

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

Unaudited interim condensed
consolidated financial statements

30 September 2021

Union Properties Public Joint Stock Company and its subsidiaries

Unaudited interim condensed consolidated financial statements

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Union Properties Public Joint Stock Company and its subsidiaries

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

For the nine-month period ended 30 September 2021

	Notes	Nine-month period ended 30 September	
		2021 AED'000	2020 AED'000
Revenue from contracts with customers	17	296,018	286,315
Net gain/(loss) on financial instruments at FVTPL	10	5,338	(54,959)
Share of profits from associates, net		-	7,818
Loss on disposal of an associate	5	-	(234,524)
Gain on fair valuation of investment properties	7	78,854	821,990
Loss on sale of investment properties	7	(17,860)	(20,000)
Finance income		1,519	1,984
Other income	6	35,778	11,760
Direct costs	17	(244,362)	(291,093)
Administrative and general expenses	17	(89,195)	(84,170)
Finance cost	17	(64,721)	(96,342)
Profit/(loss) for the period		1,369	348,779
Other comprehensive income for the period		-	(15,508)
Total comprehensive income for the period		1,369	333,271
Basic and diluted earnings per share (AED)	12	0.0003	0.0813

The notes from 1 to 18 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 profit or loss and other comprehensive income (unaudited)

For the three-month period ended 30 September 2021

	Notes	Three month period ended 30 September	
		2021 AED'000	2020 AED'000
Revenue from contracts with customers	17	98,570	90,521
Net (loss)/gain on financial instruments at FVTPL	10	(3,066)	19,317
Share of profit from associates, net		-	5,480
Loss on disposal of an associate	5	-	(234,524)
Gain on fair valuation of investment properties	7	-	821,990
Gain/(loss) on sale of investment properties	7	5,425	(164)
Finance income		497	1,243
Other income	6	2,810	2,603
Direct costs	17	(81,001)	(140,084)
Administrative and general expenses	17	(34,047)	(26,207)
Finance cost	17	(20,203)	(30,969)
(Loss)/profit for the period		(31,015)	509,206
Other comprehensive income for the period		-	-
Total comprehensive (loss)/income for the period		(31,015)	509,206
Basic and diluted earnings per share (AED)	12	(0.007)	0.119

The notes from 1 to 18 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 30 September 2021

		Unaudited 30 September 2021	Audited 31 December 2020
	Notes	AED'000	AED'000
ASSETS			
Non-current assets			
Property, plant and equipment		345,433	348,076
Right-of-use assets		24,032	26,371
Investment properties	7	4,447,220	4,612,744
Development properties		7,504	7,504
Investments in an associate		87,368	87,368
Investments at fair value through profit or loss	10	-	114,608
Non-current receivables	8	5,417	33,194
Total non-current assets		4,916,974	5,229,865
Current assets			
Investments at fair value through profit or loss	10	155,376	37,276
Inventories		14,343	7,913
Contract assets		226,695	218,864
Trade and other receivables	8	583,142	394,888
Due from related parties	9	-	7,648
Cash and cash equivalents	11	49,937	45,400
Total current assets		1,029,493	711,989
Total assets		5,946,467	5,941,854
EQUITY AND LIABILITIES			
Equity			
Share capital		4,289,540	4,289,540
Statutory reserve		352,978	352,978
Asset revaluation surplus		212,689	212,689
Accumulated losses		(1,959,704)	(1,961,073)
Total equity attributable to the shareholders of the Company		2,895,503	2,894,134
Non-current liabilities			
Non-current portion of bank loans	13	321,060	463,056
Contract liabilities		8,118	8,118
Lease liabilities		18,572	20,333
Provision for staff terminal benefits		36,576	32,935
Total non-current liabilities		384,326	524,442
Current liabilities			
Trade and other payables	14	1,286,690	1,237,010
Contract liabilities		128,157	88,692
Lease liabilities		4,643	5,084
Bank overdrafts	15	203,965	192,235
Current portion of bank loans	13	1,043,183	1,000,257
Total current liabilities		2,666,638	2,523,278
Total liabilities		3,050,964	3,047,720
Total equity and liabilities		5,946,467	5,941,854

