

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

Unaudited interim condensed
consolidated financial statements
31 March 2025

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

Unaudited interim condensed consolidated financial statements

For the three-month period ended 31 March 2025

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Report on Review of Interim Condensed Consolidated Financial Statements To the Shareholders of Union Properties P.J.S.C

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Union Properties P.J.S.C (the "Company") and its subsidiaries (the "Group") as at March 31, 2025, the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month period then ended, and the related interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows for the three-month period then ended and other related explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

GRANT THORNTON UAE



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

08 May 2025



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

Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)

For the three-month period ended 31 March 2025

		Three-month period ended	
		2025	2024
	Notes	AED'000	AED'000
Revenue from contracts with customers	15	163,228	138,114
Direct costs	15	(120,461)	(103,974)
Gross profit		42,767	34,140
Administrative and general expenses	15	(34,860)	(27,905)
Other operating income	5.2	5,585	3,915
Gain on sale of investment properties	6	-	973
Operating profit		13,492	11,123
Share of losses from associate, net		(3,069)	(1,298)
Other income	5.1	3,189	17,597
Finance income		116	82
Finance cost		(6,904)	(8,649)
Profit before tax for the period		6,824	18,855
Corporate tax for the period	17	(1,010)	(2,382)
Profit for the period		5,814	16,473
Other comprehensive income		-	-
Total comprehensive income for the period		5,814	16,473
Basic and diluted earnings per share (AED)	11	0.0014	0.0038

The notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements


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


Interim condensed consolidated statement of financial position

As at 31 March 2025

	Notes	Unaudited 31 March 2025 AED'000	Audited 31 December 2024 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment		457,668	455,791
Right-of-use assets		13,680	14,224
Investment properties	6.1	2,220,143	2,220,143
Development properties	7	241,153	230,528
Investment in an associate		6,074	9,143
Non-current receivables		2,875	28,347
Deferred tax asset		7	-
Total non-current assets		2,941,600	2,958,176
Current assets			
Investment properties held for sale	6.2	540,960	540,960
Investments at fair value through profit or loss		965	965
Inventories		8,806	4,758
Contract assets		24,600	17,829
Trade and other receivables	8	559,184	711,696
Bank balances and cash	10	156,309	181,213
Total current assets		1,290,824	1,457,421
Total assets		4,232,424	4,415,597
EQUITY AND LIABILITIES			
Equity			
Share capital		4,289,540	4,289,540
Statutory reserve		437,953	437,953
Asset revaluation surplus		332,863	332,863
Accumulated losses		(1,863,753)	(1,869,567)
Total equity		3,196,603	3,190,789
Non-current liabilities			
Non-current portion of bank loans	12	187,680	176,360
Non-current payables		53,500	84,000
Lease liabilities		12,124	12,669
Provision for staff terminal benefits		33,759	32,128
Deferred tax liabilities		28,073	28,073
Total non-current liabilities		315,136	333,230
Current liabilities			
Trade and other payables	13	403,720	410,091
Contract liabilities		66,616	42,321
Lease liabilities		2,100	2,070
Bank overdrafts		26,183	26,101
Current tax liability		13,339	12,323
Current portion of bank loans	12	208,727	398,672
Total current liabilities		720,685	891,578
Total liabilities		1,035,821	1,224,808
Total equity and liabilities		4,232,424	4,415,597

The interim condensed consolidated financial statements were authorised for issue on 8 May 2025 by the Board of Directors and signed on its behalf by:


Chairman


Board Member & CEO

The notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of cash flows (unaudited)

