fostering community engagement, and reinforcing the Company's commitment to creating vibrant, people-centric destinations aligned with its ESG objectives.

During the festive season, Union Properties organised a community-focused celebration at Motor City to mark the Christmas and New Year period. The event welcomed residents, visitors and stakeholders, creating an opportunity to bring the community together in a festive setting. By encouraging social interaction, inclusivity and a sense of belonging, the initiative supported community wellbeing and reinforced Union Properties' commitment to building vibrant and connected communities.



Upholding our Commitment to Human Rights

Our approach is grounded in dignity, inclusion, and empowerment. We launched accessible grievance and whistleblowing channels with anti-retaliation safeguards, provide equal opportunity practices and reasonable workplace accommodations, and deliver human rights and code of conduct training across our workforce. We also cascade standards through our supplier/contractor requirements.

By embedding these commitments in our policies and operations, UP remains dedicated to being a responsible employer and business partner, ensuring safe, respectful, and inclusive workplaces across our portfolio.

Training & Development

At UP, we are committed to continuously enhancing learning and development across the business, ensuring we nurture top talent and strengthen our position as an employer of choice within the industry.

Throughout 2025, we delivered a broad range of face-to-face training initiatives across our operations — from sales and leadership programmes at Head Office to specialised technical and safety training supporting our operational teams on the ground.

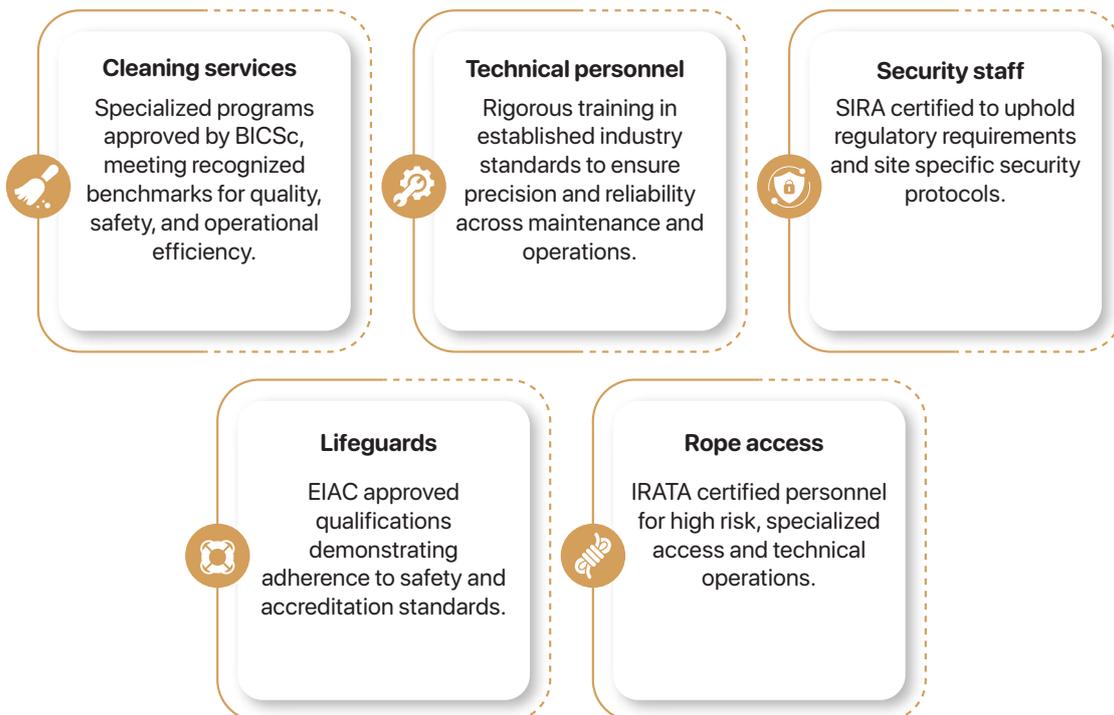


Looking ahead to 2026, we will continue to elevate our approach by placing learning, development, and people culture at the forefront of our strategy. A structured calendar of learning initiatives — including skill-based development, leadership growth, and personal effectiveness programmes — will be delivered through both in-person sessions and digital learning modules.

Aligned with the launch of our new HR platform, employees will have on-demand access to curated learning content, enabling continuous development anytime, anywhere.

Union Properties implements a structured, comprehensive training program aligned with ISO 30401:2018 to ensure employees possess the knowledge, skills, and best practices required to meet the highest industry standards. The Abtikar Training Center serves as the hub for all learning initiatives, offering advanced facilities and tailored programs that foster professional growth and technical proficiency.

Role specific certification and compliance:



Continuous Learning and QHSE Integration

We emphasize ongoing development through regular technical and QHSE training, competency assessments, refresher courses, and scenario based drills to strengthen knowledge, skills, and safety awareness across the workforce.

Training plans are embedded in our management systems with training matrices, competency records, and audit trails. Performance is tracked via defined KPIs (e.g., training hours per FTE, certification completion rate, assessment pass rate, and H&S incident trends) to drive organizational excellence, operational efficiency, and a culture of safety and continuous improvement.

Compliance Training for UP Sales Team

In 2025, **Union Properties** conducted **Compliance Training** for its Sales team, emphasizing adherence to internal policies, ethical business practices, and clarity on organizational processes. This initiative reinforced a culture of integrity, accountability, and professionalism, ensuring all team members remain aligned with UP's standards and values.



Sales Training for Enhanced Client Engagement

To further strengthen its client-focused approach, UP delivered **Sales Training** in 2025, enhancing the team's ability to engage clients, communicate value, and guide customers through the property journey confidently. The program contributed to consistent, high-quality customer experiences and supported professional development across the organization.

Health & Safety

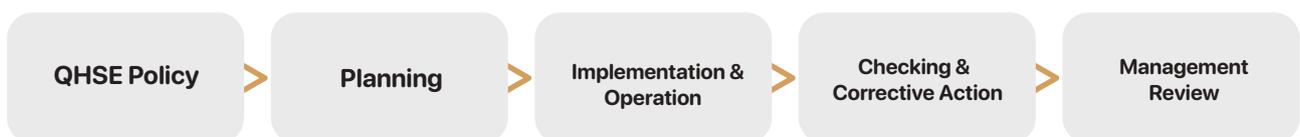
Union Properties place high value on its people, the public, and the environment. Our Integrated Management Systems (IMS) provides a strategic framework that aligns with national and international directives such as ISO 45001:2018 and with UP's values, goals, and objectives. Initiatives and programs are designed to meet policy requirements and are executed through well governed processes, with performance monitored against defined KPIs.

Health & Safety Oversight

Our H&S performance and systems undergo an annual external audit, supporting continuous improvement and compliance with industry standards.

HSE Management System Integration

UP's HSE Management System is aligned with national and international standards and integrates seamlessly within the broader IMS, ensuring consistent, measurable performance across all operations and functions.



Effective planning is essential to the success of our Health, Safety, and Environment (HSE) Management System. We ensure a systematic approach to planning that enables us to achieve our HSE goals, meet compliance requirements and mitigate risks, this disciplined planning ensures consistent, measurable HSE performance, and strengthens compliance.

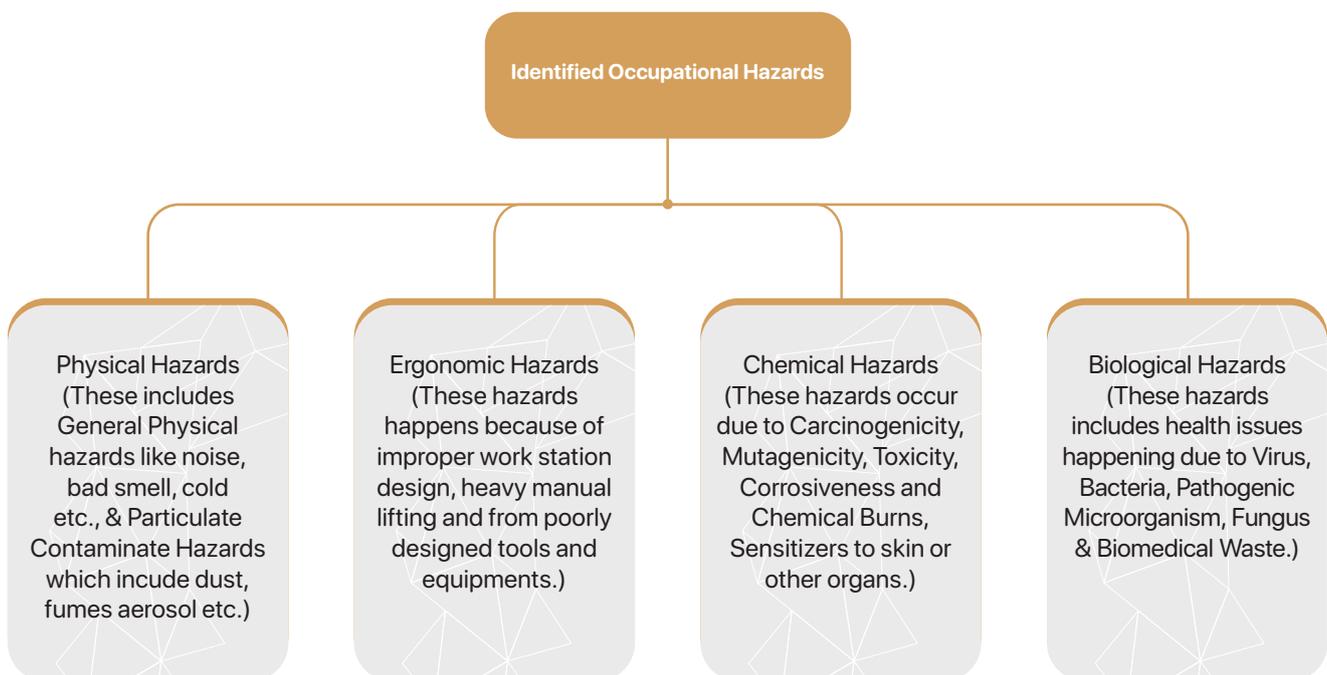
Key successful drivers:

We emphasize ongoing development through regular technical and QHSE training, competency assessments, refresher courses, and scenario-based drills to strengthen knowledge, skills, and safety awareness across the workforce. Training plans are embedded in our management systems with training matrices, competency records, and audit trails. Performance is tracked via defined KPIs (e.g., training hours per FTE, certification completion rate, assessment pass rate, and H&S incident trends) to drive organizational excellence, operational efficiency, and a culture of safety and continuous improvement.



Hazard Identification & Risk Assessment

We perform routine worksite inspections and risk identification studies, such as safety audits, job safety analysis, and Hazard Identification and Risk Assessment (HIRA), to detect potential hazards related to work activities. Additionally, we conduct daily safety samplings to identify any unsafe conditions or actions at the site. Our hazard assessments have identified several types of work-related hazards, including those related to chemical handling, noise, machinery, ergonomics, and electricity. Detailed breakdown for the types of hazards is provided below:



Employee Engagement in Health & Safety

UP prioritizes employee feedback and involvement in strengthening Health, Safety, and Environment (HSE) outcomes. We encourage staff to report hazards and propose improvements, and we review this input through regular data collection, analysis, and performance reviews to drive ongoing enhancement of our HSE practices.

Our approach includes:

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Open reporting channels: easy to use mechanisms for hazard, near miss, and improvement suggestions, with no retaliation safeguards.</p> | <p>Data driven oversight: routine analysis of HSE indicators and trend reviews at project and corporate levels.</p> |
| <p>Corrective and Preventive Actions (CAPA): actions implemented based on monitoring results and investigations to address root causes and prevent recurrence.</p> | <p>Management review and follow up: periodic reviews to verify effectiveness, close actions, and update controls and procedures.</p> |

Work Related Injuries

| Occupational Health & Safety * | | | |
|--------------------------------|------------|--------|-----------|
| Particulars | Category | Units | FY 2025 |
| Fatalities | Employees | Number | 0 |
| | Outsourced | Number | 0 |
| LTI | Employees | Number | - |
| | Outsourced | Number | - |
| Work Related Injuries | Employees | Number | 7 |
| | Outsourced | Number | - |
| Total Manhours Worked | Employees | Hours | 1,311,706 |
| | Outsourced | Hours | 4,681,888 |

*Data presented in the table represents only The Fitout, GMAMCO & ServeU. UP is in the process to expand data collection across subsidiaries and intends to report them in future years.