The notes from 1 to 18 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 nine-month period ended 30 September 2021

	Note	Nine-month period ended 30 September	
		2021 AED'000	2020 AED'000
Operating activities			
Profit/(loss) for the period		1,369	348,779
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		7,660	7,823
Depreciation of right of use assets		3,508	3,516
Loss on sale of investment properties		17,860	20,000
Gain on fair valuation of investment properties		(78,854)	(821,990)
Share of results of associates, net		-	(7,818)
(Gain)/loss on financial instruments at FVTPL, net		(5,338)	54,959
Loss on disposal of an associate		-	234,524
Gain on disposal of property, plant and equipment		7,095	-
Finance income		(1,519)	(1,984)
Finance cost		64,721	96,342
<i>Operating profit before working capital changes</i>		16,502	(65,849)
Change in non-current receivables			
Change in inventories		(6,430)	(1,024)
Change in contract assets		8,952	14,514
Change in trade and other receivables		(146,452)	21,509
Change in due from related parties		7,648	8,925
Change in non-current payables		(920)	16,430
Change in trade and other payables and contract liabilities		56,193	105,054
Change in staff terminal benefits (net)		3,641	2,017
<i>Net cash (used in)/from operating activities</i>		(60,866)	101,576
Investing activities			
Additions to property, plant and equipment		(7,886)	(5,123)
Proceeds from/investments in financial instruments at FVTPL, net		1,846	2,302
Proceeds from disposal of property, plant and equipment		351	97
Proceeds from sale of investment properties		216,722	35,357
Proceeds from disposal of investment in an associate		-	125,518
Interest income received		39	89
Changes in deposits with banks		(5,467)	(2,414)
<i>Net cash from investing activities</i>		205,605	155,826
Financing activities			
Proceed from long-term bank loans		47,092	36,107
Repayment of long-term bank loans		(146,162)	(77,461)
Advances to banks against loan principal and interest		(42,000)	(30,000)
Interest paid		(19,631)	(28,661)
<i>Net cash used in financing activities</i>		(160,701)	(100,015)
Net increase in cash and cash equivalents		(15,962)	157,387
Cash and cash equivalents at the beginning of the period		(172,765)	(247,895)
Cash and cash equivalents at the end of the period	11	(188,727)	(90,508)

The notes from 1 to 18 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 nine-month period ended 30 September 2021

	Share capital AED'000	Statutory reserve AED'000	Currency translation reserve AED'000	Asset revaluation surplus AED'000	Accumulated losses AED'000	Total AED'000
At 1 January 2020 (audited)	4,289,540	332,880	15,508	212,689	(2,141,959)	2,708,658
Total comprehensive loss for the period	-	-	(15,508)	-	348,779	333,271
At 30 September 2020 (unaudited)	4,289,540	332,880	-	212,689	(1,793,180)	3,041,929
At 1 January 2021 (audited)	4,289,540	352,978	-	212,689	(1,961,073)	2,894,134
Total comprehensive income for the period	-	-	-	-	1,369	1,369
At 30 September 2021 (unaudited)	4,289,540	352,978	-	212,689	(1,959,704)	2,895,503

The notes from 1 to 16 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

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, 2021 and has been explained in Group annual consolidated financial statements as at year ended December 31, 2020 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 2020. 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 nine-month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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 2020.

5 INVESTMENTS IN ASSOCIATES

The disposal of the share in the associate resulted a loss on disposal amounting to AED 234.5 million recognized in profit or loss (note 15).

6 OTHER INCOME

	Unaudited 30 September 2021	Unaudited 30 September 2020
Reversals of liabilities (refer note below)	20,298	-
Gain on disposal of property, plant and equipment	7,095	-
Miscellaneous income	8,385	11,760
	35,778	11,760

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.