For the three-month period ended 31 March 2025

	Notes	Three-month period ended	
		2025 AED'000	2024 AED'000
Operating activities			
Profit before tax for the period		6,824	18,855
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		3,809	2,635
Depreciation of right of use assets		544	543
Finance costs		6,904	8,649
Share of losses from associate, net		3,069	1,298
Finance income		(116)	(82)
Gain on sale of investment properties	6	-	(973)
<i>Operating profit before working capital changes</i>		21,034	30,925
Change in non-current receivables		25,472	-
Change in inventories		(4,048)	(187)
Change in contract assets		(6,771)	(5,174)
Change in contract liabilities		24,295	-
Change in trade and other receivables		152,512	110,199
Change in non-current payables		(30,499)	1,938
Change in trade and other payables		(6,379)	156,558
Change in staff terminal benefits (net)		1,631	1,054
<i>Net cash generated from operating activities</i>		177,247	295,313
Investing activities			
Additions to property, plant and equipment		(5,679)	(8,002)
Additions to development properties (net)	7	(10,625)	(307)
Proceeds from sale of investment properties	6	-	8,960
Interest income received		116	82
Changes in deposits with bank and escrow account		(55,136)	2,992
<i>Net cash (used in)/generated from investing activities</i>		(71,324)	3,725
Financing activities			
Proceed from bank loans	12	25,498	18,200
Repayment of bank loans	12	(204,125)	(306,952)
Finance costs excluding interest on lease liabilities		(6,678)	(2,942)
Payment of lease liabilities		(740)	-
<i>Net cash used in financing activities</i>		(186,045)	(291,694)
Net (decrease) / increase in cash and cash equivalents		(80,122)	7,344
Cash and cash equivalent at the beginning of the period		122,973	29,812
Cash and cash equivalent at the end of the period	10	42,851	37,156

The notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of changes in equity (unaudited)

For the three-month period ended 31 March 2025

	Share capital AED'000	Statutory reserve AED'000	Asset revaluation surplus AED'000	Accumulated losses AED'000	Total Equity AED'000
At 1 January 2024	4,289,540	397,857	212,689	(2,105,110)	2,794,976
Total comprehensive income for the period	-	-	-	16,473	16,473
At 31 March 2024 (unaudited)	<u>4,289,540</u>	<u>397,857</u>	<u>212,689</u>	<u>(2,088,637)</u>	<u>2,811,449</u>
At 1 January 2025	4,289,540	437,953	332,863	(1,869,567)	3,190,789
Total comprehensive income for the period	-	-	-	5,814	5,814
At 31 March 2025 (unaudited)	<u>4,289,540</u>	<u>437,953</u>	<u>332,863</u>	<u>(1,863,753)</u>	<u>3,196,603</u>

The notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

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

Notes to the interim condensed 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.

The Company and its subsidiaries are collectively referred to as ("the Group") as set out in note 2.5 in the Group annual consolidated financial statements as at year ended 31 December 2024.

2 NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS

There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2025 and has been explained in Group annual consolidated financial statements as at year ended 31 December 2024, but they do not have a material impact on the Group's interim condensed consolidated financial statements.

3 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Accounting Standard 34: Interim Financial Reporting and applicable requirements of the United Arab Emirates laws.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with IFRS Accounting standards and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024. The same accounting policies, methods of computation, significant accounting judgments and estimates and assumptions are followed in these interim condensed consolidated financial statements as compared with the most recent annual consolidated financial statements with exception to the revenue from construction contracts which is disclosed below.

Income tax expense for the interim period is determined by applying management's best estimate of the weighted-average income tax rate for annual period, adjusted for certain items fully applicable to the interim period if needed, to profit or loss before tax.

The interim condensed consolidated financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for investments at fair value through profit and loss, investment properties, and land as included in property, plant and equipment that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The results for the three-month period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

Revenue from construction contracts

The Group construct properties under long term contracts with customers. Such contracts are entered into before the construction work begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has enforceable right to payment for work done. Revenue from construction is therefore recognised over time using input method to recognise revenue on the basis of entity's efforts to the satisfaction of a performance obligation in accounting for its construction contracts. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15

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

Notes to the interim condensed consolidated financial statements (continued)

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

5 OTHER INCOME AND OTHER OPERATING INCOME

5.1 Other income

	Unaudited 31 March 2025 AED'000	Unaudited 31 March 2024 AED'000
Settlement amount from a customer (note a)	3,189	-
Write back of liabilities / reversal of provisions	-	3,714
Foreign exchange gain (note b)	-	13,883
	<u>3,189</u>	<u>17,597</u>

a Settlement amount from a customer

This represents amount recovered from customer against one of the sold units on account of customer default.

b Foreign exchange gain

Foreign exchange gain represented gain on account of overdraft balances held in Egyptian pound.