Customer Centricity

Union Properties seamlessly integrate into customers’ daily lives by providing comprehensive services across every touchpoint from the homes they live in and the schools within our communities to retail, hospitality, leisure, and public realm amenities. We aim to deliver a unified customer journey for tenants, homeowners, and visitors to our diverse portfolio, enriched by innovative, digital, and eco-conscious solutions and vibrant, meaningful interactions.

ServeU’s operating model covering facilities management, owner association services, and dedicated customer care prioritizes responsiveness, safety, inclusivity, and accessibility, enhancing satisfaction and strengthening long term community value.

Measuring experience and driving continuous improvement

During 2025, Union Properties strengthened its Customer Centricity governance through the appointment of a Chief Experience Officer (CXO). The CXO oversees the Customer Centricity ESG domain, including experience standards, measurement approach and end-user feedback and monitoring systems across subsidiaries. The CXO monitors specific indicators and reports experience insights into ESG and executive governance forums to support performance oversight, risk visibility, and continuous improvement.

A Group CX Governance framework is being introduced across subsidiaries to enable consistent visibility of experience performance and support targeted improvement. This framework will be reflected in future ESG reporting as measurement baselines, along with unique inputs and signals, are established.

Smart Helpdesk (Ameyo Soft Calls)

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Cloud native soft-call platform: Adoption of Ameyo streamlines client interactions and optimizes resource utilization while eliminating desk phones, reducing e-waste and energy consumption.</p> | <p>Multi-channel capability: Agents manage voice, chat, and email through a unified interface, improving response times and reducing missed communications.</p> | <p>Automated call routing: Intelligent distribution connects queries to the most suitable agent, shortening resolution time and raising customer satisfaction.</p> |
| <p>Live monitoring and analytics: Supervisors track queues, agent performance, and complaint trends in real time to drive continuous improvement and governance.</p> | <p>Remote operations support: The soft-call setup enables secure remote work, supporting employee well being and lowering commuting related emissions.</p> | |



UP leverages integrated digital platforms to streamline service requests, track work orders in real time, and enable two-way communication between clients and operations teams. Within our facilities management subsidiary ServeU, the ServeX app enhances data management, field dispatch, and live SLA monitoring, supporting faster response times, transparent updates, and consistent service quality.

Community Outreach & Impact

UP's community outreach and social impact initiatives are a testament to our unwavering commitment to fostering thriving, inclusive, and resilient societies. Together, we hold the power to tackle pressing societal challenges, setting a new standard for the private sector's role in supporting communities at a national level. Central to our strategy is the cultivation of strategic partnerships, working collaboratively to drive meaningful social and environmental change.

ServeU is committed to sustainable and responsible practices and upholds the requirements of IWA 6.4.1. In 2025, we organized a comprehensive Environmental Day program, during which teams planted trees across targeted sites. The initiative enhanced local green spaces and biodiversity, while strengthening community engagement through employee participation and volunteer outreach.

We integrate environmental stewardship with community involvement to deliver tangible outcomes consistent with our broader ESG objectives. Performance is tracked through defined KPIs such as trees planted, native species ratio, survival rate at 12 months, and volunteer hours to support continuous improvement and transparent reporting.



ServeU's blood donation program is a core CSR initiative that reflects our commitment to social responsibility and community well-being. In alignment with the Dubai Health Authority (DHA), we regularly organize blood donation campaigns, encourage employee participation, and support the health and safety of the wider community.

Program highlights

Employee engagement:

Structured drives across sites with targeted outreach and volunteer coordination.

Culture of care:

Reinforces ServeU's values of compassion and civic responsibility through repeat participation and cross department collaboration.

Regulatory alignment:

Campaigns conducted under DHA guidelines with medical supervision and documented consent.

Community impact:

Contributions to critical healthcare needs and emergency readiness across the city.

Performance tracking

Units collected and donors per campaign

Participation rate (% of eligible staff)

Volunteer hours and awareness activities

First-time vs. repeat donor rate

Health & safety compliance (incident free campaigns)

Community Events 2025

In 2025, the **Dubai Autodromea, a Subsidiary of Union Properties** celebrated its **20th Anniversary** with a two-day public event alongside the 24H Dubai Race. The celebration attracted motorsport enthusiasts, families, and visitors from across the region, offering a dynamic mix of sporting action, family-friendly activities, and entertainment. This milestone reinforced the Autodrome's role as an inclusive recreational destination and served as a reminder of Union Properties' enduring role in shaping one of the city's most dynamic lifestyle and entertainment hubs.



UP Suhoor Night Community Engagement Event

Union Properties continued its tradition of fostering strong relationships in 2025 by hosting the annual **Suhoor Night**, bringing together employees, partners, and stakeholders. The evening provided a platform for collaboration, strengthened internal and external relationships, and celebrated shared values during the Ramadan season, reflecting UP's ongoing commitment to community engagement and team cohesion.



Ramadan Cannon Community Activation

As part of its 2025 community initiatives, **Union Properties** supported the daily **Ramadan Cannon activations** at Motor City and Uptown Mirdiff Mall during Iftar. These activations attracted residents and visitors, creating culturally rich and inclusive experiences that celebrated an important local tradition. In collaboration with Dubai Police, this initiative strengthened community connections and enhanced the festive Ramadan atmosphere across both locations.



Socio-Economic Development

As a leading employer and contributor to the UAE's economic diversification, UP is committed to nurturing the next generation of UAE talent while fostering resilient, inclusive local economies. Through structured initiatives in youth development and entrepreneurship, UP creates platforms for small businesses and startups to thrive providing access to resources, mentorship, and market opportunities that enable scaling.

Our approach integrates talent development with broader economic empowerment, reinforcing a future ready workforce and supporting long-term, sustainable growth across the region. Key pillars include:

Youth pathways: internships, graduate programs, and targeted skills development aligned to industry needs.

SME and startup support: supplier development workshops, mentorship, and fair procurement practices to expand participation in UP's value chain.

Inclusive growth: community partnerships and local hiring that strengthen economic resilience and social outcomes.



Participation in Partners' Honoring Ceremony – Union Pledge Day

Union Properties participated in the **Partners' Honoring Ceremony at Dubai Police Academy**, celebrating Union Pledge Day in 2025. The event recognized valued partners, emphasized collaboration, and reinforced shared responsibility in community service, reflecting UP's commitment to national values and meaningful partnerships.

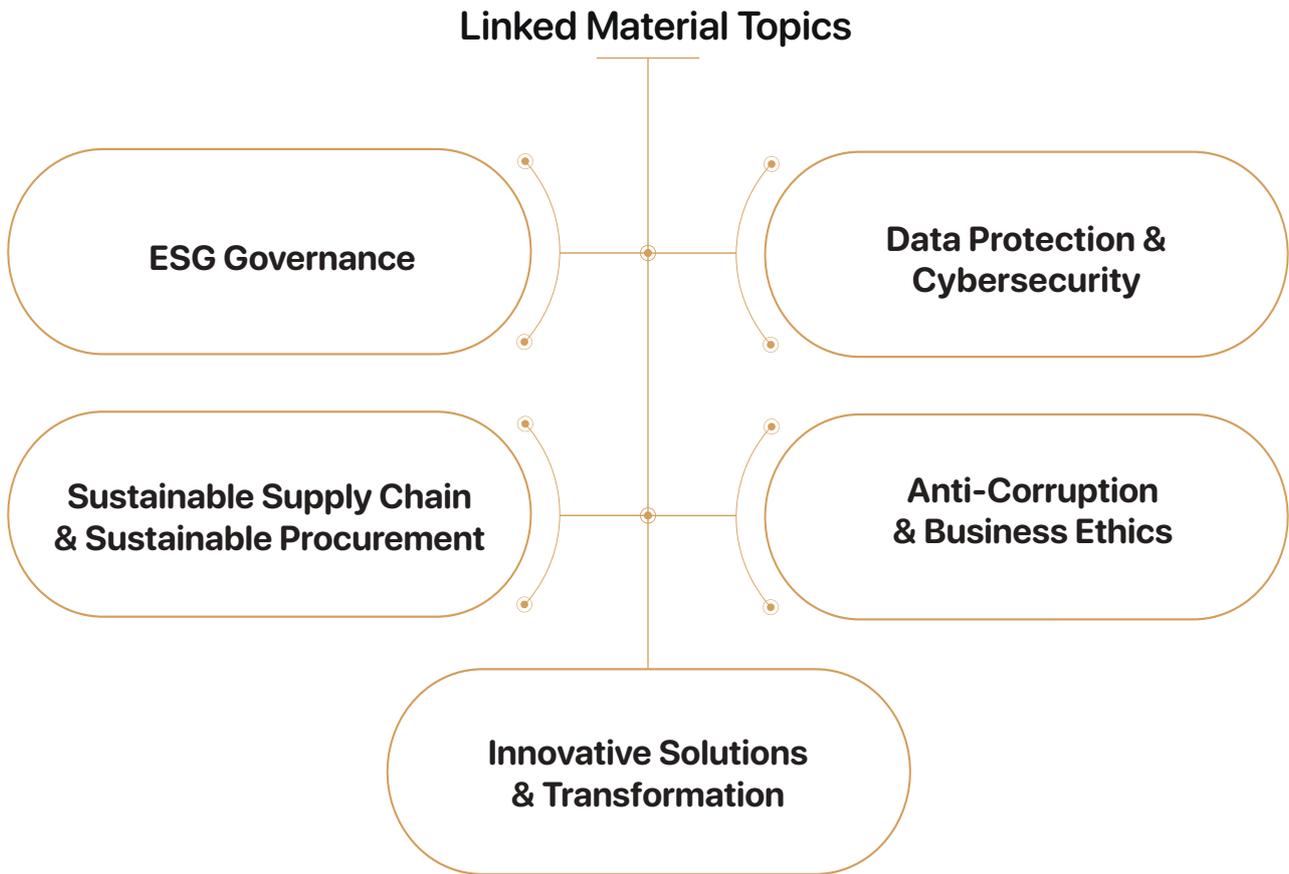


UP Leaders Participate in MIT AI Executive Academy

Union Properties strengthened leadership capabilities in 2025 through participation in the **MIT AI Executive Academy**. UP's CHRO, CSMO, and Dubai Autodrome General Manager gained insights into Generative AI and digital business strategies, equipping leaders to drive innovation, agility, and resilience across the Company and its subsidiaries.

Responsible Governance

Governance remains a cornerstone of Union Properties' corporate identity and strategic direction. In 2025, we reaffirm our unwavering commitment to the highest standards of integrity, transparency, and accountability. Our governance framework is fully aligned with the regulatory requirements of the Dubai Financial Market (DFM) and the Securities and Commodities Authority (SCA), ensuring robust compliance and ethical business practices across all operations.



To strengthen independence and oversight, Union Properties maintains an in-house Internal Audit Department reporting functionally to the Audit Committee. This structure reinforces the integrity of our governance and control environment. Building on the progress made in 2024, we continue to advance our governance model by transitioning from a traditional hierarchical structure to a dynamic matrix framework. This evolution enhances organizational agility, accelerates decision-making, and fosters cross-functional collaboration. Additionally, we have integrated a self-assessment tool from the Dubai Sustainable Finance Working Group, further embedding ESG principles into our governance practices.

Sustainability Governance Commitment

Union Properties recognize that strong governance and legal integrity are essential for long-term success as a publicly listed Company. Transparent governance practices and robust legal frameworks form the foundation for effective sustainability management and value creation. By aligning with the highest regulatory standards, we ensure growth that is compliant, accountable, and ethically driven. As we embed sustainability across all aspects of our business, we remain committed to reinforcing these principles to support responsible and enduring growth.

