

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

Unaudited interim condensed  
consolidated financial statements

*31 March 2022*

# Union Properties Public Joint Stock Company and its subsidiaries

## Unaudited interim condensed consolidated financial statements

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31 March 2022

<i>Contents</i>	<i>Page(s)</i>
Report on review of interim condensed consolidated financial statements.....	1
Interim condensed consolidated statement of profit or loss and other comprehensive income .....	2
Interim condensed consolidated statement of financial position .....	3
Interim condensed consolidated statement of cash flows .....	4
Interim condensed consolidated statement of changes in equity.....	5
Notes to the interim condensed consolidated financial statements .....	6 – 17

## 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 financial statements of Union Properties P.J.S.C (the "Company") and its subsidiaries (together referred to as the "Group") which comprise the interim condensed consolidated statement of financial position as at 31 March 2022, the related interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting (IAS 34) as issued by International Accounting Standard Board (IASB). Our responsibility is to express a conclusion of these interim condensed consolidated financial statements based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of 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. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Emphasis of matter

During the previous years, the Group had undertaken a full review of the Masterplan for Dubai Motorcity and had submitted a formal request to the concerned regulatory authorities for the issuance of revised affection plans with amended Gross Floor Areas (the "GFA's"). Furthermore, in accordance with the directions of Dubai Development Authority, the Group had appointed approved independent third-party surveyors to perform a detailed survey of the entire land bank at Dubai Motorcity. Based on the official third-party surveyor reports, the Group got an attestation from Dubai Land for an additional GFA and thereafter also got an approval of the Traffic Impact Study from Road and Transport Authority during the year 2021. Based on surveyor reports, valuation and approvals received from the experts and authorities, the management continued with inclusion of the additional GFA to the value of AED 677 million in the valuation of the Motorcity land bank in the Group interim condensed consolidated financial statements as at 31 March 2022 (31 December 2021: AED 677 million). Our conclusion is not modified in respect of this matter.

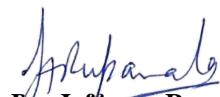
### Conclusion

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 IAS 34.

### For:

**MAZARS**

**Chartered Accountants LLC (Abu Dhabi Br.1)**



**By: Jaffer A. Rupawala**

**Registered Auditor Number: 852**

**Abu Dhabi,**

**12 May 2022**



# Union Properties Public Joint Stock Company and its subsidiaries

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

For the three-month period ended 31 March 2022

	Notes	Three-month period ended	
		2022 AED'000	2021 AED'000
Revenue from contracts with customers	16	105,732	98,259
Direct costs	16	(85,000)	(77,742)
<b>Gross profit</b>		<b>20,732</b>	<b>20,517</b>
Administrative and general expenses	16	(20,012)	(25,392)
Other operating income	5	3,822	2,552
Gain on sale of investment properties	6	-	6,966
<b>Operating profit</b>		<b>4,542</b>	<b>4,643</b>
Net gain on financial instruments at FVTPL	9	-	2,780
Other income	5	-	20,298
Finance income		4	512
Finance cost	16	(17,026)	(22,680)
<b>(Loss)/profit for the period</b>		<b>(12,480)</b>	<b>5,553</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive (loss)/income for the period</b>		<b>(12,480)</b>	<b>5,553</b>
<b>Basic and diluted earnings per share (AED)</b>	11	<b>(0.0029)</b>	<b>0.0013</b>

The notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements

# Union Properties Public Joint Stock Company and its subsidiaries

## Interim condensed consolidated statement of financial position

As at 31 March 2022

	Notes	Unaudited 31 March 2022 AED'000	Audited 31 December 2021 AED'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		311,247	312,635
Right-of-use assets		20,524	21,694
Investment properties	6	3,260,726	3,260,726
Development properties		7,504	7,504
Investment in an associate		84,413	84,413
Non-current receivables	7	4,577	4,301
<b>Total non-current assets</b>		<b>3,688,991</b>	<b>3,691,273</b>
<b>Current assets</b>			
Investments at fair value through profit or loss	9	756	756
Inventories		4,816	4,732
Contract assets		32,337	35,263
Trade and other receivables	7	404,866	425,146
Cash and cash equivalents	10	47,108	65,797
<b>Total current assets</b>		<b>489,883</b>	<b>531,694</b>
<b>Total assets</b>		<b>4,178,874</b>	<b>4,222,967</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		4,289,540	4,289,540
Statutory reserve		352,978	352,978
Asset revaluation surplus		212,689	212,689
Accumulated losses		(2,940,308)	(2,927,828)
<b>Total equity attributable to the shareholders of the Company</b>		<b>1,914,899</b>	<b>1,927,379</b>
<b>Non-current liabilities</b>			
Non-current portion of bank loans	12	299,900	309,246
Contract liabilities		8,118	8,118
Lease liabilities		16,890	17,813
Provision for staff terminal benefits		30,248	29,144
<b>Total non-current liabilities</b>		<b>355,156</b>	<b>364,321</b>
<b>Current liabilities</b>			
Trade and other payables	13	1,185,271	1,193,546
Contract liabilities		46,868	50,188
Lease liabilities		4,222	4,453
Bank overdrafts	14	114,999	113,670
Current portion of bank loans	12	557,459	569,410
<b>Total current liabilities</b>		<b>1,908,819</b>	<b>1,931,267</b>
<b>Total liabilities</b>		<b>2,263,975</b>	<b>2,295,588</b>
<b>Total equity and liabilities</b>		<b>4,178,874</b>	<b>4,222,967</b>

The interim condensed consolidated financial statements were authorised for issue on 12 May 2022 by the Board of Directors and signed on its behalf by:



Chairman



Board Member & Managing Director

The notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

# Union Properties Public Joint Stock Company and its subsidiaries

## Interim condensed consolidated statement of cash flows (unaudited)

For the three-month period ended 31 March 2022

	Note	Three-month period ended 31 March	
		2022 AED'000	2021 AED'000
<b>Operating activities</b>			
(Loss)/profit for the period		(12,480)	5,553
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		2,615	2,635
Depreciation of right of use assets		1,169	1,169
Gain on sale of investment properties	6	-	(6,966)
Gain on financial instruments at FVTPL, net	15	-	(2,780)
Finance income		(4)	(512)
Finance cost		17,026	22,680
<i>Operating profit before working capital changes</i>		8,326	21,779
Change in non-current receivables			
Change in inventories		(84)	282
Change in contract assets		2,926	19,373
Change in trade and other receivables		16,507	4,565
Change in non-current payables		(210)	270
Change in trade and other payables and contract liabilities		(21,123)	(3,706)
Change in staff terminal benefits (net)		1,104	1,756
<i>Net cash from operating activities</i>		7,446	44,319
<b>Investing activities</b>			
Additions to property, plant and equipment		(1,527)	(3,216)
Proceeds from/investments in financial instruments at FVTPL, net		-	1,787
Proceeds from disposal of property, plant and equipment		300	1,300
Interest income received		4	19
Changes in deposits under lien with banks		(12,629)	3,646
<i>Net cash (used in)/generated from investing activities</i>		(13,852)	3,536
<b>Financing activities</b>			
Proceed from long-term bank loans		17,832	14,779
Repayment of long-term bank loans		(39,129)	(19,678)
Advances to banks against loan principal and interest		-	(30,000)
Interest paid		(4,944)	(4,203)
<i>Net cash used in financing activities</i>		(26,241)	(39,102)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(32,647)	8,753
Cash and cash equivalents at the beginning of the period		(60,374)	(172,765)
<b>Cash and cash equivalents at the end of the period</b>	10	(93,021)	(164,012)

The notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

# Union Properties Public Joint Stock Company and its subsidiaries

## Interim condensed consolidated statement of changes in equity (unaudited)

For the three-month period ended 31 March 2022

	Share capital AED'000	Statutory reserve AED'000	Asset revaluation surplus AED'000	Accumulated losses AED'000	Total AED'000
At 1 January 2021 (audited)	4,289,540	352,978	212,689	(1,961,073)	2,894,134
Total comprehensive income for the period	-	-	-	5,553	5,553
At 31 March 2021 (unaudited)	<b>4,289,540</b>	<b>352,978</b>	<b>212,689</b>	<b>(1,955,520)</b>	<b>2,899,687</b>
At 1 January 2022 (audited)	4,289,540	352,978	212,689	(2,927,828)	1,927,379
Total comprehensive loss for the period	-	-	-	(12,480)	(12,480)
At 31 March 2022 (unaudited)	<b>4,289,540</b>	<b>352,978</b>	<b>212,689</b>	<b>(2,940,308)</b>	<b>1,914,899</b>

The notes from 1 to 17 form an integral part of these interim condensed consolidated financial statements.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the interim condensed consolidated financial statements

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### 1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

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

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

The Company and its subsidiaries are collectively referred to as “the Group”.

### 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 January 1, 2022 and has been explained in Group annual consolidated financial statements as at year ended December 31, 2021 but they do not have a material impact on the Group’s interim condensed consolidated financial statements.

### 3 BASIS OF PREPARATION AND SIGNIFICANT 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 International Financial Reporting Standards (IFRS), and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021. 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.

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 financial assets at fair value through profit and loss and investment properties 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 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.



# Union Properties Public Joint Stock Company 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 2021.

### 5 OTHER INCOME

	Unaudited 31 March 2022	Unaudited 31 March 2021
Reversals of liabilities (refer note below)	-	20,298
Other operating income - miscellaneous income	<b>3,822</b>	<b>2,552</b>
	<b>3,822</b>	<b>22,850</b>

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

### 6 INVESTMENT PROPERTIES

	Unaudited 31 March 2022 AED'000	Audited 31 December 2021 AED'000	Unaudited 31 March 2021 AED'000
At 1 January	<b>3,260,726</b>	4,612,744	4,612,744
Transfer from property, plant and equipment	-	8,167	-
Gain on fair valuation	-	(1,109,302)	-
Sale of investment properties	-	(250,883)	(13,840)
Closing balance	<b>3,260,726</b>	<b>3,260,726</b>	<b>4,598,904</b>

The Group follows the fair value model under IAS 40 (Revised 2003) 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 31 December 2021 by an independent registered valuer, Land Sterling, 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 three-month period ended 31 March 2021, investment properties with a carrying value of AED 13.8 million were disposed of for a consideration of AED 20.8 million resulting in a profit of AED 7 million.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the interim condensed consolidated financial statements (continued)

### 6 INVESTMENT PROPERTIES (CONTINUED)

#### Valuation gain on gross floor area

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

### 7 TRADE AND OTHER RECEIVABLES

	Unaudited 31 March 2022 AED’000	Audited 31 December 2021 AED’000
<b>Financial instruments</b>		
Trade receivables	258,658	252,750
Retention receivables	14,604	15,579
Property sales receivables	48,256	65,322
	<b>321,518</b>	<b>333,651</b>
Less: allowance for expected credit losses	(117,094)	(116,852)
	<b>204,424</b>	<b>216,799</b>
Other receivables	49,449	65,545
<b>Total (A)</b>	<b>253,873</b>	<b>282,344</b>
<b>Non-financial instruments</b>		
Advances to contractors (note 7.1)	14,970	11,634
Advances to banks against loan principal and interest	112,000	112,000
Prepayments and advances	24,023	19,168
<b>Total (B)</b>	<b>150,993</b>	<b>142,802</b>
<b>Total (A+B)</b>	<b>404,866</b>	<b>425,146</b>

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the interim condensed consolidated financial statements (continued)