5.2 Other operating income

	Unaudited 31 March 2025 AED'000	Unaudited 31 March 2024 AED'000
Rental Income	2,580	2,025
NOC Fee	1,045	149
Admin Fee	439	-
Scrap Sale	237	6
Utilities	181	176
Miscellaneous Income	1,103	1,559
	<u>5,585</u>	<u>3,915</u>

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

Notes to the interim condensed consolidated financial statements (continued)

6 INVESTMENT PROPERTIES

6.1 Movement in Investment properties	Unaudited 31 March 2025 AED'000	Audited 31 December 2024 AED'000
At 1 January	2,220,143	2,957,379
Additions during the period/year	-	559
Transfer to development properties (note 7)	-	(213,711)
Gain on fair valuation	-	166,350
Sale of investment properties	-	(690,434)
At the end of the period/year	<u>2,220,143</u>	<u>2,220,143</u>

The Group follows the fair value model under IAS 40 Investment property where investment property defined as land and buildings owned for the purpose of generating rental income or capital appreciation, or both, are fair valued based on an open market valuation. The most recent valuation was carried out on 30 November 2024 by an independent registered valuer, who carried out the valuation in accordance with RICS Appraisal and the Valuation Manual issued by the Royal Institute of Chartered Surveyors.

Sale of investment properties

During the year ended 31 December 2024, investment properties with a carrying value of AED 690.4 million were disposed of for a total consideration of AED 859.9 million less cost to sell AED 11.0 million resulting in a gain of AED 158.5 million.

During the three-month period ended 31 March 2024, investment properties with a carrying value of AED 19.03 million were disposed of for a consideration of AED 20 million resulting in a gain of AED 0.97 million. There were no sales of investment properties during the three-month period ended 31 March 2025

6.2 Investment properties held for sale

	Unaudited 31 March 2025 AED'000	Audited 31 December 2024 AED'000
Opening balance	540,960	932,960
Sold during the period / year	-	(392,000)
At the end of the period/year	<u>540,960</u>	<u>540,960</u>

Investment properties held for sale represent plots of land intended to be sold in the normal course of business. 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.

During the year ended 31 December 2024, the Group has disposed investment properties held for sale amounting to AED 392.0 million which were classified as held for sale as at 31 December 2024. There were no sales of investment properties during the three-month period ended 31 March 2025.

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

Notes to the interim condensed consolidated financial statements (continued)

7 DEVELOPMENT PROPERTIES

	Unaudited 31 March 2025 AED'000	Audited 31 December 2024 AED'000
Movement for the period/Year		
Opening Balance	230,528	11,912
Cost incurred during the period	11,399	4,905
Transfer to cost of revenue during the period	(774)	-
Transfer from investment properties (note 6)	-	213,711
At the end of the period/year	<u>241,153</u>	<u>230,528</u>

The Group is developing a real estate project "Takaya" in Plot 674-2060 at Motorcity, Dubai, United Arab Emirates. Properties under construction are carried at the lower of cost or net realizable value. Net realizable value represents the estimated selling price less all costs to completion.

Properties acquired, constructed or in the course of construction for sale in the ordinary course of business are classified as development properties and include the costs of:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction including the cost of construction of infrastructure; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Common infrastructure cost is allocated to various projects and forms part of the estimated cost to complete a project in order to determine the cost attributable to revenue being recognised.

The Group has assessed based on internal and external source of information and concluded that the carrying value of the related development properties is appropriately stated as per IAS 2 Inventories.

Contract liabilities as at 31 March 2025 includes advances received from the customers for the sale of real estate units under the Takaya project which amounted to AED 64.6 million (31 December 2024: AED 40.4 million).

8 TRADE AND OTHER RECEIVABLES

	Unaudited 31 March 2025 AED'000	Audited 31 December 2024 AED'000
Financial instruments		
Trade receivables	284,556	288,289
Property sales receivables	191,179	392,163
Retention receivables	17,382	17,181
	<u>493,117</u>	<u>697,633</u>
Less: provision for expected credit losses (note 8.2)	<u>(111,720)</u>	<u>(111,776)</u>
	<u>381,397</u>	<u>585,857</u>
Other receivables*	127,370	99,720
Total (A)	<u>508,767</u>	<u>685,577</u>
Non-financial instruments		
Advances to contractors (note 8.1)	5,744	5,614
Prepayments and advances	44,673	20,505
Total (B)	<u>50,417</u>	<u>26,119</u>
Total (A+B)	<u>559,184</u>	<u>711,696</u>