ESG Governance Structure

| Function | Roles and Responsibilities |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Board of Directors | <ul style="list-style-type: none"> • Approves ESG Policy and oversees ESG risks, opportunities, and performance in line with SCA/DFM requirements. • Reviews key ESG indicators, material disclosures, and significant ESG-related issues. |
| Board Committees | <ul style="list-style-type: none"> • Oversee ESG-related controls within their remit (risk management, compliance, internal controls). • Ensure material ESG matters are escalated to the Board. |
| Group CEO & Executive Management | <ul style="list-style-type: none"> • Accountable for implementing ESG Policy and embedding ESG into strategy and decision-making. • Approves Group-level ESG objectives, targets, and programs. |
| Group QHSE / ESG (Reporting to COO) | <ul style="list-style-type: none"> • Maintains ESG Policy and integrated ESG/QHSE Management System. • Consolidates ESG legal requirements, coordinates risk assessments, audits, and performance reporting. |
| Subsidiary General Managers | <ul style="list-style-type: none"> • Implement ESG Policy locally and maintain subsidiary-specific procedures aligned with Group commitments. |
| All Employees & Contractors | <ul style="list-style-type: none"> • Follow ESG procedures, report risks and concerns, and participate in training and improvement initiatives. |

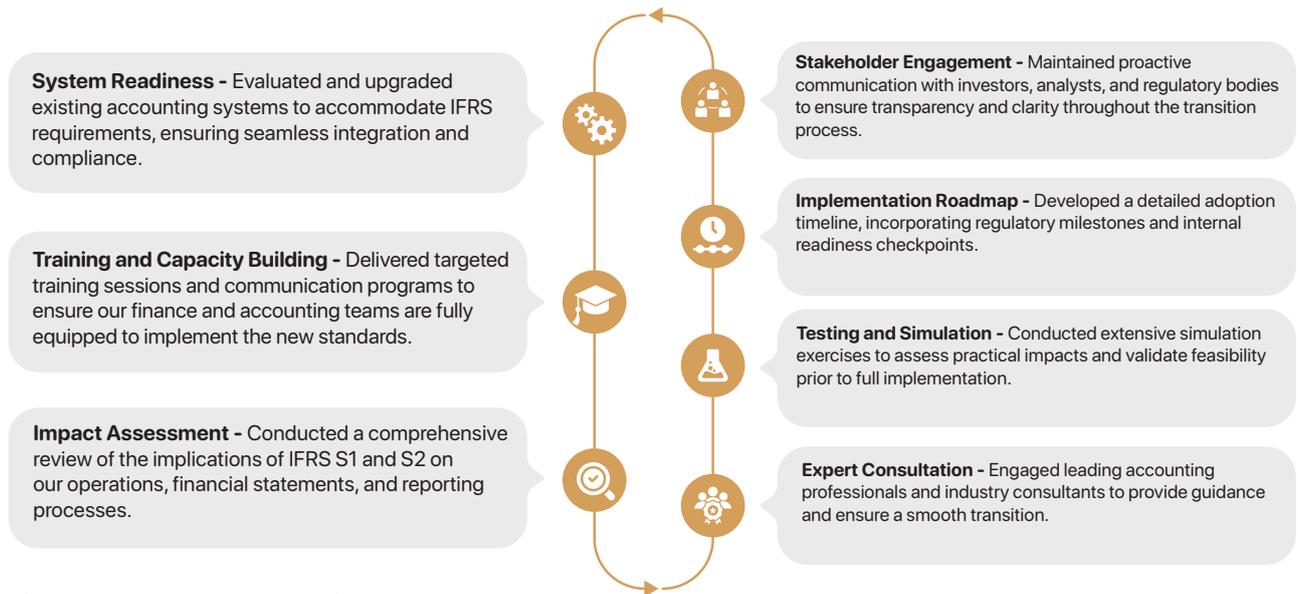
Aligning Policies and Procedures

To support the governance structure, we have undertaken a comprehensive review and update of Group Policies, Procedures, Manuals, Flowcharts, and Delegation of Authority. These revisions are designed to strengthen transparency, improve adaptability, and ensure alignment with evolving market dynamics. This proactive approach reflects our dedication to maintaining a governance framework that is both resilient and responsive.

IFRS Adoption Readiness

In 2025, Union Properties advanced its preparations for the adoption of IFRS S1 and IFRS S2 sustainability disclosure standards, reinforcing our commitment to global best practices in financial and ESG reporting. This initiative reflects our strategic focus on transparency, comparability, and alignment with international frameworks.

Key Actions Undertaken

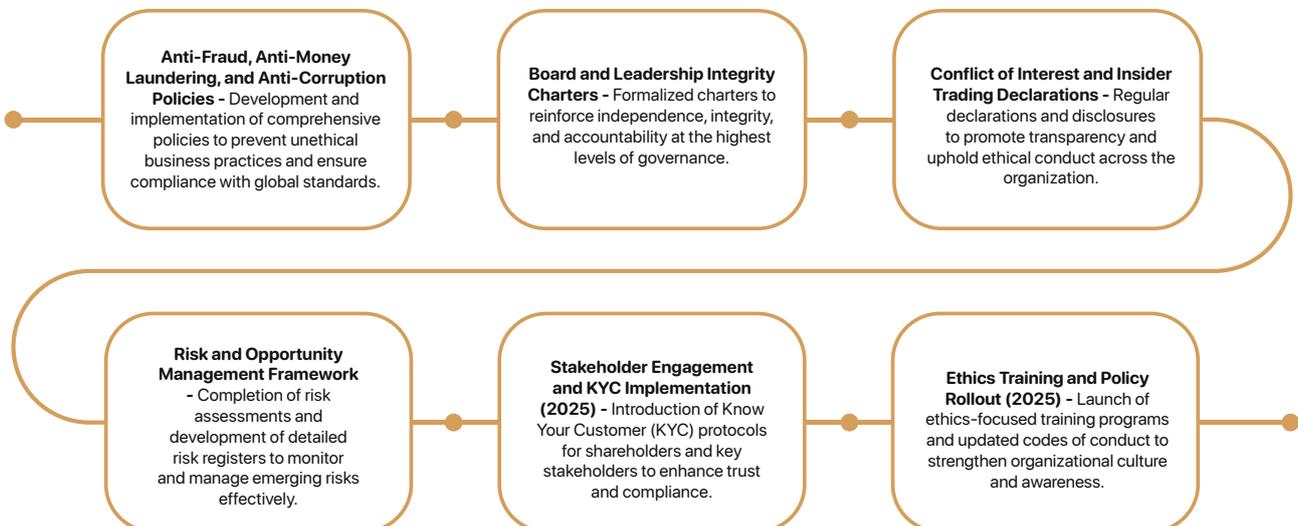


Risk Management & Compliance

Effective risk management is integral to Union Properties' ability to safeguard stakeholder interests, ensure business continuity, and achieve sustainable growth. Our approach is designed to identify, assess, and mitigate risks in a structured and proactive manner, enabling us to minimize potential threats, capitalize on opportunities, and respond efficiently to uncertainties. Risk management is embedded into our decision-making processes, reinforcing resilience and long-term value creation.

Key Outcomes and Implementation Strategies

In 2025, Union Properties continues to strengthen its risk management framework through the following initiatives:



Ethical Conduct

Union Properties is committed to fostering a culture of integrity, ethical behavior, and compliance across all operations. Our Code of Conduct sets clear standards and legal obligations, guiding ethical decision-making and reinforcing our core values. Supported by an experienced Board, Executive Management, and a robust Whistleblowing mechanism, we ensure transparency and accountability. To address evolving regulations and emerging risks, we are undertaking a comprehensive review of policies and procedures to establish a fit-for-purpose compliance framework, strengthened by advanced technology solutions.

Anti-corruption

Union Properties promotes ethical conduct and prevents corruption through clear policies, training, and a culture of transparency. This framework applies to all parties connected to the Company, including employees, management, directors, shareholders, and business partners. Managed by the Head of Legal in coordination with Internal Audit, the policy defines internal controls, investigation responsibilities, reporting procedures, and consequences for fraud, ensuring accountability and stakeholder trust.

Cybersecurity and Data Protection

Innovation remains central to Union Properties' sustainable growth strategy, and in 2025 we continue to prioritize the responsible use of digital technology.

As part of our ongoing efforts to enhance governance and operational efficiency, we have advanced several strategic IT initiatives across Union Properties and its subsidiaries in 2025. These initiatives strengthen our technological infrastructure while supporting our commitments to security, sustainability, and efficiency, reinforcing our position as a forward-thinking and responsible organization. Key initiatives included the implementation of Mobile Device Management (MDM) solutions to protect staff devices and reinforce governance and business continuity policies, with a focus on high-risk areas.

Smart Asset Management

We introduced an NFC-Powered Smart Asset Tagging solution, integrated with Microsoft Dynamics 365, delivering a significant upgrade from traditional QR and barcode systems. This innovation enhances asset management in facilities management (FM), combining aesthetics with functionality for modern UAE buildings. The deployment has improved operational efficiency, reducing asset tracking and updating time by up to 30%.

Future Technology Upgrades

Looking ahead, Union Properties plans to strengthen its technology infrastructure with advanced biometric systems featuring facial recognition and AI-driven analytics. These enhancements will deliver greater security, operational efficiency, and user convenience. We are also exploring deeper system integration to streamline processes and enable data-driven decision-making. Our commitment to leveraging cutting-edge technology reflects our focus on continuous improvement and delivering sustainable value to stakeholders.

Technological Initiatives 2025

Sharepoint structure development (The Fitout) - Our SharePoint intranet serves as a secure internal platform that enables employees to collaborate seamlessly, share information, and manage documents efficiently. It provides a centralized space for communication and knowledge sharing, ensuring streamlined workflows across the organization.

RDASH project management module (The Fitout) - RDASH offers a unified management platform for all departments, enabling complete workflow automation for project professionals. It simplifies project tracking, enhances collaboration, and ensures transparency throughout the project lifecycle, driving efficiency and accountability.

DYNAMICS 365 (ERP) (The Fitout) - We leverage Dynamics 365 ERP modules to manage core business functions, including finance, supply chain, and operations. These modular applications provide integrated solutions that improve process efficiency, enhance data visibility, and support informed decision-making across the enterprise.

Participation in Dubai FinTech Summit 2025

Union Properties reinforced their commitment to innovation by participating in **the Dubai FinTech Summit 2025**, a leading platform for dialogue among financial institutions, startups, investors, and policymakers. The Company's presence highlighted its focus on integrating smart, technology-driven solutions that connect real estate with financial innovation, supporting digital transformation and sustainable growth within the sector.



EDACOM & ServeU Participation in World Police Summit

In 2025, **EDACOM and ServeU, subsidiaries of Union Properties**, engaged with global security leaders at the **World Police Summit**, collaborating with Dubai Police to explore advanced solutions for residential safety. Key discussions covered security challenges, technology integration, and comprehensive training programs for security teams, residents, and visitors. This initiative reflects Union Properties' dedication to leveraging technology and partnerships to create safer, smarter communities.



MENA Congress 2025

In 2025, **CEO and Board Member Eng. Amer Khansaheb** represented **Union Properties** at the **MENA Investment Congress**, a two-day forum exploring emerging investment strategies. Discussions covered broad themes such as the increasing role of AI in finance, evolving global macro and market trends, geopolitical influences, and updates to modern investment frameworks. Union Properties' participation reflects its commitment to innovation and staying aligned with forward-looking insights that support the Company's long-term strategic direction.

RAKIS

In 2025, **Union Properties** participated in the **RAKIS Exhibition** as a Gold Sponsor, strengthening the Company's visibility among industry leaders. Represented by CEO Eng. Amer Khansaheb & CSMO Ms. Tania Mills, the Company showcased its latest developments, upcoming projects, and strategic direction aligned with the UAE's 2030, 2033, and 2040 national strategies.

The event provided a valuable platform to highlight Union Properties' commitment to innovation, community-focused growth, and excellence in the real estate sector while expanding industry partnerships and engagement.



ServeU Featured in Facilities Management Middle East

ServeU, a Subsidiary of Union Properties, was highlighted in **Facilities Management Middle East**, recognizing its leadership in innovative and sustainable facilities management solutions. The feature also acknowledged **Mr. Gary Reader, COO of Union Properties subsidiaries**, for his contributions in advancing tech-driven operations, improving efficiency, and promoting eco-conscious practices. This recognition underscores ServeU's commitment to service excellence, operational innovation, and sustainability throughout 2025.



Sustainable Supply Chain

Building strong relationships with our suppliers is essential to ensure that Union Properties' expansive portfolio is grounded in ethical, sustainable, and innovative practices. We continue to foster collaboration and share accountability across our supply chain, reinforcing our commitment to responsible sourcing and sustainable growth.

Sustainable Materials and Procurement

Union Properties integrates sustainability into every stage of our procurement and material selection processes through a comprehensive green procurement strategy. This ensures that our supply chain can effectively respond to the requirements and continuously improve its sustainability performance based on its maturity, knowledge development, and evolving market trends and growth.

Initiatives in 2025:



Awards & Recognitions



Awards & Recognitions

CEO Recognized Among UAE's Top Real Estate Icons – Finance World Magazine

Eng. Amer Khansaheb, CEO & Board Member of Union Properties, was named among the **Top 10 of the "Top 150 Real Estate Icons in the UAE"** by Finance World Magazine in 2025. This recognition highlights his visionary leadership and pivotal role in driving Union Properties' strategic growth, innovation, and long-term impact in the UAE real estate sector.

