

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

Unaudited interim condensed
consolidated financial statements
30 June 2025

Union Properties P.J.S.C and its subsidiaries
Unaudited interim condensed consolidated financial statements
For the six-month period ended 30 June 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 June 30, 2025, the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended, interim condensed consolidated statement of changes in equity, and interim condensed consolidated statement of cash flows for the six-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



Anand Prabhu
Registration No: 5567
Dubai, United Arab Emirates

July 30, 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 six-month period ended 30 June 2025

		Six-month period ended	
		2025	2024
	Notes	AED'000	AED'000
Revenue from contracts with customers	15	315,666	265,785
Direct costs	15	(239,994)	(213,139)
Gross profit		75,672	52,646
Administrative and general expenses	15	(67,521)	(51,318)
Other operating income	5.2	18,885	9,902
Gain on sale of investment properties		-	31,201
Operating profit		27,036	42,431
Share of losses from associate, net		(5,629)	(5,814)
Other income	5.1	8,840	17,597
Finance income		562	150
Finance cost		(14,280)	(15,033)
Profit before tax for the period		16,529	39,331
Corporate tax for the period	17	(1,966)	(4,561)
Profit for the period		14,563	34,770
Other comprehensive income		-	-
Total comprehensive income for the period		14,563	34,770
Basic and diluted earnings per share (AED)	11	0.0034	0.0081

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 profit or loss and other comprehensive income (unaudited)

For the three-month period ended 30 June 2025

		Three-month period ended	
		2025	2024
	Notes	AED'000	AED'000
Revenue from contracts with customers	15	152,438	127,671
Direct costs	15	(119,533)	(109,165)
Gross profit		32,905	18,506
Administrative and general expenses	15	(32,661)	(23,413)
Other operating income		13,300	5,987
Gain on sale of investment properties		-	30,228
Operating profit		13,544	31,308
Share of losses from associate, net		(2,560)	(4,516)
Other income		5,651	-
Finance income		446	68
Finance cost		(7,376)	(6,384)
Profit before tax for the period		9,705	20,476
Corporate tax for the period		(956)	(2,179)
Profit for the period		8,749	18,297
Other comprehensive income		-	-
Total comprehensive income for the period		8,749	18,297
Basic and diluted earnings per share (AED)	11	0.0020	0.0043

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 30 June 2025

	Notes	Unaudited 30 June 2025 AED'000	Audited 31 December 2024 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment		465,726	455,791
Right-of-use assets		13,932	14,224
Investment properties	6.1	1,945,302	2,220,143
Development properties	7	518,974	230,528
Investment in an associate		3,514	9,143
Non-current receivables		3,554	28,347
Deferred tax asset		86	-
Total non-current assets		2,951,088	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		7,646	4,758
Contract assets		26,542	17,829
Trade and other receivables	8	556,183	711,696
Cash and cash equivalents	10	123,597	181,213
Total current assets		1,255,893	1,457,421
Total assets		4,206,981	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		(1,855,004)	(1,869,567)
Total equity		3,205,352	3,190,789
Non-current liabilities			
Non-current portion of bank loans	12	168,653	176,360
Non-current payables		23,000	84,000
Lease liabilities		12,176	12,669
Provision for staff terminal benefits		33,890	32,128
Deferred tax liabilities		28,073	28,073
Total non-current liabilities		265,792	333,230
Current liabilities			
Trade and other payables	13	380,770	410,091
Contract liabilities		113,771	42,321
Lease liabilities		2,445	2,070
Bank overdrafts	10	26,584	26,101
Current tax liability		14,374	12,323
Current portion of bank loans	12	197,893	398,672
Total current liabilities		735,837	891,578
Total liabilities		1,001,629	1,224,808
Total equity and liabilities		4,206,981	4,415,597

The interim condensed consolidated financial statements were authorised for issue on 30 July 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 six-month period ended 30 June 2025