### 7 TRADE AND OTHER RECEIVABLES (CONTINUED)

#### 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 property sales receivables				
				Past due			
	<i>Advances to contractors</i>	<i>Retentions receivable</i>	<i>Current</i>	<i>1-90 days</i>	<i>91-365 days</i>	<i>&gt;365 days</i>	<i>Total</i>
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
31 March 2022							
Expected credit loss rate	85.82%	0.00%	0.00%	0.00%	3.44%	82.46%	
Gross amount	105,562	19,181	92,168	24,951	49,866	139,929	431,657
Expected credit loss	<u>90,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,715</u>	<u>115,379</u>	<u>207,686</u>
31 December 2021							
Expected credit loss rate	88.62%	0.00%	0.00%	2.39%	20.77%	82.81%	
Gross amount	102,226	19,880	66,138	20,792	33,793	132,027	374,856
Expected credit loss	<u>90,592</u>	<u>-</u>	<u>2</u>	<u>497</u>	<u>7,020</u>	<u>109,333</u>	<u>207,444</u>

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

	Unaudited 31 March 2022 AED'000	Audited 31 December 2021 AED'000
At 1 January	207,444	1,843,054
Provision for the period/year	500	17,999
Amounts written off	(258)	-
Movement from loss of control over a subsidiary	-	(1,744,201)
Provision against advances to contractors	-	90,592
Closing balance	<u>207,686</u>	<u>207,444</u>

#### Provision for allowance for expected credit losses

	Unaudited 31 March 2022 AED'000	Audited 31 December 2021 AED'000
Provision against trade receivables	117,094	116,852
Provision against advances to contractors (note 7.1)	<u>90,592</u>	<u>90,592</u>
	<u>207,686</u>	<u>207,444</u>

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the interim condensed consolidated financial statements (continued)

### 7 TRADE AND OTHER RECEIVABLES (CONTINUED)

#### 7.1 Advances to contractors

	Unaudited 31 March 2022 AED'000	Audited 31 December 2021 AED'000
Advances to contractors	105,562	102,226
Less: provision for allowance for expected credit losses	(90,592)	(90,592)
	<u>14,970</u>	<u>11,634</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.

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

### 8 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 carried out at agreed rates. 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 2022 AED'000	Unaudited 31 March 2021 AED'000
Compensation to key management personnel are as follows :		
- Salaries and other short-term employee benefits	1,217	2,649
- Provision towards staff terminal benefits	<u>108</u>	<u>188</u>

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

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

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

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

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

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the interim condensed consolidated financial statements (continued)

### 10 CASH AND CASH EQUIVALENTS

	Unaudited 31 March 2022 AED'000	Audited 31 December 2021 AED'000
Cash in hand	1,168	1,239
Cash at bank		
– in deposit accounts held under lien	18,739	2,898
– in current accounts	20,810	52,057
– in other deposit accounts	6,391	9,603
	<u>47,108</u>	<u>65,797</u>
	Unaudited 31 March 2022 AED'000	Audited 31 December 2021 AED'000
Cash and cash equivalents comprise:		
Cash in hand and at banks (excluding deposits under lien)	21,978	53,296
Bank overdrafts	(114,999)	(113,670)
	<u>(93,021)</u>	<u>(60,374)</u>

### 11 BASIC AND DILUTED EARNINGS PER SHARE

	Unaudited Three month period ended 31 March 2022	2021
Profit/(loss) attributable to shareholders (AED'000)	(12,480)	5,553
Weighted average number of shares	4,289,540,134	4,289,540,134
Basic and diluted earnings per share (AED)	<u>(0.0029)</u>	<u>0.0013</u>

### 12 BANK LOANS

	Unaudited 31 March 2022 AED'000	Audited 31 December 2021 AED'000
Balance	857,359	878,656
Less: Current portion	(557,459)	(569,410)
Non-current portion	<u>299,900</u>	<u>309,246</u>

The bank loans carry interest at commercial rates.

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the interim condensed consolidated financial statements (continued)

### 12 BANK LOANS (CONTINUED)

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

	Unaudited 31 March 2022 AED'000	Audited 31 December 2021 AED'000
At 1 January	878,656	1,463,313
Availed during the period/year	17,832	73,513
Repayments during the period/year	(39,129)	(171,564)
Movement from loss of control over a subsidiary	-	(486,606)
At the end of the period/year	<u>857,359</u>	<u>878,656</u>

At 31 March 2022, the two loans that have been classified as current liabilities at year-ended 2020 due to breach in contractual payments continue to be classified as current liabilities.