UP has been featured under Top 100 GCC Developers 2025' in Construction Week Middle East

Union Properties PJSC has been proudly featured among Construction Week 'Top 100 GCC Developers 2025', a comprehensive ranking that recognizes the region's leading developers driving excellence, growth, and innovation in the Real Estate industry. This inclusion reaffirms Union Properties' standing as a trusted developer with a rich legacy of delivering iconic projects that contribute to Dubai's evolving skyline.



ServeU Recognized for Excellence in Facilities Management

In 2025, **ServeU** marked four decades of trusted service by being named "**Middle East Cleaning & Hygiene Facility of the Year**". This accolade highlights the Company's ongoing commitment to quality, innovation, and workforce development, reinforcing its role as a benchmark for sustainable and efficient facilities management across the region.

CEO & Board Member's Opinion on the Rise of Affordable Luxury and Strategic Development in Dubai

Eng. Amer Khansaheb, CEO & Board Member of Union Properties, shared his perspective in Construction Business News Middle East on the rise of affordable luxury real estate and Dubai's strategic shift towards long-term, infrastructure-led development.

He highlighted how emerging residential hubs, enhanced connectivity, and sustainability-driven design are reshaping the market, enabling inclusive growth while preserving high living standards. The opinion emphasized responsible urban planning, eco-conscious development, and smart technologies as key enablers of resilient communities and sustainable value creation in the UAE real estate sector.

UAE Realty Awards 2025 Participation

Union Properties participated in the **2nd Edition of the UAE Realty Awards 2025**, hosted by Finance World Magazine. Notably, **TAKAYA** was honored as **the Sustainable and Smart Project of the Year**, reflecting Union Properties' dedication to innovative, eco-conscious, and technology-driven developments. Engagement in these awards underscores the Company's commitment to sustainability, industry leadership, and professional excellence throughout 2025.



Eng. Amer Khansaheb, CEO & Board Member of Union Properties, outlined the **Company's** financial turnaround, strategic deleveraging, and long-term development vision. He highlighted key milestones including improved profitability, significant debt restructuring, and landmark land and asset sales, positioning the **Company** for sustained financial stability. The interview also focused on **Union Properties'** flagship Takaya development and upcoming projects aligned with Dubai's Real Estate Strategy 2033, the Dubai 2040 Urban Master Plan, and the UAE Green Agenda 2030, emphasizing sustainable design, smart infrastructure, and the creation of integrated, future-ready communities that support long-term economic, social, and environmental value creation.



CEO Honored with MEA Business Award for Outstanding Leadership

Eng. Amer Khansaheb, CEO of Union Properties, received the **Outstanding Leadership in Real Estate and Facilities Management** award at the **MEA Business Awards 2025**. This recognition reflects his visionary leadership and ongoing commitment to innovation, excellence, and strategic growth within Union Properties and the wider UAE real estate sector.

ServeU Recognized at Innovation in FM Awards 2025

In 2025, **ServeU, a Subsidiary of Union Properties**, was honored with two awards at the **Innovation in FM Awards: Best Soft FM Provider (Zayed International Airport) and Excellence in Integrated FM**. These recognitions showcase ServeU's dedication to delivering smart, efficient, and sustainable facilities management solutions while maintaining a customer-focused approach that positively impacts the communities it serves.



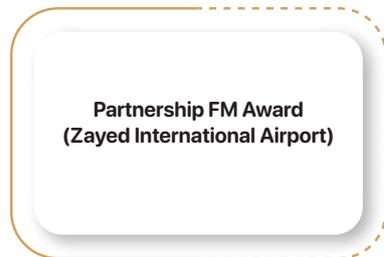
ServeU Wins Overall FM Company of the Year at Sustainability Innovation Awards 2025

In 2025, **ServeU**, a **Subsidiary of Union Properties** was named **Overall FM Company of the Year** at the **Sustainability Innovation Awards**. The honor highlights the company's focus on operational excellence, eco-friendly practices, and innovative facilities management solutions, reinforcing Union Properties' leadership in sustainability and support of the UAE's **Net Zero 2050 objectives**.



ServeU Recognized at Smart Built Environment Awards 2025

Union Properties' subsidiary, **ServeU**, received three accolades at the **Smart Built Environment Awards 2025**:



These awards reflect **ServeU's** commitment to innovation, operational excellence, and sustainable service delivery, further establishing its leadership in integrated facilities management in the UAE during 2025.

ServeU Recognized for Excellence at DHCM Service Awards 2025

ServeU, a **Subsidiary of Union Properties**, was honored with two awards at the **Dubai Holding Community Management (DHCM) Service Excellence Awards 2025**:

Best Soft FM Company of the Year



Best FM Service Provider of the Year



These accolades celebrate **ServeU's** dedication to operational excellence, customer satisfaction, and sustainable facilities management, highlighting the team's expertise and reinforcing its leadership position in the UAE FM industry.

Union Properties Leaders Recognized for Excellence at Construction Innovation Awards 2025

In 2025, Union Properties proudly celebrated its leadership recognition at the **Construction Innovation Awards**. CEO & Board member of Union Properties Eng. Amer Khansaheb was named Real Estate CEO of the Year, and CSMO Tania Mills received the Woman Executive of the Year award. These honors reflect their vision, dedication, and innovative approach, inspiring the Union Properties community and reinforcing the Company's commitment to excellence, leadership, and shaping the UAE real estate landscape.



The Fitout Wins "Commercial Project of the Year" at Construction Innovation Awards 2025

The Fitout, a subsidiary of Union Properties, was awarded "Commercial Project of the Year" for its work on the **Ora Experience Center** at the 2025 Construction Innovation Awards. This recognition celebrates The Fitout's innovative, sustainable, and high-quality commercial environments, reinforcing its leadership in the UAE interior contracting sector and setting new benchmarks for design, craftsmanship, and project execution.



MENA's Top 100 HR Leaders – Awards Gala

In 2025, Union Properties' Chief Human Resource Officer, Mr. Juma Beljafrah, was named one of the **MENA's Top 100 HR Leaders**. This recognition highlights the Company's commitment to strong human capital practices, supported by a diverse workforce of more than 19,000 employees across 60 nationalities. Under Mr. Beljafrah's leadership, the HR function advanced initiatives in innovation, employee wellbeing, and talent development, reinforcing Union Properties' focus on building a people-centric and high-performing workplace.

Annexures

ESG Certifications

ServeU

Maintained essential certifications: ISO 9001:2015 (Quality), ISO 14001:2015 (Environment), ISO 45001:2018 (OH&S), ISO 41001:2018 (Facility Management), ISO 30401:2018 (Knowledge Management), ISO 22301:2019 (Business Continuity), ISO 50001:2018 (Energy Management) demonstrating robust governance, service quality, and resource efficiency.

The Fitout

Retained ISO 9001:2015, ISO 14001:2015, ISO 45001:2018; 2025 surveillance audit completed with no non-conformities.

Holds FSC (Forest Stewardship Council) certification, reinforcing responsible sourcing and environmental sustainability in materials.

EDACOM

Achieved ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, underscoring operational excellence, quality management, and continuous improvement in environmental and safety standards.

Dubai Autodrome

Obtained IMS (Integrated Management System) certification encompassing ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, enhancing integrated quality, sustainability, and OH&S performance.

GMAMCO

Holds ISO 9001 certification which is currently undergoing renewal, and is in the process of achieving ISO 14001 and ISO 45001.



GRI Content Index

| | |
|-------------------------|---------------------------------------------------------------------------------------------------------------------|
| Statement of use | Union Properties has reported with reference to GRI Standards for the period 1st January 2025 to 31st December 2025 |
| GRI 1 used | GRI 1: Foundation 2021 |

| GRI Standard | GRI Disclosure 2021 | Reference Section | Page Number | Omission |
|-----------------------------------|-------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------|----------|
| GRI 2: General Disclosures | Organizational Profile | | | |
| | 2-1 | Organizational details | About the Report | |
| | 2-2 | Entities included in the organization's sustainability reporting | About the Report | |
| | 2-3 | Reporting period, frequency, and contact point | About the Report | |
| | 2-4 | Restatements of information | About the Report | |
| | 2-5 | External assurance | No External Assurance conducted on this report | |
| | 2-6 | Activities, value chain and other business relationships | Union Properties at glance | |
| | 2-7 | Employees | Investing in our people | |
| | 2-8 | Workers who are not employees | Investing in our people | |
| | 2-9 | Governance structure and composition | Sustainability Governance Commitment | |
| | 2-10 | Nomination and selection of the highest governance body | Sustainability Governance Commitment | |
| | 2-11 | Chair of the highest governance body | Organization Structure, Sustainability Governance Commitment | |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | Organizational Structure | |
| | 2-13 | Delegation of responsibility for managing impacts | Organizational Structure | |
| | 2-14 | Role of the highest governance body in sustainability reporting | Board of Directors & Oversight | |

| GRI Standard | GRI Disclosure 2021 | | Reference Section | Page Number | Omission |
|-----------------------------------|---------------------|---------------------------------------------------------|---------------------------------------------|-------------|----------|
| GRI 2: General Disclosures | 2-15 | Conflicts of interest | Risk Management & Compliance | | |
| | 2-16 | Communication of critical concerns | Risk Management & Compliance | | |
| | 2-17 | Collective knowledge of the highest governance body | Risk Management & Compliance | | |
| | 2-18 | Evaluation of the performance of the highest governance | Risk Management & Compliance | | |
| | 2-19 | Remuneration policies | Board of Directors & Oversight | | |
| | 2-20 | Process to determine remuneration | Board of Directors & Oversight | | |
| | 2-21 | Annual total compensation ratio | Investing in Our People | | |
| | 2-22 | Statement on sustainable development strategy | Message CEO & Board Member | | |
| | 2-23 | Policy commitments | Risk Management & Compliance | | |
| | 2-24 | Embedding policy commitments | Risk Management & Compliance | | |
| | 2-25 | Processes to remediate negative impacts | Risk Management & Compliance | | |
| | 2-26 | Mechanisms for seeking advice and raising concerns | About the Report | | |
| | 2-27 | Compliance with laws and regulations | Risk Management & Compliance | | |
| | 2-28 | Membership associations | Risk Management & Compliance | | |
| | 2-29 | Approach to stakeholder engagement | Engaging Stakeholders & Empowering Progress | | |
| | 2-30 | Collective bargaining agreements | Employee Wellbeing | | |
| GRI 205: Anti-Corruption | | | | | |
| GRI 205: Anti-Corruption | 205-1 | Operations assessed for risks related to corruption | Risk Management & Compliance | | |

| GRI Standard | GRI Disclosure 2021 | Reference Section | Page Number | Omission |
|--------------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------|
| GRI 301: Materials | | | | |
| GRI 3: Management of Material Topics | 3-3 | Management of material topics | Sustainable Supply Chain | |
| GRI 301: Materials | 301-2 | Recycled input materials used | Sustainable Supply Chain | |
| GRI 302: Energy | | | | |
| GRI 3: Management of Material Topics | 3-3 | Management of material topics | Energy & Emissions Management | |
| GRI 302: Energy | 302-1 | Energy consumption within the Organization | Energy & Emissions Management | |
| | 302-4 | Reduction of energy consumption | Energy & Emissions Management | |
| GRI 303: Water | | | | |
| GRI 3: Management of Material Topics | 3-3 | Management of material topics | Water Stewardship | |
| GRI 303: Water & Effluents | 303-1 | Interactions with water as a shared resource | Water Stewardship | |
| | 303-3 | Water withdrawal | Water Stewardship | |
| | 303-5 | Water consumption | Water Stewardship | |
| GRI 304: Biodiversity | | | | |
| GRI 3: Management of Material Topics | 3-3 | Management of material topics | Nature & Biodiversity | |
| GRI 304: Biodiversity | 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | Nature & Biodiversity | |
| | 304-2 | Significant impacts of activities, products, and services on biodiversity | Nature & Biodiversity | |