		Six-month period ended	
		2025	2024
	Notes	AED'000	AED'000
Operating activities			
Profit before tax for the period		16,529	39,331
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		7,473	4,561
Depreciation of right of use assets		1,103	11,580
Finance costs		14,280	15,033
Share of losses from associate, net		5,629	5,814
Finance income		(562)	(150)
Provision for expected credit loss		374	450
Gain on sale of investment properties		-	(31,201)
<i>Operating profit before working capital changes</i>		<u>44,826</u>	<u>45,418</u>
Change in non-current receivables		24,793	-
Change in inventories		(2,888)	(34)
Change in contract assets		(8,716)	927
Change in contract liabilities		71,450	-
Change in trade and other receivables		155,139	(15,758)
Change in non-current payables		(61,000)	2,968
Change in trade and other payables		(29,321)	122,723
Change in staff terminal benefits (net)		1,762	579
<i>Net cash generated from operating activities</i>		<u>196,045</u>	<u>156,823</u>
Investing activities			
Additions to property, plant and equipment		(17,408)	(6,030)
Additions to investment properties	6	(219)	(125)
Additions to development properties (net)	7	(13,386)	-
Proceeds from sale of investment properties		-	245,950
Proceeds from disposal of property, plant and equipment		-	6,771
Interest income received		562	150
Changes in deposits with bank and escrow account		(43,549)	2,992
<i>Net cash (used in)/generated from investing activities</i>		<u>(74,000)</u>	<u>249,708</u>
Financing activities			
Proceed from bank loans	12	38,678	33,149
Repayment of bank loans	12	(247,164)	(422,044)
Finance costs excluding interest on lease liabilities		(13,798)	(5,740)
Payment of lease liabilities		(1,409)	-
<i>Net cash used in financing activities</i>		<u>(223,693)</u>	<u>(394,635)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(101,648)</u>	<u>11,896</u>
Cash and cash equivalent at the beginning of the period		122,973	780
Cash and cash equivalent at the end of the period	10	<u>21,325</u>	<u>12,676</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

Interim condensed consolidated statement of changes in equity (unaudited)

For the six-month period ended 30 June 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	-	-	-	34,770	34,770
At 30 June 2024 (unaudited)	<u>4,289,540</u>	<u>397,857</u>	<u>212,689</u>	<u>(2,070,340)</u>	<u>2,829,746</u>
At 1 January 2025 *	4,289,540	437,953	332,863	(1,869,567)	3,190,789
Total comprehensive income for the period	-	-	-	14,563	14,563
At 30 June 2025 (unaudited)	<u>4,289,540</u>	<u>437,953</u>	<u>332,863</u>	<u>(1,855,004)</u>	<u>3,205,352</u>

During the annual general assembly meeting held on 22 April 2025, the shareholders approved reducing the company's share capital to extinguish the accumulated losses, the required approvals are still in process.

*The balance of statutory reserve as at 1 January 2025 includes AED 13.8 million pertaining to the subsidiaries.

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 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 six-month period ended 30 June 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 30 June 2025 AED'000	Unaudited 30 June 2024 AED'000
Settlement amount from customers (note a)	6,189	-
Write back of liabilities / reversal of provisions	2,651	3,714
Foreign exchange gain (note b)	-	13,883
	<u>8,840</u>	<u>17,597</u>

a Settlement amount from customers

Of the total amount of AED 6.2 million, AED 3.2 million relates to proceeds recovered from a customer due to default on a previously sold unit. The remaining AED 3.0 million represents compensation for legal fees awarded by the court in a judgment against another customer.

b Foreign exchange gain

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

5.2 Other operating income

	Unaudited 30 June 2025 AED'000	Unaudited 30 June 2024 AED'000
Rental Income	5,380	4,373
NOC Fee	9,913	259
Administrative Fee	825	32
Scrap Sale	242	103
Utilities	274	287
Miscellaneous Income	2,251	4,848
	<u>18,885</u>	<u>9,902</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 30 June 2025 AED'000	Audited 31 December 2024 AED'000
At 1 January	2,220,143	2,957,379
Additions during the period/year	219	559
Transfer to development properties (note 7)	(275,060)	(213,711)
Gain on fair valuation	-	166,350
Sale of investment properties	-	(690,434)
At the end of the period/year	<u>1,945,302</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.

6.2 Investment properties held for sale

	Unaudited 30 June 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 six-month period ended 30 June 2025.

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

Notes to the interim condensed consolidated financial statements (continued)

7 DEVELOPMENT PROPERTIES

	Unaudited 30 June 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	15,164	4,905
Transfer to cost of revenue during the period	(1,778)	-
Transfer from investment properties (note 6.1)	275,060	213,711
At the end of the period/year	<u>518,974</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.

The Group has assessed the impairment of the projects and concluded that the carrying value of the related development properties is appropriately stated.