7 INVESTMENT PROPERTIES

	Unaudited 30 September 2021 AED'000	Audited 31 December 2020 AED'000
At 1 January	4,612,744	4,111,636
Transfer from property, plant and equipment	-	8,570
Gain on fair valuation	78,854	743,549
Sale of investment properties	(244,378)	(251,011)
Closing balance	4,447,220	4,612,744

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 30 June 2021 by an independent registered valuer, ValuStrat Consulting FZCO, who carried out the valuation in accordance with RICS Appraisal and the Valuation Manual issued by the Royal Institute of Chartered Surveyors. The independent valuers have been appointed to provide the fair value of the Group's investment property portfolio on a semi annual basis.

Based on the above, fair value gain of AED 78.9 million has been recognised in the consolidated statement of profit or loss for the nine months period ended 30 September 2021 (31 December 2020: AED 743.6 million).

Union Properties Public Joint Stock Company and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

7 INVESTMENT PROPERTIES (CONTINUED)

Sale of investment properties

During the nine-month period ended 30 September 2021, investment properties with a carrying value of AED 244.4 million were sold for a consideration of AED 226.5 million resulting in a loss of AED 17.9 million.

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 period ended 30 September 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 1,312 Million in the valuation of the Motorcity land bank in the Group financial statements as at 30 September 2021 (31 December 2020: AED 1,249 million), on the understanding that the approvals expected to be updated on the Dubai Development Authority system at the earliest.

8 TRADE AND OTHER RECEIVABLES

	Unaudited 30 September 2021 AED'000	Audited 31 December 2020 AED'000
Financial instruments		
Trade receivables	2,000,195	1,955,931
Retention receivables	52,569	52,059
Property sales receivables	69,622	46,104
	2,122,386	2,054,094
Less: allowance for expected credit losses	(1,838,882)	(1,837,352)
	283,504	216,742
Other receivables	54,237	64,441
Total (A)	337,741	281,183
Non-financial instruments		
Advances to contractors	111,176	26,241
Advances to banks against loan principal and interest	112,000	70,000
Prepayments and advances	22,225	17,464
Total (B)	245,401	113,705
Total (A+B)	583,142	394,888

Union Properties Public Joint Stock Company and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

Non-current receivables

	Unaudited 30 September 2021 AED'000	Audited 31 December 2020 AED'000
Retention receivables	5,417	5,167
Property sales receivables	-	28,027
	<u>5,417</u>	<u>33,194</u>

Impairment losses

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

	Trade receivables					Total AED'000
	Retentions receivable AED'000	Current AED'000	Past due			
			1-90 days AED'000	91-365 days AED'000	>365 days AED'000	
30 September 2021						
Expected credit loss rate	69.77%	0.00%	0.00%	0.00%	99.25%	
Gross amount	57,986	118,321	41,118	98,376	1,812,002	2,127,803
Expected credit loss	<u>40,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,798,426</u>	<u>1,838,882</u>
31 December 2020						
Expected credit loss rate	81.76%	3.59%	14.79%	7.75%	98.51%	
Gross amount	57,226	74,515	58,632	100,900	1,787,549	2,078,822
Expected credit loss	<u>40,456</u>	<u>-</u>	<u>11,094</u>	<u>11,095</u>	<u>1,774,707</u>	<u>1,837,352</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 30 September 2021 AED'000	Audited 31 December 2020 AED'000
At 1 January	1,837,352	1,831,650
Addition for the period/year	1,588	7,991
Amounts written off	(58)	(2,289)
Closing balance	<u>1,838,882</u>	<u>1,837,352</u>

Union Properties Public Joint Stock Company and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

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 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 30 September 2021 AED'000	Unaudited 30 September 2020 AED'000
Compensation to key management personnel are as follows :		
- Salaries and other short-term employee benefits	8,849	6,735
- Provision towards staff terminal benefits	585	371
	<u>9,434</u>	<u>7,106</u>

Balances with related parties in the consolidated statement of financial position represent balances due from an equity accounted investee is nil (31 December 2020: AED 7.6 million).