### 13 TRADE AND OTHER PAYABLES

	Unaudited 31 March 2022 AED'000	Audited 31 December 2021 AED'000
Financial instruments		
Trade payables	97,480	113,297
Retention payables	3,176	3,589
Other payables and accruals	1,084,615	1,076,660
Total	<u>1,185,271</u>	<u>1,193,546</u>

	Unaudited 31 March 2022 AED'000	Audited 31 December 2021 AED'000
Provisions and accruals against contracting business	781,242	781,242
Provision for staff related payables	29,153	39,294
Provisions and accruals for payment to contractors cost	<u>33,961</u>	<u>30,322</u>

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the interim condensed consolidated financial statements (continued)

### 14 BANK OVERDRAFTS

	Unaudited 31 March 2022 AED'000	Audited 31 December 2021 AED'000
Bank overdrafts	<b>114,999</b>	<b>192,235</b>

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

### 15 FINANCIAL INSTRUMENTS

Financial assets of the Group include non-current receivables, investments at FVTPL, trade and other receivables and cash in hand and 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	Carrying amount AED'000	Fair value AED'000
<b>31 March 2022 (unaudited)</b>				
<i>Financial assets</i>				
Non-current receivables	-	4,577	4,577	4,577
Investments at FVTPL	756	-	756	756
Trade and other receivables	-	253,873	253,873	253,873
Cash in hand and at banks	-	47,108	47,108	47,108
<b>Total</b>	<b>756</b>	<b>305,558</b>	<b>306,314</b>	<b>306,314</b>
<i>Financial liabilities</i>				
Trade and other payables	-	1,185,271	1,185,271	1,185,271
Lease liabilities	-	21,112	21,112	21,112
Bank overdrafts	-	114,999	114,999	114,999
Bank loans	-	857,359	857,359	857,359
<b>Total</b>	<b>-</b>	<b>2,178,741</b>	<b>2,178,741</b>	<b>2,178,741</b>

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the interim condensed consolidated financial statements (continued)

### 15 FINANCIAL INSTRUMENTS (CONTINUED)

	At fair value through profit or loss AED'000	At amortized cost AED'000	Carrying amount AED'000	Fair value AED'000
31 December 2021 (audited)				
<i>Financial assets</i>				
Non-current receivables	-	4,301	4,301	4,301
Investments at FVTPL	756	-	756	756
Trade and other receivables	-	282,344	282,344	282,344
Cash in hand and at banks	-	65,797	65,797	65,797
Total	<u>756</u>	<u>352,442</u>	<u>353,198</u>	<u>353,198</u>
<i>Financial liabilities</i>				
Trade and other payables	-	1,193,546	1,193,546	1,193,546
Bank overdrafts	-	113,670	113,670	113,670
Bank loans	-	878,656	878,656	878,656
Lease liabilities	-	22,266	22,266	22,266
Total	<u>-</u>	<u>2,208,138</u>	<u>2,208,138</u>	<u>2,208,138</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 holds investments at fair value through profit or loss. The fair value of quoted securities is determined by reference to their quoted bid prices as at the reporting date. Investments in marketable securities are stated at cost where no observable market data is available. Accordingly, the fair value hierarchy is set out as below:

	Level 1 AED'000	Level 3 AED'000	Total AED'000
31 March 2022 (unaudited)			
Investments at fair value through profit or loss	<u>-</u>	<u>756</u>	<u>756</u>
31 December 2021 (audited)			
Investments at fair value through profit or loss	<u>-</u>	<u>756</u>	<u>756</u>

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



# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the interim condensed consolidated financial statements (continued)