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

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

Notes to the interim condensed consolidated financial statements (continued)

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

8.1 Advances to contractors

	Unaudited 31 March 2025 AED'000	Audited 31 December 2024 AED'000
Advances to contractors	98,447	98,317
Less: provision against allowance for expected credit losses	(92,703)	(92,703)
	<u>5,744</u>	<u>5,614</u>

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

8.2 Allowance for expected credit losses

	Unaudited 31 March 2025 AED'000	Audited 31 December 2024 AED'000
Provision against trade and retentions receivables (note 8)	111,720	111,776
Provision against advances to contractors (note 8.1)	92,703	92,703
	<u>204,423</u>	<u>204,479</u>

The Group's exposure to credit risk and impairment losses related to receivables are disclosed below:

Impairment losses

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

					Trade and other receivables			
						Past due		
	Advances to contractors	Retentions receivable	Property sales receivable	Current	1-90 days	91-365 days	>365 days	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
31 March 2025								
Expected credit loss rate	94.16%	35.79%	0.00%	0.01%	0.56%	12.83%	82.05%	34.56%
Gross amount	98,447	17,382	191,179	114,377	18,963	27,001	124,215	591,564
Expected credit loss	92,703	6,221	-	14	106	3,464	101,915	204,423
31 December 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	92,703	6,221	-	14	677	1,976	102,888	204,479

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

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

Notes to the interim condensed consolidated financial statements (continued)

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

8.2 Allowance for expected credit loss (Continued)

	Unaudited 31 March 2025 AED'000	Audited 31 December 2024 AED'000
At 1 January	204,479	200,594
Provision for the period/year	24	16,150
Amounts written off	(80)	(12,265)
At the end of the period/year	<u>204,423</u>	<u>204,479</u>

9 TRANSACTIONS WITH RELATED PARTIES

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

During the previous year, the Group had extended a loan to its associate amounting to AED 3.4 million which is recognized in the interim condensed consolidated financials carrying an interest of 2.75% + 3 months EIBOR.

The significant transactions with related parties, other than those already disclosed separately elsewhere in the interim condensed consolidated financial statements are as follows:

	Unaudited 31 March 2025 AED'000	Unaudited 31 March 2024 AED'000
Interest received on loan extended to associate	<u>61</u>	<u>82</u>
Compensation to key management personnel are as follows :		
- Salaries and other short-term employee benefits	2,058	1,887
- Provision towards staff terminal benefits	<u>81</u>	<u>95</u>

10 CASH AND CASH EQUIVALENTS

	Unaudited 31 March 2025 AED'000	Audited 31 December 2024 AED'000
Cash in hand	2,182	1,326
Cash at bank		
– in current accounts	66,852	147,748
– in escrow accounts	51,272	31,166
– in deposit accounts held under lien	<u>36,003</u>	<u>973</u>
	<u>156,309</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 which are not available to the Group for disbursement.

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

Notes to the interim condensed consolidated financial statements (continued)

10 CASH AND CASH EQUIVALENTS (CONTINUED)

	Unaudited 31 March 2025 AED'000	Audited 31 December 2024 AED'000
Cash and cash equivalent comprise:		
Bank balance and cash (excluding deposits under lien and escrow)	69,034	149,074
Bank overdrafts	(26,183)	(26,101)
	<u>42,851</u>	<u>122,973</u>

11 BASIC AND DILUTED EARNINGS PER SHARE

	Unaudited 31 March 2025	Unaudited 31 March 2024
Profit attributable to shareholders (AED'000)	5,814	16,473
Weighted average number of shares	<u>4,289,540,134</u>	<u>4,289,540,134</u>
Basic and diluted earnings per share (AED)	<u>0.0014</u>	<u>0.0038</u>

12 BANK LOANS

	Unaudited 31 March 2025 AED'000	Audited 31 December 2024 AED'000
Balance	396,407	575,032
Less: Current portion	<u>(208,727)</u>	<u>(398,672)</u>
Non-current portion	<u>187,680</u>	<u>176,360</u>

The bank loans carry interest at commercial rates. The movement in bank loans during the period/year was as follows:

	Unaudited 31 March 2025 AED'000	Audited 31 December 2024 AED'000
At 1 January	575,032	1,207,865
Availed during the period/year	25,498	90,410
Repayments during the period/year	<u>(204,125)</u>	<u>(723,243)</u>
At the end of the period/year	<u>396,405</u>	<u>575,032</u>

During the prior year the Group entered into an agreement with a local bank as per the term sheet signed between the parties. Under this term sheet, the Group will pay a settlement amount of AED 850.0 million in instalments within 9 months as of the date of executing the agreement. During the current period the Group availed an extension for one of the bank loans on the payment of it's last instalment of AED 159.0 million due by 15 June 2025.