10 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 nine-month period ended 30 September 2021, the Group sold investments in funds and invested in various listed equity investments, having a fair value of AED 151.1 million at the reporting date (31 December 2020: AED 151.9 million), which resulted in a net profit on change in fair value of AED 5.3 million during the nine month period ended 30 September 2021 (2020: net loss of AED 74.3 million).

An amount of AED 121 million which is a part of the AED 151.1 million of investments is currently valued as of 30 June 2021.

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

11 CASH AND CASH EQUIVALENTS

	Unaudited 30 September 2021 AED'000	Audited 31 December 2020 AED'000
Cash in hand	1,185	889
Cash at bank		
- in deposit accounts held under lien	27,912	14,781
- in current accounts	14,053	18,581
- in other deposit accounts	6,787	11,149
	<u>49,937</u>	<u>45,400</u>

Union Properties Public Joint Stock Company and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

11 CASH AND CASH EQUIVALENTS (CONTINUED)

	Unaudited 30 September 2021 AED'000	Audited 31 December 2020 AED'000
Cash and cash equivalents comprise:		
Cash in hand and at banks (excluding deposits under lien)	15,238	19,470
Bank overdrafts	(203,965)	(192,235)
	<u>(188,727)</u>	<u>(172,765)</u>

12 BASIC AND DILUTED EARNINGS PER SHARE

	Unaudited Nine month period ended 30 September		Unaudited Three month period ended 30 June	
	2021	2020	2021	2020
Profit/(loss) attributable to shareholders (AED'000)	1,369	348,779	(31,015)	509,206
Weighted average number of shares	4,289,540,134	4,289,540,134	4,289,540,134	4,289,540,134
Basic and diluted earnings per share (AED)	<u>0.0003</u>	<u>0.0813</u>	<u>(0.0072)</u>	<u>0.1187</u>

13 BANK LOANS

	Unaudited 30 September 2021 AED'000	Audited 31 December 2020 AED'000
Balance	1,364,243	1,463,313
Less: Current portion	(1,043,183)	(1,000,257)
Non-current portion	<u>321,060</u>	<u>463,056</u>

The bank loans carry interest at commercial rates.

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

	Unaudited 30 September 2021 AED'000	Audited 31 December 2020 AED'000
At 1 January	1,463,313	1,518,304
Availed during the period/year	47,092	47,697
Repayments during the period/year	(146,162)	(102,688)
At the end of the period/year	<u>1,364,243</u>	<u>1,463,313</u>

At 30 September 2021, 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.

Union Properties Public Joint Stock Company and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

14 TRADE AND OTHER PAYABLES

	Unaudited 30 September 2021 AED'000	Audited 31 December 2020 AED'000
Financial instruments		
Trade payables	328,670	323,471
Retention payables	39,653	39,355
Other payables and accruals	918,367	874,184
Total	1,286,690	1,237,010

	Unaudited 30 September 2021 AED'000	Audited 31 December 2020 AED'000
Provisions and accruals against contracting business	581,266	518,716
Provision for staff related payables	34,612	42,415
Provisions and accruals for payment to contractors cost	36,763	36,504

15 BANK OVERDRAFTS

	Unaudited 30 September 2021 AED'000	Audited 31 December 2020 AED'000
Bank overdrafts	203,965	192,235

Significant terms and conditions

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

Securities

Bank overdrafts are secured by:

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

In July 2020, the Group's entire investment in the foreign associate was sold by the counterparty at its own discretion and the resulting net sale proceeds amounting to AED 125.5 million were utilized by the counterparty against the outstanding balance under the overdraft facility (note 5).

