Detailed analysis of accumulated losses

Date:	13 August 2020
Listed Company Name:	Union Properties PJSC (the "Group")
Define the period of the financial statements	Q1: Three months ended 31st March 2020 Q2: Six months ended 30th June 2020
Accumulated losses:	Q1: AED 2,264 million Q2: AED 2,302 million
Accumulated losses to capital ratio:	Q1: 52.78% Q2: 53.67%
The main reasons leading to these accumulated losses and their history:	The Group's total accumulated losses of AED 2,302 million for the 6 month-period ending 30th of June 2020 is mainly due to the following elements: • fair value loss of AED 2,076 million related to investment properties recorded in the fiscal year 2017 (correction of gross floor area and decline in the fair value of real estate portfolio) • Impairment of AED 503 million recorded on the fiscal year 2017 (details given in previous disclosures by the Group) • General decline of the real estate sector in the UAE • Material adverse impact of the Covid-19 pandemic on the overall UAE economy and consequently on the activities of the Group
Measures to be taken to address accumulated losses:	The Group is seriously addressing its accumulated losses issue through different measures • Restructuring of its outstanding debt • Recovering its outstanding receivables (notably through court and arbitration) • Continued reduction of its operating costs • Development of its extensive landbank • Development of assets with recurring cash flow • Strong focus on the Group operating subsidiaries ○ Potential listing for certain subsidiaries ○ Focus on cash generating activities The Group would like to highlight that these accumulated losses are predominantly due to variations in the valuations of its real estate portfolio (marked to market). These accumulated losses could potentially be recouped in the event of an increase in the prices of lands in Dubai.

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