| GRI Standard | GRI Disclosure 2021 | Reference Section | Page Number | Omission |
|--------------------------------------|---------------------|---------------------------------------------------------------------------------------------------|-------------------------------|----------|
| GRI 305: Emissions | | | | |
| GRI 3: Management of Material Topics | 3-3 | Management of material topics | Energy & Emissions Management | |
| GRI 305: Emissions | 305-1 | Direct (Scope 1) GHG emission | Energy & Emissions Management | |
| | 305-2 | Indirect (Scope 2) GHG emissions | Energy & Emissions Management | |
| | 305-5 | Reduction of GHG emissions | Energy & Emissions Management | |
| | 305-7 | Nitrogen oxides (NOX), sulfur oxides (SOX), ODS and other | Energy & Emissions Management | |
| GRI 306: Effluents and Waste | | | | |
| GRI 3: Management of Material Topics | 3-3 | Management of material topics | Circular Economy | |
| GRI 306: Effluents and Waste | 306-1 | Waste generation and significant waste-related impacts | Circular Economy | |
| | 306-2 | Management of significant waste-related impacts | Circular Economy | |
| | 306-3 | Waste Generated | Circular Economy | |
| | 306-4 | Waste diverted from disposal | Circular Economy | |
| | 306-5 | Waste directed to disposal | Circular Economy | |
| GRI 401: Employment | | | | |
| GRI 3: Management of Material Topics | 3-3 | Management of material topics | Investing in Our People | |
| GRI 401: Employment | 401-1 | New employee hires and employee turnover | Investing in Our People | |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employee | Investing in Our People | |
| | 401-3 | Parental leave | Health & Safety | |

| GRI Standard | GRI Disclosure 2021 | Reference Section | Page Number | Omission |
|--------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------------------------------------------|------------------------|----------|
| GRI 403: Occupational Health & Safety | | | | |
| GRI 3: Management of Material Topics | 3-3 | Management of material topics | Health & Safety | |
| GRI 403: Occupational Health & Safety | 403-1 | Occupational health and safety management system | Health & Safety | |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | Health & Safety | |
| | 403-3 | Occupational health services | Health & Safety | |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | Health & Safety | |
| | 403-5 | Worker training on occupational health and safety | Health & Safety | |
| | 403-6 | Promotion of worker health | Health & Safety | |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Health & Safety | |
| | 403-8 | Workers covered by occupational health and safety | Health & Safety | |
| | 403-9 | Work-related injuries | Health & Safety | |
| | GRI 404: Training & Education | | | |
| GRI 3: Management of Material Topics | 3-3 | Management of material topics | Training & Development | |
| GRI 404: Training & Education | 404-1 | Average hours of training per year per employee | Training & Development | |
| | 404-2 | Programmes for upgrading employee skills and transition assistance programmes | Training & Development | |

| GRI Standard | GRI Disclosure 2021 | Reference Section | Page Number | Omission |
|--------------------------------------------------------------------|---------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------|----------|
| GRI 405: Diversity and Equal Opportunity | | | | |
| GRI 3: Management of Material Topics | 3-3 | Management of material topics | Investing in Our People | |
| GRI 405: Diversity and Equal Opportunity | 405-1 | Diversity of governance bodies and employees | Investing in Our People | |
| GRI 406: Non-discrimination | | | | |
| GRI 406: Non-discrimination | 406-1 | Incidents of discrimination and corrective actions taken | Investing in Our People | |
| GRI 407: Freedom of Association & Collective Bargaining | | | | |
| GRI 407: Freedom of Association & Collective Bargaining | 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Health & Safety | |
| GRI 408: Child Labor | | | | |
| GRI 408: Child Labor | 408-1 | Operations and suppliers at significant risk for incidents of child labor | Investing in Our People | |
| GRI 413: Local Communities | | | | |
| GRI 3: Management of Material Topics | 3-3 | Management of material topics | Community Outreach & Impact | |
| GRI 413: Local Communities | 413-1 | Operations with local community engagement, impact assessments, and development programmes | Community Outreach & Impact | |
| GRI 416: Customer Health and Safety | | | | |
| GRI 3: Management of Material Topics | 3-3 | Management of material topics | Customer Centricity | |
| GRI 416: Customer Health and Safety | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and service | Customer Centricity | |

| GRI Standard | GRI Disclosure 2021 | Reference Section | Page Number | Omission |
|----------------------------------|---------------------|----------------------------------------------------------------------------------------------|---------------------------------|----------|
| GRI 418: Customer Privacy | | | | |
| GRI 418: Customer Privacy | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | Cybersecurity & Data Protection | |

GOVERNANCE REPORT 2025



Union Properties PJSC

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

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

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

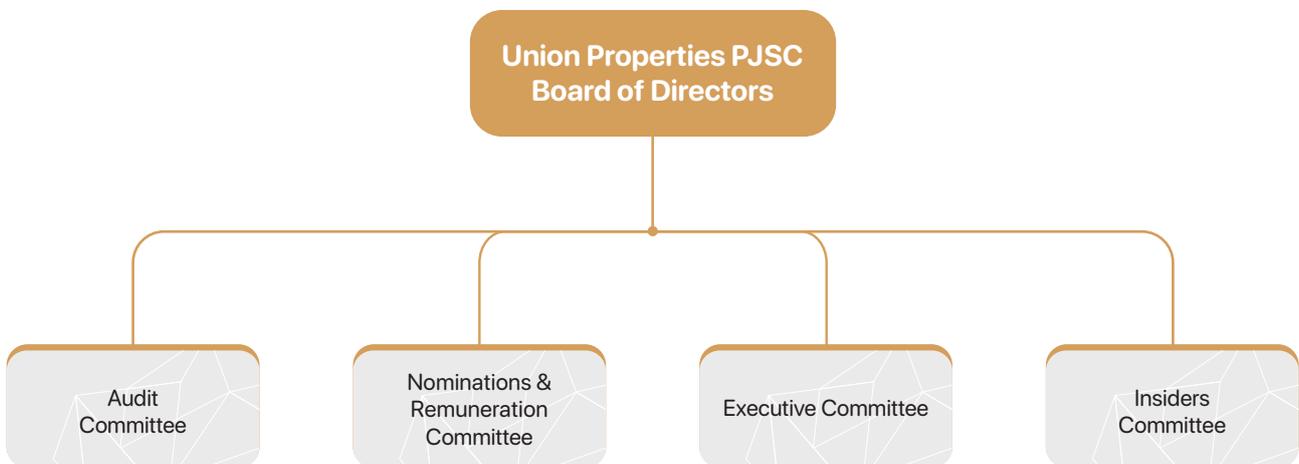
1- Measures taken to complete the Corporate Governance System during 2025 and the Application Technique

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

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

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

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



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

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

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

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

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

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

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



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

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

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

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

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

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



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

The Executive Committee may appoint legal advisors and others to assist the Committee in carrying out its tasks. These advisors may be the Company's regularly approved advisors.

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

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

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

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

2- A statement of the ownership and transactions of Board Members, their spouses, and their children in the company's securities during the year 2025, according to the following table:

| Sr | Name | Position | Owned as on 31/12/2025 | Total Sale process | Total Purchase Process |
|----|--------------------|------------------------------------------|------------------------|--------------------|------------------------|
| 1 | Mohammad Al Fardan | Chairman | 23,000,000 | - | - |
| 2 | Amer Khansaheb | Chief Executive Officer and Board member | 87,250,000 | - | 30,750,000 |
| 3 | Saif Al Serkal | Board member | 980,000 | 365,000 | 365,000 |
| 4 | Ahmad Al Hosani | Board member | 200,000,000 | - | 112,605,533 |

Formation of the Board of Directors 2025

The Company's current Board of Directors consists of seven members, including six independent, non-executive members, one executive member, and a female member in order to comply with the decision of the Chairman of the Securities and Commodities Authority Decision No. 3/R.M of 2020 on the necessity of nominating the female component on the Board of Directors, as is clear in the data below, which explains Formation of the company's Board of Directors as of 31/12/2025.



Mr. Mohamed Fardan
Ali Al Fardan
Chairman

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

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

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

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

**Mr. Abdul Wahab
Al-Halabi**
Vice Chairman



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

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

Mr. Al-Halabi currently on the boards of several companies such as Abu Dhabi Islamic Bank, Talabat PJSC, Burjeel Holdings PJSC , Al Masar Al Shamil PSC, Houlihan Lokey MEA Limited, and Executive Chairman of IFFCO Group.

Mr. Abdul Wahab Al Halabi is a Fellow of the Institute of Chartered Accountants in England and Wales, an Honorary Doctorate from Middlesex University, an executive MBA from Ecole des Ponts ParisTech and a degree from the London School of Economics.



Eng. Amer Abdulaziz Hussain Khansaheb

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

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

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

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

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

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



Mr. Abdulrahman Sharaf
Board Member,
Union Properties PJSC

Mr. Abdulrahman Sharaf was appointed as a member of the Board of Directors of Union Properties PJSC by a Board of Directors decision taken by circulation on August 2, 2023, to complete the tenure of the resigned member. Mr. Sharaf also serves as Chair of the Audit Committee of Union Properties, providing guidance and ensuring strong governance within the organisation.

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

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

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

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

**Mr. Ahmed Salem Abdulla
Salem Alhosani**
Board Member,
Union Properties PJSC



Ahmed Salem Abdulla Salem Alhosani serves as a board member at Union Properties PJSC, one of the UAE's leading Real Estate development companies, by a Board of Directors decision taken by circulation on June 25, 2025, to complete the tenure of the resigned member. With a strong foundation in strategic leadership and corporate governance, he has over 16 years of experience across both public and private sectors, particularly within the Real Estate and investment landscapes.

Mr. Alhosani has consistently driven success in his leadership roles, serving as Vice President of Sharjah Insurance Company and holding board positions at Dubai Investment Co., Gulf Medical Projects Co., Um Al Quwain General Investment Co., and Al Khaleej Investment Co., among other notable organisations. Alongside his professional expertise, Mr. Alhosani holds a master's degree in business management from the University of Wales and a Bachelor's degree in Business Administration from the American University in Dubai.



**Mrs. Arwa Mohamed
Al-Owais**
Board Member,
Union Properties PJSC

Mrs. Arwa Mohamed Al-Owais is an esteemed board member at Union Properties PJSC, by a Board of Directors decision taken by circulation on May 19, 2025, to complete the tenure of the resigned member. She brings nearly two decades of experience in financial management, strategic oversight, and regulatory compliance. She currently serves as the Director of the Fiscal Policies Office at the Finance Department of the Government of Sharjah, where she leads one of the Emirate's most critical operational departments.

Mrs. Arwa also serves as a Board Member of Bank of Sharjah and Sharjah Insurance Company, and is a former member of the Financial Reorganisation Committee (until 2022). Arwa graduated from the Sharjah Leadership Program from the American University of Sharjah and holds Master's degrees in Financial Crimes and Money Laundering Law (LLM), and in Management Information Technology & Governance (MITGOV) from the University of Dubai and Canadian University in Dubai, respectively. Currently, she is a second-year student at the University of Sharjah pursuing a Doctorate in Business Administration (DBA) with a focus on performance management and accounting.

Mr. Saif Al Serkal
Board Member,
Union Properties PJSC



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

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

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

- A statement of the percentage of female representation on the Board of Directors for 2025 (in the event of no representation, please state that there is no representation).

The female representation is presented by one member, Mrs. Arwa Mohamed Al-Owais, who was appointed as a member of the Board on May 19, 2025, to replace Ms. Afaf Al Kontar, who resigned from her tenure as a member in the Board of Directors on May 8, 2025.

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

1- Total remuneration for board members paid for the year 2024:

| Board Member | Bonus Paid for each member 2024 |
|-----------------------|---------------------------------|
| Mohammad Al Fardan | AED 1.150,000 |
| Abdul Wahab Al Halabi | AED 600,000 |
| Amer Khansaheb | AED 200,000 |
| Saif Al Serkal | AED 200,000 |
| Abdul Rahman Sharaf | AED 200,000 |
| Darwish Al- Ketbi | AED 120,000 |
| Afaf Al Kontar | AED 200,000 |
| Total | AED 2,670,000 |

2- The total proposed remuneration for Board Members for the year 2025, which will be presented at the Annual General Assembly meeting for approval.