Union Properties Public Joint Stock Company and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

16 FINANCIAL INSTRUMENTS

Financial assets of the Group include non-current receivables, investments at FVTPL, trade and other receivables, amounts due from related parties and cash in hand and at banks. Financial liabilities of the Group include trade and other payables, lease liabilities, short-term bank borrowings, long-term bank loans and non-current payables. 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 amorized cost AED'000	Carrying amount AED'000	Fair value AED'000
30 September 2021 (unaudited)				
<i>Financial assets</i>				
Non-current receivables	-	5,417	5,417	5,417
Investments at FVTPL	155,376	-	155,376	155,376
Trade and other receivables	-	337,741	337,741	337,741
Due from related parties	-	-	-	-
Cash in hand and at banks	-	49,937	49,937	49,937
Total	155,376	393,095	548,471	548,471
<i>Financial liabilities</i>				
Trade and other payables	-	1,286,690	1,286,690	1,286,690
Lease liabilities	-	23,215	23,215	23,215
Bank overdrafts	-	203,965	203,965	203,965
Bank loans	-	1,364,243	1,364,243	1,364,243
Total	-	2,878,113	2,878,113	2,878,113
	At fair value through profit or loss AED'000	At amorized cost AED'000	Carrying amount AED'000	Fair value AED'000
31 December 2020 (audited)				
<i>Financial assets</i>				
Non-current receivables	-	33,194	33,194	33,194
Investments at FVTPL	151,884	-	151,884	151,884
Trade and other receivables	-	281,183	281,183	281,183
Due from related parties	-	7,648	7,648	7,648
Cash in hand and at banks	-	45,400	45,400	45,400
Total	151,884	367,425	519,309	519,309
<i>Financial liabilities</i>				
Trade and other payables	-	1,237,010	1,237,010	1,237,010
Bank overdrafts	-	192,235	192,235	192,235
Bank loans	-	1,463,313	1,463,313	1,463,313
Lease liabilities	-	25,417	25,417	25,417
Total	-	2,917,975	2,917,975	2,917,975

Union Properties Public Joint Stock Company and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

16 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. 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
30 September 2021 (unaudited)			
Investments at fair value through profit or loss	<u>154,620</u>	<u>756</u>	<u>155,376</u>
31 December 2020 (audited)			
Investments at fair value through profit or loss	<u>151,128</u>	<u>756</u>	<u>151,884</u>

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

Level 1:

	Unaudited 30 September 2021 AED'000	Audited 31 December 2020 AED'000	Unaudited 30 September 2020 AED'000
Opening balance	151,128	196,164	196,756
Additions	111,941	830,395	731,704
Sales	(113,787)	(833,313)	(734,006)
Transfer from investment in associate	-	1,213	-
Total gains or losses – net:	<u>5,338</u>	<u>(43,331)</u>	<u>(54,959)</u>
Closing balance	<u>154,620</u>	<u>151,128</u>	<u>139,495</u>

17 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)