Contract liabilities as at 30 June 2025 includes amounts billed to customer for the sale of real estate units under the Takaya project which amounted to AED 110.3 million (31 December 2024: AED 40.4 million).

8 TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2025 AED'000	Audited 31 December 2024 AED'000
Financial instruments		
Trade receivables	307,457	288,289
Property sales receivables	143,892	392,163
Retention receivables	16,243	19,541
	<u>467,592</u>	<u>699,993</u>
Less: provision for expected credit losses (note 8.2)	(106,107)	(111,776)
	<u>361,485</u>	<u>588,217</u>
Other receivables*	137,353	99,720
Total (A)	<u>498,838</u>	<u>687,937</u>
Non-financial instruments		
Advances to contractors (note 8.1)	3,639	5,614
Prepayments and advances	57,136	20,505
Total (B)	<u>60,775</u>	<u>26,119</u>
Total (A+B)	<u>559,613</u>	<u>714,056</u>
Less: non-current portion of retention receivables	(3,430)	(2,360)
	<u>556,183</u>	<u>711,696</u>

*During the year 2023 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 30 June 2025 AED'000	Audited 31 December 2024 AED'000
Advances to contractors	96,342	98,317
Less: provision against allowance for expected credit losses (note 8.2)	(92,703)	(92,703)
	<u>3,639</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 30 June 2025 AED'000	Audited 31 December 2024 AED'000
Provision against trade and retentions receivables (note 8)	106,107	111,776
Provision against advances to contractors (note 8.1)	92,703	92,703
	<u>198,810</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
30 June 2025								
Expected credit loss rate	96.22%	48.69%	0.00%	0.00%	0.00%	4.54%	78.67%	35.47%
Gross amount	96,342	12,813	143,892	91,229	55,293	36,074	124,861	560,504
Expected credit loss	<u>92,703</u>	<u>6,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,636</u>	<u>98,232</u>	<u>198,810</u>
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	<u>92,703</u>	<u>6,221</u>	<u>-</u>	<u>14</u>	<u>677</u>	<u>1,976</u>	<u>102,888</u>	<u>204,479</u>

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 30 June 2025 AED'000	Audited 31 December 2024 AED'000
At 1 January	204,479	200,594
Provision for the period/year	374	16,150
Amounts written off	(6,043)	(12,265)
At the end of the period/year	<u>198,810</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 year 2023, 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 30 June 2025 AED'000	Unaudited 30 June 2024 AED'000
Interest received on loan extended to associate	<u>119</u>	<u>150</u>
Compensation to key management personnel are as follows :		
- Salaries and other short-term employee benefits	4,370	3,826
- Provision towards staff terminal benefits	<u>185</u>	<u>205</u>

10 CASH AND CASH EQUIVALENTS

	Unaudited 30 June 2025 AED'000	Audited 31 December 2024 AED'000
Cash in hand	2,807	1,326
Cash at bank		
– in current accounts	45,102	147,748
– in escrow accounts	74,415	31,166
– in deposit accounts held under lien	<u>1,273</u>	<u>973</u>
	<u>123,597</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 30 June 2025 AED'000	Audited 31 December 2024 AED'000
Cash and cash equivalent comprise:		
Bank balance and cash (excluding deposits under lien and escrow)	47,909	149,074
Bank overdrafts	(26,584)	(26,101)
	<u>21,325</u>	<u>122,973</u>

11 BASIC AND DILUTED EARNINGS PER SHARE

	Unaudited Six month period ended 30 June		Unaudited Three month period ended 30 June	
	2025 AED'000	2024 AED'000	2025 AED'000	2024 AED'000
Profit attributable to shareholders (AED)	14,563	34,770	8,749	18,297
Weighted average number of shares	4,289,540	4,289,540	4,289,540	4,289,540
Basic and diluted earnings per share (AED)	<u>0.0034</u>	<u>0.0081</u>	<u>0.0020</u>	<u>0.0043</u>

12 BANK LOANS

	Unaudited 30 June 2025 AED'000	Audited 31 December 2024 AED'000
Balance	366,546	575,032
Less: Current portion	(197,893)	(398,672)
Non-current portion	<u>168,653</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 30 June 2025 AED'000	Audited 31 December 2024 AED'000
At 1 January	575,032	1,207,865
Availed during the period/year	38,678	90,410
Repayments during the period/year	(247,164)	(723,243)
At the end of the period/year	<u>366,546</u>	<u>575,032</u>

During the year 2023 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 on the payment of the last instalment of AED 142.0 million due before end of 2025.