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

| Board Member | Bonus proposed for each member 2025 |
|-----------------------|-------------------------------------|
| Mohammad Al Fardan | 2,200,000 |
| Abdul Wahab Al Halabi | 1,750,000 |
| Amer Khansaheb | 1,350,000 |
| Saif Al Serkal | 1,350,000 |
| Abdul Rahman Sharaf | 1,350,000 |
| Arwa Al Owais | 675,000 |
| Ahmad Al Hosani | 675,000 |
| Total | 9,350,000 |



3- A statement of details of the allowances for attending the sessions of the committees emanating from the Board Members received for the fiscal year of 2025 according to the following table:

| Names of the members of the subsidiaries' committees from the Board of Directors | Nominations and Remuneration Committee | Audit Committee | Executive Committee | Number of meetings | Fees proposed for each Member |
|----------------------------------------------------------------------------------|----------------------------------------|------------------------|------------------------|--------------------|-------------------------------|
| Abdul Wahab Al Halabi | Member | Member | Chairperson | 13 | 275,000 |
| Amer Abdulaziz Hussain Khansaheb | | | Member | 3 | 0 |
| Darwish Abdullah Darwish Ahmed Al-Ketbi | Member till 20-06-2025 | Member till 20-06-2025 | | 7 | 0 |
| Saif Bin Abdulaziz Bin Yagub Yousef Alserkal | Chairperson | Member from 30-07-2025 | Member till 30-07-2025 | 8 | 190,000 |
| Abdul Rahman Sharaf | | Chairperson | | 5 | 125,000 |
| Arwa Al Owais | Member from 2025 -30-07 | | | 1 | 20,000 |
| Ahmad Al Hosani | | | Member from 30-07-2025 | 1 | 20,000 |

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

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

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

N/A



The number of Board of Directors meetings held during the fiscal year 2025, indicating the dates they were held, and the number of times all members attended in person, with a statement of the members attending by proxy (the names of the Board Members must match what is mentioned in Clause (3A) above)

| Sr. | Meeting Date | No. of attendees | No. of attendees by proxy | Absent Members Name |
|-----|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------|
| 1 | 13-02-2025 | 6 Members out of a total of 7 as follows: <ul style="list-style-type: none"> • Mohammad Al Fardan • Abdul Wahab Al Halabi • Amer Khansaheb • Saif Al Serkal • Abdul Rahman Sharaf • Afaf Al Kontar | N/A | Darwish Al- Ketbi |
| 2 | 08-05-2025 | 7 Members out of a total of 7 as follows: <ul style="list-style-type: none"> • Mohammad Al Fardan • Abdul Wahab Al Halabi • Amer Khansaheb • Saif Al Serkal • Abdul Rahman Sharaf • Afaf Al Kontar • Darwish Al- Ketbi | N/A | N/A |
| 3 | 30-07-2025 | 7 Members out of a total of 7 as follows: <ul style="list-style-type: none"> • Mohammad Al Fardan • Abdul Wahab Al Halabi • Amer Khansaheb • Saif Al Serkal • Abdul Rahman Sharaf • Arwa Al Owais • Ahmad Al Hosani | N/A | N/A |
| 4 | 28-10-2025 | 7 Members out of a total of 7 as follows: <ul style="list-style-type: none"> • Mohammad Al Fardan • Abdul Wahab Al Halabi • Amer Khansaheb • Saif Al Serkal • Abdul Rahman Sharaf • Arwa Al Owais • Ahmad Al Hosani | N/A | N/A |

- The number of Board of Directors decisions issued by circulation during the fiscal year 2025, indicating their dates:

The Board Members took three (3) decisions by passing on the following dates:

1- May 19, 2025

2- June 25, 2025

3- July 9, 2025

Board Committees

- **Audit Committee:**

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

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

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

- Mr. Abdul Rahman Sharaf (Chairman of the Committee)
- Mr. Abdul Wahab Al-Halabi (Member)
- Mr. Darwish Al Ketbi (Member) till June 20, 2025.
- Mr. Saif Alserkal from July 30, 2025

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

Duties of Audit Committee

The Audit Committee shall perform the following tasks and duties:

- 1.** Review the company financial and accounting policies and procedures.
- 2.** Monitor and review the integrity of the Company financial statements and reports (annual, semi-annual and quarterly) and its control regulation as part of its normal operation during the year. It shall concentrate in particular on the following:
 - a)** Any changes in accounting policies and practices.
 - b)** Highlighting of the aspects subject to the management discretion.
 - c)** Ensure that the Company annually updates its policies, procedures and control systems.
 - d)** Substantive amendments resulting from the audit.
 - e)** Assumption of business continuity.
 - f)** Compliance with the accounting standards established by the Authority.
 - g)** Compliance with listing and disclosure rules and other legal requirements related to financial reporting.
- 3.** Coordinate with the Company Board, senior executive administration, financial manager or the manager delegated with the same duties in the company in order to perform its duties.
- 4.** Review any important and unusual items that should be included in reports and accounts and off-balance sheet items, giving due attention to any matters raised by the financial manager, the manager with similar responsibilities, compliance officer, or the auditor.
- 5.** Raise recommendation to the Board regarding the selection, resignation or dismissal of the auditor. In case the Board doesn't approve the Audit Committee recommendations in this regard, the Board shall attach to the governance report a statement explaining the Audit Committee recommendations and the reasons why the Board has not followed them.
- 6.** Develop and implement the policy of contracting with the auditor, and submit a report to the Board, outlining the issues that it deems necessary to be taken, along with providing recommendations for steps to be taken.
- 7.** Ensure that the auditor meets the conditions stated in the applicable laws, regulations and decisions and in the Company articles of association, along with following up and monitoring its independence.
- 8.** Meet the auditor of the Company without the presence of any of the senior executive management personnel or its representatives and discuss the same with regard to the nature and scope of the audit process and its effectiveness in accordance with the audited standards.
- 9.** Approve any additional works made by an external auditor for the Company and the fees received in consideration for that works.
- 10.** Examine all matters related to the auditor work, his work plan, correspondence with the Company, his observations, suggestions and reservations, and any substantial queries raised by the auditor to the senior executive management regarding the accounting records, financial accounts or control systems, in addition to following up the response of the Company management and provision of the necessary facilities to do his work.
- 11.** Ensure that the Board of Directors and executive management respond promptly to essential queries raised in the auditor's letter.
- 12.** Review and evaluate the company's internal auditing and risk management systems.
- 13.** Discuss the internal auditing system with the Board, and make sure it performs its duty with regard to establishing an effective internal control system.
- 14.** Consider the results of the main investigations regarding the internal auditing matters assigned to it by the Board or at the initiative of the Committee and the approval of the Board.

15. Review the auditor evaluation of the internal control procedures and ensure that there is coordination between the internal and external auditors.
16. Ensure of the availability of necessary resources for the internal auditing department, review and monitor the effectiveness of such department.
17. Examine internal auditing reports and follow up implementation of corrective actions of the observations contained therein.
18. Establish controls enabling employees and stakeholders to report potential violations in financial reports, internal audits, or other matters confidentially, and implementing procedures to conduct independent and fair investigations into such violations with adequate measures to protect whistleblowers and closely monitoring their execution.
19. Monitor the Company compliance with the rules of professional conduct.
20. Review related party transactions with the Company, ensure that there are no conflicts of interest and raise recommendations about them to the Board before concluding them.
21. Ensure the application of the business rules of its functions and the powers entrusted to it by the Board.
22. Submit reports and recommendations to the Board on the above matters mentioned in this article.
23. Consider any other matters determined by the Board.

- The number of meetings held by the Audit Committee during 2025 and the dates thereof to discuss issues related to the financial statements and any other matters, and a statement of the number of times members appear in person at the meetings held.

| | Audit Committee Meetings | Abdul Wahab Al Halabi | Saif Al Serkal | Abdul Rahman Sharaf | Darwish Al- Ketbi |
|---|--------------------------|-----------------------|----------------|---------------------|-------------------|
| 1 | 11-Feb-2025 | Attended | | Attended | Attended |
| 2 | 12-Feb-2025 | Attended | | Attended | Attended |
| 3 | 06-May-2025 | Attended | | Attended | Attended |
| 4 | 28-07-2025 | Attended | | Attended | |
| 5 | 27-10-2025 | Attended | Attended | Attended | |



Audit Committee Report

This section presents the Audit Committee Report in accordance with SCA Corporate Governance Guide, Article 61/bis, and provides an overview on the Audit Committee's key roles, responsibilities and activities carried out during the year 2025



Chairman Attestation Statement –

“Mr. Abdulrahman Sharaf, as the Chairman of the Audit Committee, acknowledges his responsibility for Group's internal control system and discharging his responsibilities under its Terms of Reference (TOR) and ensuring its effectiveness.”

1. Powers and responsibilities of the Audit Committee

The Audit Committee TOR outlines the key roles and responsibilities of the Audit Committee which include, but not limited to, the following:

1.1 Financial Report

The Audit Committee is appointed by the Board of Directors to oversee the Company's financial reporting by ensuring the accuracy of the financial reports and quarterly results with a focus on compliance with relevant accounting standards, disclosure obligations and statutory regulations. The members review and ensure that the Company updates its Internal Audit systems, policies and procedures on an annual basis. Critical and unusual items which arise in financial reports or matters raised by finance executives, compliance officer or the Group's external auditors are reviewed by the Audit Committee along with the Group's financial and accounting policies to ensure they align with the applicable regulatory requirements.

1.2 Internal Control and Risk Management

The Audit Committee oversees the effectiveness of the Internal Audit and risk management procedures of the Group by collaborating with the Board to identify key risks and review internal control systems. The Audit Committee ensures that Internal Audit has sufficient resources to conduct regular reviews by reviewing the function's annual work plan. Findings identified through Internal Audit are reviewed by the Audit Committee regarding matters where there is potential fraud, a failure of internal controls or breaches to the laws and regulations. Additionally, the Audit Committee annually reviews changes to the business environment and reports weaknesses in the internal control systems to the Board. Compliance with the Group's Code of Professional Conduct is also monitored by the Audit Committee. The Audit Committee is responsible for the review and approval of related party transactions in line with the policies set by the Board.

1.3 External Audit

The Audit Committee is responsible for ensuring the independence and objectivity of the Group's external auditors and their compliance with the applicable laws and regulations. Its members regularly collaborate with the external auditors to review the scope and the effectiveness of their work. Significant matters relating to internal controls, financial statements and accounting records are monitored and raised to the management promptly. Reports prepared by the external auditors on the Group's internal control system to be reviewed by the Audit Committee. Additionally, the Audit Committee is responsible for organising an annual meeting with the Group's external auditors without the presence of its senior management. For detailed responsibilities of the Audit Committee towards External Auditors, please refer section (4) of the governance report.



2. Committee Meetings and Composition

The composition of the Group's Audit Committee during the year 2025 was as follows:

1. Abdulrahman Sharaf
2. Abdul Wahab Al Halabi
3. Darwesh Al Ketbi till 20 July 2025
4. Saif Al Serkal since 30 July 2025

During 2025, the Audit Committee convened six times to review financial statements and other key governance matters as outlined below:

| Meeting No. | Date of Committee Meetings | Number of member attendees | Members in absence |
|-------------|----------------------------|----------------------------|--------------------|
| 1 | 1 Feb 2025 | 3 | - |
| 2 | 12 Mar 2025 | 3 | - |
| 3 | 6 May 2025 | 3 | - |
| 4 | 28 July 2025 | 2 | - |
| 5 | 27 Oct 2025 | 3 | - |

3. Key Activities of the Audit Committee during 2025

3.1 Review and Approval of Financial Statements

The Audit Committee discussed and approved quarterly and year-end financial results throughout the year, with the results presented by Finance Department and the external auditors highlighting the overall financial performance and progress of the Group. This involved presentations by the external auditors covering significant accounting and auditing matters along with any new regulatory and International Financial Reporting Standards (IFRS) requirements, and their potential impact on the Group's financial statements.

3.2 Status Update on Internal Audits and Action Plans

The Audit Committee reviewed the status and achievement of the 2025 Audit Plan. The Committee also reviewed the Internal Audit Findings, classified by level of risk, High and Medium risk findings were examined in detail, with a focus on remediation measures, assigned responsibilities and implementation timelines. Regular updates on corrective actions were provided to maintain effective oversight.

3.3 Update of Group's Internal Controls System

Internal Audit assesses the effectiveness and efficiency of the risk management and internal controls through periodic reporting of Internal Audit's reports and memorandums, along with the minutes from the Audit Committee's meetings. During the year, the assessment of the Group's Internal Controls system involved the annual review of the existing controls to enhance the existing Group policies along with its procedures. An update was provided to the Audit Committee on the Internal Controls over Financial Reporting (ICFR) preparedness including documenting Risk and control matrices to identify risk and have appropriate management action plan to mitigate the risks.

3.4 Independent Meetings with External Auditors

An independent meeting with external auditors was held on 27 October 2025, where the external auditors presented their recommendations on upcoming implementation of internal control over financial reporting framework and need for automation. The Management letter by the external auditor highlighted key observations identified during audits which included a new requirement for developing and approving a risk and control matrix tailored to the Group's operations and compliant with international practices (recommended COSO), in alignment with the SCA requirements for the year ended 31 December 2025.

3.5 Review and Approval of the Audit Plan by External Auditors

The 2025 Audit plan was presented to the Audit Committee by the external auditors, and approval for the plan was provided.