17 SEGMENT REPORTING (CONTINUED)

	Real estate	Contracting	Goods and services	Investments	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Nine-month period ended 30 September 2021 (unaudited)					
Segment revenue	32,919	41,593	221,506	-	296,018
Gain on financial instruments at FVTPL	-	-	-	5,338	5,338
Gain on valuation of properties	78,854	-	-	-	78,854
Loss on sale of investment properties	(17,860)	-	-	-	(17,860)
Finance income	1,480	39	-	-	1,519
Other income	30,427	218	5,127	6	35,778
Direct cost	(28,559)	(35,217)	(180,586)	-	(244,362)
Administrative and general expenses	(51,187)	(6,138)	(28,254)	(3,616)	(89,195)
Finance cost	(29,854)	(27,685)	(3,220)	(3,962)	(64,721)
Profit/(loss) for the period	16,220	(27,190)	14,573	(2,234)	1,369
Capital expenditure	1,224	1,218	5,444	-	7,886
Depreciation of property, plant and equipment	3,275	1,493	2,856	36	7,660
Depreciation of right of use assets	2,822	-	686	-	3,508
As at 30 September (unaudited)					
Segment assets	4,838,149	306,949	559,041	154,960	5,859,099
Investments in associates	-	-	-	87,368	87,368
Total assets	4,838,149	306,949	559,041	242,328	5,946,467
Segment liabilities	1,118,533	1,633,043	187,214	112,409	3,051,199
Nine-month period ended 30 September 2020 (unaudited)					
Segment revenue	45,052	53,148	188,115	-	286,315
Loss on financial instruments at FVTPL	-	-	-	(54,959)	(54,959)
Share of profit from associates	-	-	-	7,818	7,818
Loss on disposal of an associate	-	-	-	(234,524)	(234,524)
Gain on valuation of properties	821,990	-	-	-	821,990
Loss on sale of investment properties	(20,000)	-	-	-	(20,000)
Finance income	1,895	89	-	-	1,984
Other income	8,413	137	3,176	34	11,760
Direct cost	(95,806)	(43,639)	(151,648)	-	(291,093)
Administrative and general expenses	(49,665)	(6,111)	(23,739)	(4,655)	(84,170)
Finance cost	(41,729)	(31,961)	(4,404)	(18,248)	(96,342)
Profit/(loss) for the period	670,150	(28,337)	11,500	(304,534)	348,779
Capital expenditure	2,123	747	2,253	-	5,123
Depreciation of property, plant and equipment	4,035	2,153	1,576	59	7,823
Depreciation of right of use assets	3,020	-	496	-	3,516
As at 31 December 2020 (audited)					
Segment assets	4,865,732	285,016	552,222	151,516	5,854,486
Investment in associates	-	-	-	87,368	87,368
Total assets	4,865,732	285,016	552,222	238,884	5,941,854
Segment liabilities	1,212,680	1,536,599	191,024	107,417	3,047,720

Union Properties Public Joint Stock Company and its subsidiaries

Notes to the interim condensed consolidated financial statements (continued)

17 SEGMENT REPORTING (CONTINUED)

	Real estate	Contracting	Goods and services	Investments	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Three month period ended 30 September 2021 (unaudited)					
Segment revenue	10,944	13,367	74,259	-	98,570
Loss on financial instruments at FVTPL	-	-	-	(3,066)	(3,066)
Loss on sale of investment properties	5,425	-	-	-	5,425
Finance income	493	4	-	-	497
Other income	830	10	1,970	-	2,810
Direct cost	(6,865)	(11,362)	(62,774)	-	(81,001)
Administrative and general expenses	(21,368)	(2,026)	(9,453)	(1,200)	(34,047)
Finance cost	(8,687)	(9,350)	(945)	(1,221)	(20,203)
Profit/(loss) for the period	(19,228)	(9,357)	3,057	(5,487)	(31,015)
Depreciation of property, plant and equipment	500	495	944	-	1,939
Depreciation of right of use assets	940	-	229	-	1,169
Three month period ended 30 September 2020 (unaudited)					
Segment revenue	12,098	16,858	61,565	-	90,521
Loss on financial instruments at FVTPL	-	-	-	19,317	19,317
Share of profit from associates	-	-	-	5,480	5,480
Loss on disposal of an associate	-	-	-	(234,524)	(234,524)
Gain on valuation of properties	821,990	-	-	-	821,990
Loss on sale of investment properties	(164)	-	-	-	(164)
Finance income	1,224	19	-	-	1,243
Other income	1,437	134	1,010	22	2,603
Direct cost	(76,072)	(13,559)	(50,453)	-	(140,084)
Administrative and general expenses	(15,826)	(2,148)	(7,415)	(818)	(26,207)
Finance cost	(12,742)	(10,419)	(1,116)	(6,692)	(30,969)
Profit/(loss) for the period	731,945	(9,115)	3,591	(217,215)	509,206
Depreciation of property, plant and equipment	101	589	437	20	1,147
Depreciation of right of use assets	1,006	-	44	-	1,050

18 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	Unaudited 30 September 2021 AED'000	Audited 31 December 2020 AED'000
Company and its subsidiaries		
Commitments:		
Capital commitments	9,415	34,297
Contingent liabilities:		
Letters of guarantee	289,195	294,460
Associate		
Contingent liabilities:		
Letters of guarantee	252,500	252,500