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Notes to the interim condensed consolidated financial statements (continued)

13 TRADE AND OTHER PAYABLES

	Unaudited 31 March 2025 AED'000	Audited 31 December 2024 AED'000
Financial liabilities :		
Trade payables	200,072	208,730
Retention payables	2,080	2,080
Accruals and deposits payables	108,764	117,077
Total	310,916	327,887
Non financial liabilities:		
Advances received from customers	21,239	16,893
Other payables and accruals (note 13.1)	71,565	65,311
	92,804	82,204
Total	403,720	410,091

13.1 Other payables and accruals

	Unaudited 31 March 2025 AED'000	Audited 31 December 2024 AED'000
<i>Other payables and accruals includes:</i>		
VAT Payables and other accruals	36,357	35,093
Provision for staff related payables	28,383	22,163
Provisions and accruals against contracting business	6,578	3,248
Provisions and accruals for payment to contractors cost	247	4,807
	71,565	65,311

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

Notes to the interim condensed consolidated financial statements (continued)

14 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. 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 periods:

	At fair value through profit or loss AED'000	At amortized cost AED'000	Total amount AED'000
31 March 2025 (unaudited)			
<i>Financial assets</i>			
Non-current receivables	-	2,875	2,875
Investments at fair value through profit or loss	965	-	965
Trade and other receivables	-	508,767	508,767
Cash at banks	-	156,309	156,309
Total	965	667,951	668,916
<i>Financial liabilities</i>			
Trade and other payables	-	310,916	310,916
Lease liabilities	-	14,223	14,223
Bank overdrafts	-	26,183	26,183
Bank loans	-	396,407	396,407
Total	-	747,729	747,729
	At fair value through profit or loss AED'000	At amortized cost AED'000	Total amount AED'000
31 December 2024 (audited)			
<i>Financial assets</i>			
Non-current receivables	-	28,347	28,347
Investments at fair value through profit or loss	965	-	965
Trade and other receivables	-	685,577	685,577
Cash at banks	-	181,213	181,213
Total	965	895,137	896,102
<i>Financial liabilities</i>			
Trade and other payables	-	327,887	327,887
Lease liabilities	-	14,739	14,739
Bank overdrafts	-	26,101	26,101
Bank loans	-	575,032	575,032
Total	-	943,759	943,759

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

Notes to the interim condensed consolidated financial statements (continued)

14 FINANCIAL INSTRUMENTS (CONTINUED)

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 holds investments at fair value through profit or loss.

There have been no reclassifications made during the current period or in the previous year/period.

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 March 2025 (unaudited)				
Investments at fair value through profit or loss	-	-	965	965
31 December 2024 (audited)				
Investments at fair value through profit or loss	-	-	965	965

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

Notes to the interim condensed consolidated financial statements (continued)