3.6 Appointment and Approval of External Auditors

The Group's existing external auditor, Grant Thornton UAE, concluded the term of 3 years. The external auditors' fees were discussed, and the Audit Committee approved the continuity of Grant Thornton appointment as the company's external auditors for 2026, and onward recommendation to the Board.

3.7 Related Party and Conflict of Interest Transactions

No related party and conflict of interest transactions occurred throughout the year.

3.8 Risk Management Updates

As part of the annual risk assessment, key risks for all the Group's operations were identified, and corresponding mitigation plans were provided to the Audit Committee. Risk registers were compiled and monitored on a monthly basis to ensure that the identified actions were properly addressed and closed.

3.9 Risk Assessment Result

The annual risk assessment results were discussed in the Audit Committee meeting held in 2025, providing an overview of the exercise conducted.

3.10 Other Matters

During the year 2025, there were no material violations recorded across the Group. However, ten cases were identified where fines were imposed on either subcontractors or employees for breaching specific regulations. These cases were appropriately addressed and closed. The Audit Committee established practical tools to enable employees to report any potential violations related to financial reports, internal controls, or other matters, and takes the necessary actions in this regard; it also reviews and approves related party transactions in accordance with the policies adopted by the Board. However, there were 10 cases where fines were imposed either on the subcontractor or employee for breaching a specific regulation. These cases have been addressed and closed.



4. Relationship between External Auditor and Audit Committee

4.1 External Audit Oversight

In line with the Audit Committee TOR and applicable laws and regulations, the Board has delegated to the Audit Committee the responsibility for overseeing the selection, independence, and performance of the Group's external auditor. The Audit Committee ensures that external audits are conducted with integrity, transparency, and in adherence to the highest professional and regulatory standards.

4.2 Key Responsibilities of the Audit Committee pertaining to External Auditor include

Appointment and Independence

- Recommending to the Board the appointment, reappointment, or dismissal of the external auditor, as well as determining the appropriate remuneration for their services.
- Monitoring the independence of the external auditor to ensure compliance with all applicable laws, regulations, and best practices governing external audit functions.

Audit Scope and Engagement Terms

- Reviewing and approving the terms of engagement, including the audit scope and fees, and submitting recommendations to the Board.
- Ensuring that the external audit plan is aligned with the Group's size, complexity, and risk profile while meeting applicable regulatory requirements.

Audit Effectiveness and Financial Reporting

- Reviewing the external auditor's assessments regarding the appropriateness of the Group's accounting policies, financial disclosures, and reporting practices.
- Ensuring that audits are conducted in accordance with applicable regulatory frameworks and professional standards.

Interaction with External Auditors

- Monitoring and addressing material queries raised by the external auditors relating to accounting records, financial reporting, and internal controls, ensuring timely responses from management.
- Conducting at least one annual meeting with the external auditors without the presence of Executive Management to facilitate independent discussions.

Internal Control and Governance Coordination

- Reviewing Internal Audit reports on the internal control environment and ensuring effective coordination between internal and external auditors.
- Overseeing any additional work performed by the external auditor outside of the ordinary audit scope and approving the associated fees.

4.3 Auditor Appointment and Assessment process

The Audit Committee follows a structured selection process for appointing external auditors, ensuring that candidate firms meet the following key criteria:

- Possess the required qualifications and demonstrate independence in both form and substance, including the scope of non-audit services provided.
- Be duly licensed and approved by the relevant UAE authorities to practice external audit services.
- Have at least five years of experience auditing public joint-stock companies.
- Adhere to the International Code of Ethics for Professional Accountants.
- Maintain independence by not holding any ownership, directorship, or executive roles within the Group.
- Have no affiliation with the majority shareholders or any of its directors.

Following the evaluation of prospective audit firms based on technical and financial merit, the Audit Committee recommends the most suitable firm to the Board for appointment as the external auditor. Upon Board approval, the recommendation is submitted to shareholders at the Annual General Meeting (AGM), which holds the sole authority to approve the appointment and audit fees.

4.4 Performance Evaluation and Independence

The Audit Committee conducts periodic performance evaluations of the external auditor, and these evaluations assess:

- a. Quality of service delivery
- b. Independence and qualifications
- c. Composition of the audit team
- d. Fees related to services rendered
- e. Relationship between the external auditor, Management, and the Audit Committee.

Additionally, the external auditor provides an assurance to the Audit Committee confirming adherence to ethical responsibilities as per the Global code of conduct.

4.5 Re-appointment and Rotation

The AGM appoints the Group's external auditor for one financial year, with a maximum tenure of six consecutive years. The Audit Committee, based on its annual performance and independence assessment, recommends either the re-appointment or removal of the external auditor.

The Audit Committee also ensures that the external auditor's independence is preserved when providing non-audit services, maintaining transparency and objectivity in financial reporting.

4.6 External Auditor Appointment for 2025

In line with regulatory requirements, the Audit Committee has reviewed the tenure of the Group external auditor and has proposed to retain the existing external auditor for the next year 2026.

4.7 Auditor Fees

Statement pertaining to the fees and costs incurred for the audit or services provided by the external auditor, is included on page 160 of the integrated report.

4.8 Qualified Opinion

The external auditor raised no qualified opinion regarding Group's annual financial statements for the year ended 31 December 2025.



- Nominations and Remuneration Committee:

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



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

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

- Mr. Saif Alserkal (Chairman of the Committee)
- Mr. Abdul Wahab Al-Halabi (Member)
- Mr. Darwish Al Ketbi (Member) till June 20, 2025.
- Mrs Arwa Al Owais from July 30, 2025.

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

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

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

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

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

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

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

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



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

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

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

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

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

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

14- Consider any other matters determined by the Board.

3- A statement of the number of meetings held by the committee during 2025 and the dates of their holding, indicating the number of times all members of the committee attended in person.

| | NRC Meetings | Abdul Wahab Al Halabi | Saif Al Serkal | Arwa Al Owais | Darwish Al- Ketbi |
|---|--------------|-----------------------|----------------|---------------|-------------------|
| 1 | 10-Feb-2025 | Attended | Attended | | Attended |
| 2 | 28-Feb-2025 | Absent | Attended | | Attended |
| 3 | 05-May-2025 | Attended | Attended | | Attended |
| 4 | 18-Jun-2025 | Attended | Attended | | Attended |
| 5 | 29-Jul-2025 | Attended | Attended | | |
| 6 | 08-Dec-2025 | Attended | Attended | Attended | |

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

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



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

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

Chief Financial Officer: Mr. Rui Coelho (Committee Chairman) till November 2025

Deputy Chief Legal Officer: Mrs. Nadra Taher (Member)

Chief Executive Officer: Eng. Amer Khansaheb (Member)

c- A summary of the committee's work report during the year 2025

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

- The list was circulated to insiders and the trading controls stipulated in accordance with the Chairman of Authority's Board of Directors' Decision no. (3/R.M) of 2020 concerning Approval of Joint Stock Companies Governance Guide and its amendments.
- The committee periodically monitors and supervises the trading of insiders and their ownership and maintains a special record of them.
- The Dubai Financial Market was notified of an updated list of insiders at the beginning of the financial year and any amendments to it during the year.

6- Executive Committee:

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



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

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

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

Statement of its terms of reference and tasks assigned to it

Purpose

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

Powers

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



Responsibilities: The committee's responsibilities include the following:

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

D-A statement of the number of meetings held by the committee during 2025 and the dates of their holding, indicating the number of times all members of the committee attended in person

| | Executive Committee Meetings | Abdul Wahab Al Halabi | Saif Al Serkal | Ahmad Al Hosani | Amer Khansaheb |
|---|------------------------------|-----------------------|----------------|-----------------|----------------|
| 1 | 18-Jun-2025 | Attended | Attended | | Attended |
| 2 | 29-Sep-2025 | Attended | | Absent | Attended |
| 3 | 24-Nov-2025 | Attended | | Attended | Attended |

- A statement of the duties and powers of the Board of Directors carried out by a member of the Board or the Executive Management during the year 2025 based on a delegation from the Board, specifying the duration and validity of the delegation according to the following table:

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

- A statement of details of transactions carried out with relevant parties (stakeholders) during the year 2025, including as follows:

N/A

- Board of Directors Evaluation

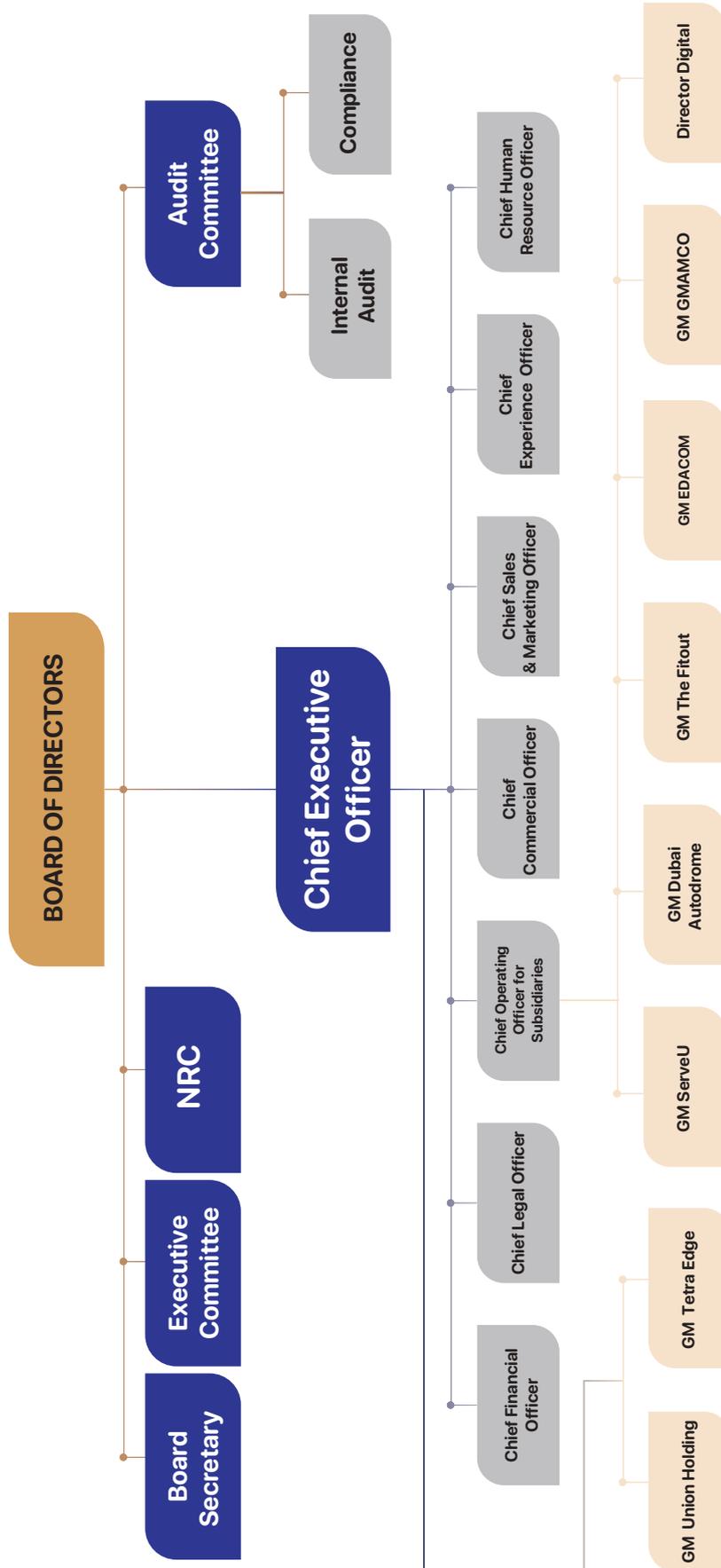
A_ Annual evaluation of the performance of the Company's Board of Directors and the performance of its Members and Committees

The Company performed an evaluation for the performance of the Company's Board of Directors and the performance of its Members and Committees through an independent professional body.

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

The Duration of the Board of Directors is in its third year tenure and was elected on April 17, 2023, The Company performed an evaluation for the performance of the Company's Board of Directors and the performance of its Members and Committees through an independent professional body Aquilae Consulting LLC- FZCO with the support of the Board Secretary.