### 15 FINANCIAL INSTRUMENTS (CONTINUED)

#### Level 1:

	Unaudited 31 March 2022 AED'000	Audited 31 December 2021 AED'000	Unaudited 31 March 2021 AED'000
Opening balance	-	151,128	151,128
Additions	-	111,941	112,000
Disposals	-	(113,787)	(113,787)
-in the consolidated statement of profit or loss	-	5,361	-
Impairment loss on financial instruments at FVTPL	-	(154,643)	2,780
Closing balance	-	-	152,121

### 16 SEGMENT REPORTING

#### Business segments

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

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the interim condensed consolidated financial statements (continued)

### 16 SEGMENT REPORTING (CONTINUED)

	Real estate	Contracting	Goods and services	Investments	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Three-month period ended 31 March 2022 (unaudited)</b>					
Segment revenue	10,071	5,605	90,056	-	105,732
Finance income	-	4	-	-	4
Other income	1,187	32	2,603	-	3,822
Direct cost	(6,645)	(6,377)	(71,978)	-	(85,000)
Administrative and general expenses	(10,243)	(1,266)	(8,399)	(104)	(20,012)
Finance cost	(14,439)	-	(1,274)	(1,313)	(17,026)
<b>Profit/(loss) for the period</b>	<b>(20,069)</b>	<b>(2,002)</b>	<b>11,008</b>	<b>(1,417)</b>	<b>(12,480)</b>
Capital expenditure	153	55	293	-	501
Depreciation of property, plant and equipment	1,057	498	1,003	57	2,615
Depreciation of right of use assets	940	-	229	-	1,169
<b>As at 31 March 2022 (unaudited)</b>					
Segment assets	3,507,673	53,419	533,079	290	4,094,461
Investment in an associate	-	-	-	84,413	84,413
<b>Total assets</b>	<b>3,507,673</b>	<b>53,419</b>	<b>533,079</b>	<b>84,703</b>	<b>4,178,874</b>
<b>Segment liabilities</b>	<b>1,703,257</b>	<b>276,157</b>	<b>168,436</b>	<b>116,125</b>	<b>2,263,975</b>
<b>Three-month period ended 31 March 2021 (unaudited)</b>					
Segment revenue	11,145	12,747	74,367	-	98,259
Loss on financial instruments at FVTPL	-	-	-	2,780	2,780
Loss on sale of investment properties	6,966	-	-	-	6,966
Finance income	493	19	-	-	512
Other income	21,315	114	1,415	6	22,850
Direct cost	(8,682)	(10,439)	(58,621)	-	(77,742)
Administrative and general expenses	(13,196)	(2,184)	(8,810)	(1,202)	(25,392)
Finance cost	(10,760)	(9,243)	(1,394)	(1,283)	(22,680)
<b>Profit/(loss) for the period</b>	<b>7,281</b>	<b>(8,986)</b>	<b>6,957</b>	<b>301</b>	<b>5,553</b>
Capital expenditure	1,224	215	1,777	-	3,216
Depreciation of property, plant and equipment	1,004	517	1,078	36	2,635
Depreciation of right of use assets	940	-	229	-	1,169
<b>As at 31 December 2021 (audited)</b>					
Segment assets	4,868,250	284,614	554,079	152,486	5,859,429
Investment in an associate	-	-	-	87,368	87,368
<b>Total assets</b>	<b>4,868,250</b>	<b>284,614</b>	<b>554,079</b>	<b>239,854</b>	<b>5,946,797</b>
<b>Segment liabilities</b>	<b>1,155,430</b>	<b>1,592,349</b>	<b>191,319</b>	<b>108,012</b>	<b>3,047,110</b>

# Union Properties Public Joint Stock Company and its subsidiaries

## Notes to the interim condensed consolidated financial statements (continued)

### 17 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	Unaudited 31 March 2022 AED'000	Audited 31 December 2021 AED'000
<i>Company and its subsidiaries</i>		
Commitments:		
Capital commitments	<u>27,946</u>	<u>28,297</u>
Contingent liabilities:		
Letters of guarantee	<u>289,195</u>	<u>294,460</u>
<i>Associate</i>		
Contingent liabilities:		
Letters of guarantee	<u>252,500</u>	<u>252,500</u>