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

Notes to the interim condensed consolidated financial statements (continued)

13 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2025 AED'000	Audited 31 December 2024 AED'000
Financial liabilities :		
Trade payables	196,696	208,730
Retention payables	2,856	2,080
Accruals and deposits payables	104,631	117,077
Total	304,183	327,887
Non financial liabilities:		
Advances received from customers	16,437	16,893
Other payables and accruals (note 13.1)	60,150	65,311
Total	380,770	410,091

13.1 Other payables and accruals

	Unaudited 30 June 2025 AED'000	Audited 31 December 2024 AED'000
<i>Other payables and accruals includes:</i>		
VAT Payables and other accruals	26,978	35,093
Provision for staff related payables	25,031	22,163
Provisions and accruals against contracting business	7,897	3,248
Provisions and accruals for payment to contractors cost	244	4,807
	60,150	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
30 June 2025 (unaudited)			
<i>Financial assets</i>			
Non-current receivables	-	3,554	3,554
Investments at fair value through profit or loss	965	-	965
Trade and other receivables	-	498,838	498,838
Cash at banks	-	120,790	120,790
Total	965	623,182	624,147
<i>Financial liabilities</i>			
Trade and other payables	-	304,183	304,183
Lease liabilities	-	14,621	14,621
Bank overdrafts	-	26,584	26,584
Bank loans	-	366,546	366,546
Total	-	711,934	711,934
	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	-	687,937	687,937
Cash at banks	-	179,887	179,887
Total	965	896,171	897,136
<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
30 June 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 and others	Contracting	Goods and services	Investments	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Six-month period ended 30 June 2025 (unaudited)					
Segment revenue	37,409	29,668	248,589	-	315,666
Direct cost	(9,476)	(26,391)	(204,127)	-	(239,994)
Gross profit	27,933	3,277	44,462	-	75,672
Administrative and general expenses	(45,651)	(2,299)	(19,089)	(482)	(67,521)
Other operating income	12,154	26	6,705	-	18,885
Operating (loss)/profit	(5,564)	1,004	32,078	(482)	27,036
Share of losses from an associate, net	-	-	-	(5,629)	(5,629)
Other income	8,840	-	-	-	8,840
Finance income	144	-	418	-	562
Finance cost	(8,883)	-	(5,397)	-	(14,280)
Corporate tax expense	(560)	(41)	(1,407)	42	(1,966)
(Loss)/profit for the period	(6,023)	963	25,692	(6,069)	14,563
Capital expenditure	7,182	605	9,621	-	17,408
Depreciation of property, plant and equipment	2,368	119	4,986	-	7,473
Depreciation of right of use assets	619	-	484	-	1,103
As at 30 June 2025 (unaudited)					
Segment assets	2,986,097	63,326	1,153,364	680	4,203,467
Investment in an associate	-	-	-	3,514	3,514
Total assets	2,986,097	63,326	1,153,364	4,194	4,206,981
Segment liabilities	25,455	41,912	338,107	596,155	1,001,629
Six-month period ended 30 June 2024 (unaudited)					
Segment revenue	24,716	15,923	225,146	-	265,785
Direct cost	(12,591)	(15,796)	(184,752)	-	(213,139)
Gross profit	12,125	127	40,394	-	52,646
Administrative and general expenses	(29,768)	(1,237)	(20,313)	-	(51,318)
Other operating income	2,014	2,556	5,332	-	9,902
Gain on sale of investment properties	31,201	-	-	-	31,201
Operating profit	15,572	1,446	25,413	-	42,431
Share of loss from associates	-	-	-	(5,814)	(5,814)
Other income	3,714	-	-	13,883	17,597
Finance income	150	-	-	-	150
Finance cost	(7,716)	-	(7,317)	-	(15,033)
Corporate tax	(2,517)	(20)	(2,024)	-	(4,561)
profit for the period	9,203	1,426	16,072	8,069	34,770
Capital expenditure	1,241	1,528	3,261	-	6,030
Depreciation of property, plant and equipment	303	1,902	2,356	-	4,561
Depreciation of right of use assets	7,637	-	3,943	-	11,580
As at 31 December 2024 (audited)					
Segment assets	3,337,288	36,885	1,031,906	375	4,406,454
Investment in an associate	-	-	-	9,143	9,143
Total assets	3,337,288	36,885	1,031,906	9,518	4,415,597
Segment liabilities	344,667	36,112	248,701	595,328	1,224,808