15 SEGMENT REPORTING

Business segments

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

	Real estate AED'000	Contracting AED'000	Goods and services AED'000	Investments AED'000	Total AED'000
Three-month period ended 31 March 2025 (unaudited)					
Segment revenue	18,239	13,358	131,631	-	163,228
Direct cost	(4,597)	(11,276)	(104,588)	-	(120,461)
Gross profit	13,642	2,082	27,043	-	42,767
Administrative and general expenses	(22,963)	(1,233)	(10,582)	(82)	(34,860)
Other operating income	2,241	24	3,320	-	5,585
Operating (loss)/profit	(7,080)	873	19,781	(82)	13,492
Share of losses from an associate, net	-	-	-	(3,069)	(3,069)
Other income	3,189	-	-	-	3,189
Finance income	69	-	47	-	116
Finance cost	(4,341)	-	(2,563)	-	(6,904)
Corporate tax expense	(185)	(19)	(806)	-	(1,010)
(Loss)/profit for the period	(8,348)	854	16,459	(3,151)	5,814
Capital expenditure	736	25	4,917	-	5,678
Depreciation of property, plant and equipment	1,313	59	2,436	-	3,808
Depreciation of right of use assets	310	-	235	-	545
As at 31 March 2025 (unaudited)					
Segment assets	3,024,999	59,841	1,141,130	380	4,226,350
Investment in an associate	-	-	-	6,074	6,074
Total assets	3,024,999	59,841	1,141,130	6,454	4,232,424
Segment liabilities	44,095	58,612	337,708	595,406	1,035,821
Three-month period ended 31 March 2024 (unaudited)					
Segment revenue	11,048	9,575	117,491	-	138,114
Direct cost	(5,389)	(8,196)	(90,389)	-	(103,974)
Gross profit	5,659	1,379	27,102	-	34,140
Administrative and general expenses	(15,598)	(800)	(11,507)	-	(27,905)
Other operating income	1,114	102	2,699	-	3,915
Gain on sale of investment properties	973	-	-	-	973
Operating profit/(loss)	(7,852)	681	18,294	-	11,123
Share of loss from associates	-	-	-	(1,298)	(1,298)
Other income	3,714	-	-	13,883	17,597
Finance income	82	-	-	-	82
Finance cost	(4,909)	-	(3,740)	-	(8,649)
Corporate tax	-	(20)	(1,507)	(855)	(2,382)
(Loss)/profit for the period	(8,965)	661	13,047	11,730	16,473
Capital expenditure	344	1,254	879	-	2,477
Depreciation of property, plant and equipment	299	936	1,400	-	2,635
Depreciation of right of use assets	310	-	233	-	543
As at 31 December 2024 (audited)					
Segment assets	3,337,286	36,885	1,031,906	377	4,406,454
Investment in an associate	-	-	-	9,143	9,143
Total assets	3,337,286	36,885	1,031,906	9,520	4,415,597
Segment liabilities	344,666	36,112	248,701	595,329	1,224,808

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

Notes to the interim condensed consolidated financial statements (continued)

16 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	Unaudited 31 March 2025 AED'000	Audited 31 December 2024 AED'000
<i>Company and its subsidiaries</i>		
Commitments:		
Capital commitments	45,911	1,865
Contingent liabilities:		
Letters of guarantee	36,930	36,930

17 CORPORATE TAX LAW

The Group has adopted an unrealized basis of taxation for the purpose of determining the taxable profit. The applicable tax rate as per the Corporate Tax Law is 9%. Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate is as follows:

	2025 AED'000
For the period from 1 January 2025 to 31 March 2025	
Current corporate tax:	
Current corporate tax charge	1,017
Deferred tax	
Relating to origination and reversal of temporary differences	(7)
Corporate tax expense reported in the consolidated statement of profit or loss	1,010
Relating to origination and reversal of temporary differences through OCI	-
Corporate tax expense reported in the consolidated statement of profit or loss and other comprehensive income	1,010
Reconciliation of effective tax rate:	2025 AED'000
Accounting profit before corporate tax	6,824
Adjustments in respect of Taxable Income subject to 0% (1)	(188)
Unrealized losses	82
Effect of the disallowed interest cost portion	(93)
Effect of losses recognised	1,496
Share of losses from associate, net	3,070
Non-deductible expenses for tax purposes	26
Taxable profit	11,217
At the effective corporate tax rate of 14.80%	1,010

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

Notes to the interim condensed consolidated financial statements (continued)

17 CORPORATE TAX LAW (CONTINUED)

- (1) Basic exemption is a sum of quarterly apportioned annual exemptions for all each entity in the aggregated FS
- (2) Identified non-deductible cost
- (3) Effective tax rate is 14.80% on the Taxable profits after offsetting losses in related entities
- (4) During the period the Group has recorded a deferred tax asset arising on account of the unrealized foreign exchange losses and amounted to AED 0.007 million

18 COMPARATIVES

Reclassifications

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

19 SUBSEQUENT EVENTS

Subsequent to the period-end, during the Annual General Assembly Meeting the shareholders approved reducing the Company's share capital to extinguish the accumulated losses as of 31 December 2024.