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



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

| Position | Appointment date | Total Salaries and Allowances paid in 2025 | Total Bounces paid in 2025 -AED | Any other cash in Kind-rewards for 2025 or due for future (Commission) |
|---------------------------------|--------------------------------|--------------------------------------------|---------------------------------|------------------------------------------------------------------------|
| Chief Executive Officer | 14-05-2024 | - | 9,249,140 | - |
| Chief Operating Officer | 01-09-2023 | 1,129,750 | 680,400 | - |
| Chief Commercial Officer | 18-09-2023 | 1,122,005 | 640,800 | - |
| Chief Financial Officer | 01-09-2025 | 442,000 | 150,000 | - |
| Chief Financial Officer | 21-02-2022 Until November 2025 | 979,250 | 150,000 | - |
| Chief Legal Officer | 10-06-2024 | 910,894 | 576,000 | - |
| Chief Sales & Marketing Officer | 02-01-2023 | 1,074,250 | 320,400 | 1,915,180 |
| Chief Human Resources Officer | 01-02-2024 | 1,069,947 | 655,200 | - |
| Chief Experience Officer | 08-09-2025 | 240,000 | 150,000 | - |



External Auditor

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

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

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

| Audit Office Name | Grant Thornton International Ltd |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| Partner Auditor Name | Anand Prabhu |
| No. of years he spent as the company's external auditor | 4 years |
| No. of years the partner Auditor spent auditing the company's accounts | 1 years |
| Total Value of audit fees for 2025 | 890,000 |
| Details and nature of other services provided by the company's auditor (if any). In the event that there are no other services, this will be explicitly mentioned. | Reports for Capital reduction and reports for Dividends |
| The value of fees and costs for other special services other than auditing the financial statements for the year 2025(AED), if any. In the event that there are no other fees, this is explicitly mentioned | 58,000 |
| A statement if other services that an external auditor other than auditing the company's accounts, provided during 2025 (if any). In the event that there are no services provided by another external auditor, this will be explicitly mentioned. | |

c- A statement explaining the reservations that the Company's auditor included in the interim and annual financial statements for 2025. In the absence of any reservations, this must be stated explicitly.

- There was no reservation by the auditors in the unaudited interim condensed consolidated financial statements for the first quarter ending March 31, 2025, the second quarter ending June 30, 2025, and the third quarter ending September 30, 2025.
- There was no reservation by our auditor in the audited annual consolidated financial statements for the fiscal year ending December 31, 2025.

Internal Control System

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

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

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

- Standard Mentors Auditing and Assurance was appointed on July 16, 2024 and was terminated on October 27, 2025.
- On September 16, 2024, Mr. Ahmed Salim was appointed as the Internal Audit Manager. Mr. Ahmed Salim has extensive experience in auditing and has over 20 years of experience in this field. He holds professional certificates and qualifications from internationally recognized institutes in auditing, risk assessment and control frameworks. He has led many complex audits, providing valuable insights and practical recommendations to enhance internal controls and increase business value. His deep analytical skills and strategic approach enable organizations to enhance governance, mitigate risk and achieve operational excellence.

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

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

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

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



Details of violations committed during 2025, their reasons thereof, and how to address them and avoid their recurrence in the future.

During 2025, no material violation occurred.

Statement of the cash and in-kind contributions made by the company during 2025 to the development of the local community and the preservation of the environment.

During 2025, no contributions have been made.

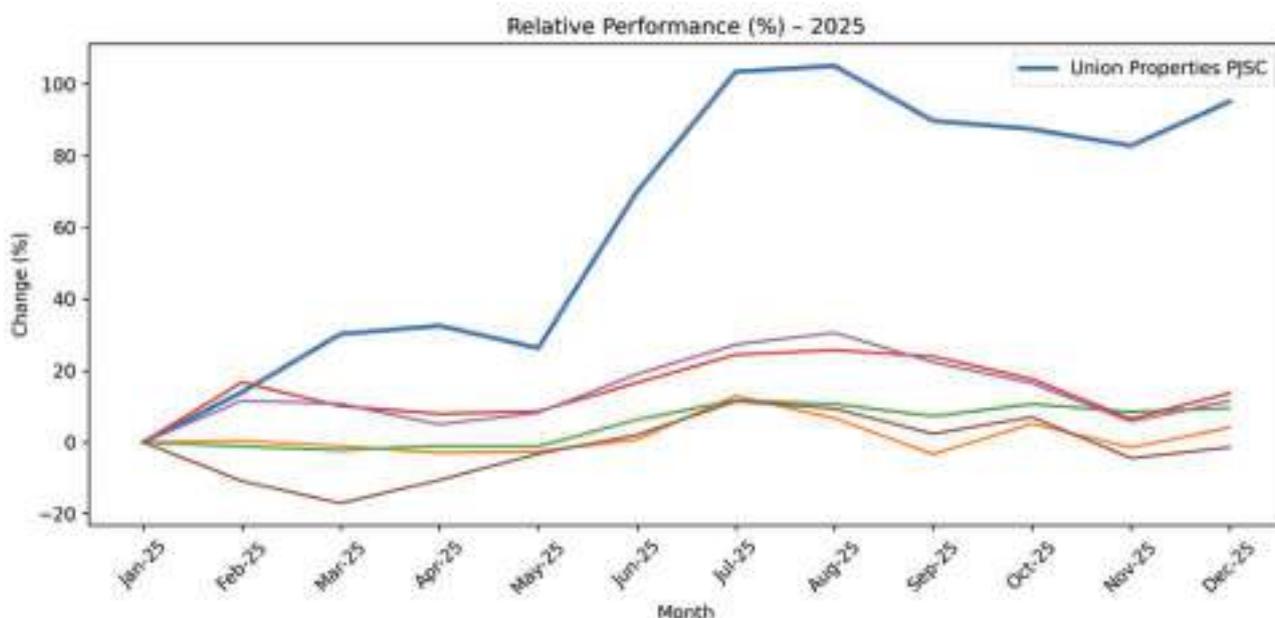
General Information

a- A statement of the Company's share price in the market (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2025.

| UNION PROPERTIES PJSC | | | |
|-----------------------|---------------|---------------|----------------|
| End of Month | Highest Price | Lowest Prices | Closing Prices |
| Jan-25 | 0.452 | 0.401 | 0.43 |
| Feb-25 | 0.504 | 0.374 | 0.49 |
| Mar-25 | 0.598 | 0.486 | 0.56 |
| Apr-25 | 0.583 | 0.47 | 0.57 |
| May-25 | 0.581 | 0.529 | 0.543 |
| Jun-25 | 0.744 | 0.55 | 0.731 |
| Jul-25 | 0.93 | 0.724 | 0.875 |
| Aug-25 | 0.888 | 0.804 | 0.882 |
| Sep-25 | 0.895 | 0.8 | 0.816 |
| Oct-25 | 0.842 | 0.78 | 0.806 |
| Nov-25 | 0.829 | 0.783 | 0.786 |
| Dec-25 | 0.863 | 0.78 | 0.839 |



b- A Statement of the comparative performance of the Company's shares with general market index and sector index to which the Company belongs during 2025



c- A statement of the shareholder ownership distribution as of 31/12/2025 (individuals, companies, governments) classified as follows: The following: local, Gulf, Arab, and foreign

| Shareholder category | Owned Shares Percentage % | | | Total |
|----------------------|---------------------------|-----------|------------|--------|
| | Individual | Corporate | Government | |
| National | 69.51 | 15.71 | 0.01 | 85.23 |
| Arab | 6.97 | 0.92 | - | 7.89 |
| Foreign | 2.05 | 4.84 | - | 6.89 |
| Total | 78.53 | 21.46 | 0.01 | 100.00 |

d- A statement of shareholders who own 5% or more of the Company's capital as of 31/12/2025 according to the following table:

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

e- A statement of how shareholders are distributed according to the ownership size as of 31/12/2025, according to the following table

| Share Ownership (shares) | No of shareholder | No of Owned Shares | Percentage of Shares owned by the capital |
|-------------------------------------|-------------------|--------------------|-------------------------------------------|
| Less than 50,000 | 6218 | 75,124,402 | 2% |
| From 50,000 to less than 500,000 | 2879 | 453,715,326 | 11% |
| From 500,000 to less than 5,000,000 | 679 | 911,087,663 | 21% |
| More than 5,000,000 | 100 | 2,849,612,743 | 66% |

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

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

Name of investor relations officer

Mrs. Nour Abbas

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

E-mail: ir@up.ae

Landline: +971 4 806 6681

Mobile: +971 54 289 8081

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

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

g- A statement of the special decisions that were presented in the General Assembly held during 2025 and the actions taken in their regard.

- Special Resolution (1): Approved by way of a special resolution, a capital reduction from AED 4,289,540,134 to AED 2,857,926,134 by AED 1,431,614,000 equivalent to the accumulated losses as of 31 December 2025 after using all the legal reserves to extinguish losses of AED 437,952,965 and reduction of 33.4% of the Company's issued capital by reducing the nominal share value by 33.4% bringing it to AED 0.666 per share (the "**Capital Reduction**"). Additionally, approved granting the Board full authority to take all necessary actions to implement and execute the Capital Reduction pursuant to the provisions of the of the Federal Decree-Law number 32 of 2021 on Commercial Companies (as amended) ("**CCL**") and the regulations issued by the Securities and Commodities Authority ("**SCA**") in this regard, and approved the amendment (of Article (6) of the Company's Article of Association to reflect the change in the Company's Capital (the reduction in capital) subject to the approvals of the Securities and Commodities Authority.

- The Capital reduction was completed in September 2025

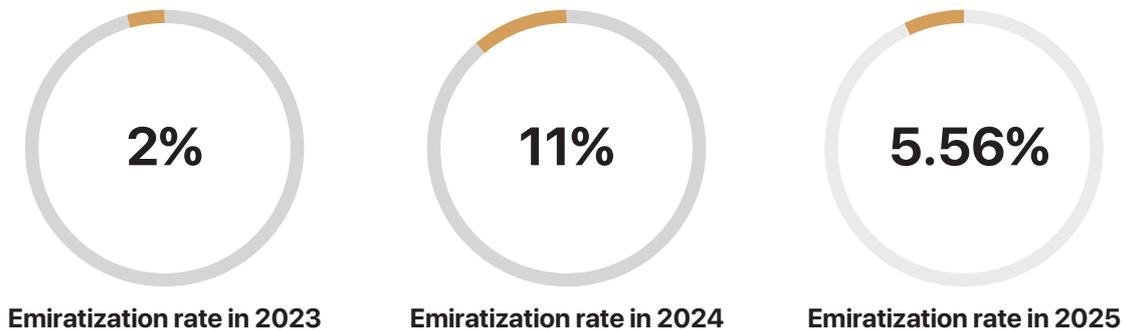
h- Name of the BOD meetings rapporteur and the date of his appointment.

And in the Board of Directors Meeting held on August 1, 2024, the Board Members appointed Mr. Khaled Chaaban as Board Secretary, as he is licensed as a secretary by government agencies in 2024 and he is experienced in the field of secretariat and in dealing with the Securities and Commodities Authority and Dubai Financial Market.

- A detailed statement of the fundamental events and important disclosures that the Company encountered during 2025

| | |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 27- Jan-2025 | Union Properties achieves a total of AED 1.3 billion in plot sales, demonstrating strong growth and market position |
| 5- Feb- 2025 | Union Properties reduces legacy debt and signs a new funding agreement with a local bank to drive strategic growth |
| 22- Apr-2025 | Union Properties unveils strategic advancements and key resolutions from the annual general assembly, which was approved by a special resolution to reduce the issued share capital by 33.4% of the share nominal value, amortising accumulated losses of around AED 1.4 billion. |
| 27- July- 2025 | Union Properties signed AED 700 million sales agreement, paving the way for substantial growth |
| 5- Aug- 2025 | ServeU- a subsidiary of UP, acquires Housekeeping LLC at an AED100 Million deal to expand market reach |
| 1- Sep- 2025 | Union Properties has successfully completed the capital and procedure to reduce the capital and activated the capital reduction on Dubai Financial Market |
| 30- Oct- 2025 | Union Properties unveils the second land market project, "Mirdad" in Dubai's Motor City, indicating continued growth ahead. |
| 12- Dec- 2025 | Union Properties Breaks ground "Mirdad", another flagship AED 2billion community development in Motor City |

Statement of the Company's Emiratization percentage by the end of the years 2023, 2024 and 2025, excluding subsidiaries:



- A statement of the innovative projects and initiatives that the Company has undertaken or is currently developing during the year 2025.

Kindly review the ESG report above.



Chairman
Signature

Date: 12/03/2026



Audit Committee Chairman
Signature

Date: 12/03/2026



**Nominations and Remuneration
Committee Chairman**
Signature

Date: 12/03/2026



Internal Audit Manager
Signature

Date: 12/03/2026