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

Notes to the interim condensed consolidated financial statements (continued)

15 SEGMENT REPORTING (CONTINUED)

Business segments (continued)

	Real estate and others	Contracting	Goods and services	Investments	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Three-month period ended 30 June 2025 (unaudited)					
Segment revenue	19,170	16,310	116,958	-	152,438
Direct cost	(4,879)	(15,115)	(99,539)	-	(119,533)
Gross profit	14,291	1,195	17,419	-	32,905
Administrative and general expenses	(22,688)	(1,066)	(8,507)	(400)	(32,661)
Other operating income	9,913	2	3,385	-	13,300
Operating profit/(loss) for the period	1,516	131	12,297	(400)	13,544
Share of losses from an associate, net	-	-	-	(2,560)	(2,560)
Other income	5,651	-	-	-	5,651
Finance income	75	-	371	-	446
Finance cost	(4,542)	-	(2,834)	-	(7,376)
Corporate tax expense	(375)	(22)	(601)	42	(956)
Profit/(loss) for the period	2,325	109	9,233	(2,918)	8,749
Capital expenditure	6,446	580	5,612	-	12,638
Depreciation of property, plant and equipment	1,055	60	2,549	-	3,664
Depreciation of right of use assets	309	-	249	-	558
Three-month period ended 30 June 2024 (unaudited)					
Segment revenue	13,668	6,348	107,655	-	127,671
Direct cost	(7,202)	(7,600)	(94,363)	-	(109,165)
Gross profit	6,466	(1,252)	13,292	-	18,506
Administrative and general expenses	(14,170)	(437)	(8,806)	-	(23,413)
Other operating income	900	2,454	2,633	-	5,987
Gain on sale of investment properties	30,228	-	-	-	30,228
Operating profit/(loss) for the period	23,424	765	7,119	-	31,308
Share of loss from associates	-	-	-	(4,516)	(4,516)
Other income	-	-	-	-	-
Finance income	68	-	-	-	68
Finance cost	(2,807)	-	(3,577)	-	(6,384)
Corporate tax	(2,517)	-	(517)	855	(2,179)
Profit/(loss) for the period	18,168	765	3,025	(3,661)	18,297
Capital expenditure	897	274	2,507	-	3,678
Depreciation of property, plant and equipment	4	966	956	-	1,926
Depreciation of right of use assets	7,327	-	3,710	-	11,037

16 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	Unaudited 30 June 2025 AED'000	Audited 31 December 2024 AED'000
<i>Company and its subsidiaries</i>		
Commitments:		
Capital commitments	1,715	1,865
Contingent liabilities:		
Letters of guarantee	36,930	36,930

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

Notes to the interim condensed consolidated financial statements (continued)

17 CORPORATE TAX LAW

The Group has adopted an realized 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 30 June 2025	
Current corporate tax:	
Current corporate tax charge	2,052
Deferred tax	
Relating to origination and reversal of temporary differences	(86)
Corporate tax expense reported in the consolidated statement of profit or loss	<u>1,966</u>
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	<u><u>1,966</u></u>
Reconciliation of effective tax rate:	
	2025 AED'000
Accounting profit before corporate tax	16,529
Adjustments in respect of Taxable Income subject to 0% (1)	(375)
Unrealized losses	482
Effect of the disallowed interest cost portion	(556)
Share of losses from associate, net	5,639
Non-deductible expenses for tax purposes	129
Taxable profit	<u><u>21,848</u></u>
At the effective corporate tax rate of 10.0%	<u><u>1,966</u></u>

(1) Basic exemption is a sum of quarterly apportioned annual exemptions for tax entity/group in the aggregated FS

(2) Identified non-deductible cost

(3) Effective tax rate is 9.0% 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 of AED 0.04 million and disallowed interest of AED 0.04 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 reporting period, the Group entered into a Sale and Purchase Agreement with one of the reputed buyers with respect to the sale of land in Motor City, Dubai. This property has been currently classified as "Investments Held for Sale" in the Interim condensed consolidated statement of financial position. The transaction is expected to be completed by end of quarter three at a value exceeding the asset's book value, contingent upon the fulfilment of conditions outlined in the agreement.