Union Properties PJSC

Recovery Plan

April 2022

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Section 1. About Union Properties PJSC

Company Overview

Overview

- Union Properties PJSC ("Union Properties", "UP" , "Company" or the "Group"), established in 1987 in Dubai, United Arab Emirates, is a leading real estate developer with a diverse portfolio of subsidiaries, and is listed on the Dubai Financial Market since 1993

- Over the years, the Group has delivered landmark developments across the United Arab Emirates including Motor City, Green Community, Uptown Mirdiff, Index Tower, The Ritz Carlton DIFC, among others. Supporting Union Properties' vision are a number of successful value creating subsidiaries including ServeU, The Fitout, Dubai Autodrome and others.

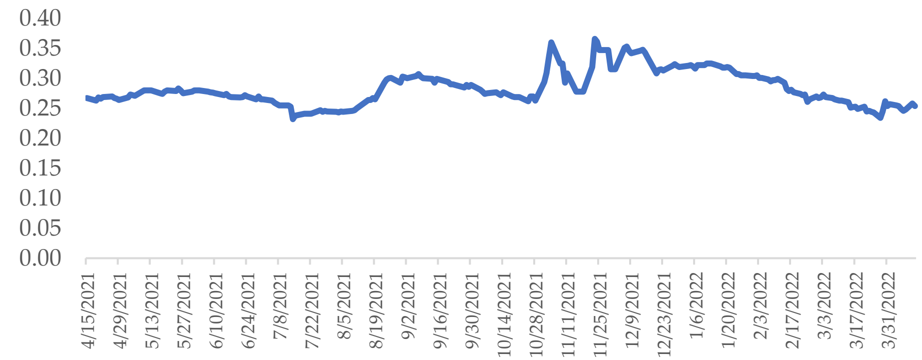
- The Groups' business is centered around three main activities:
  - Real Estate Development
  - Leasing & Management of Properties
  - Real Estate Trading

- Key subsidiaries of the Company include ServeU, The Fitout LLC, and Autodrome, among others.

Share Price Information

Union Properties' stock UPP remains one of the most traded stocks on DFM, offering investors high levels of liquidity

Share Price (AED)



Listed on	Dubai Financial Market
Ticker	UPP
ISIN	AEU000101011
Current Share Price	AED 0.25
52week High/ low	AED 0.42/ 0.23
Market Cap	AED 1,089.5 mn
Average Daily Volume (LTM)	AED 8.2mn
Issued shares	4,289,540,134
Market	Dubai Financial Market

All figures as at 12th April 2022

Key Projects

Key Projects	Description
Motor City	Being developed over a land area of approximately 35,338,575 square feet, MotorCity is a development based on creating a unique destination in Dubai, that includes residential, business, sports and leisure opportunities. MotorCity is 'a city within a city' that compromises of six sectors with unique destinations such as Dubai Autodrome, OIA Residence, UPTOWN, Green Community MotorCity, and First Avenue Mall & Hotel
Green Community	Sprawling gardens and tranquil surroundings are highlights of this community. In addition to villas and apartments, you will also spot beautifully built bungalows in Green Community West. An excellent community admiring idyllic living is what describes this development best
UPTOWN Mirdiff	UPTOWN Mirdiff stands home to stylish residential and commercial properties, lined with international eateries, cafes and popular retail stores. With a key location in the most peaceful spot of Dubai, the community is a thriving and sustainable neighborhood for families, hosting an onsite primary school, park and numerous safe play spaces for the little ones. Outlined around what is known as the Grand Piazza, a central feature of the community, UPTOWN Mirdiff bolsters a myriad of townhouses and rowhouses in three distinct apartment styles: Garden, Courtyard and Terrace
Index Tower	Index offers the experience of the deepest immersion in the Dubai living. During the day the surrounding area is the heart of the economic progress of the city and at night you can enjoy the most elegant restaurants and a wide range of entertainment activities. With its slender profile, the Index has twenty-five floors of office space and three levels for exclusive retails outlets at the base of the tower. A classic two-floors sky-lobby to sit and socialize cuts horizontally the building and offers an amazing view of the city from all its corners
The Ritz Carlton DIFC	Lush gardens juxtaposed against a traditional stone façade form the inviting character of this sophisticated two-million-square-foot, five-star hotel. The hotel comprises 124 executive-serviced apartments and 323 branded apartments. The hotel and apartment buildings are linked by a full-height atrium. A sunken garden is the focal point for two restaurants and bars. In the entrance plaza, a waterfall and several shaded terraces create an inviting ambiance. Amenities include a health suite and spa, pool, tennis court and sun decks

Historical Financial Summary – Income Statement

Income Statement (AED'000)	2019A	2020A	2021A
Revenue from contracts with customers	423,406	375,866	398,699
Net profit/ (loss) on financial instruments at FVTPL	(94,959)	(43,923)	(149,282)
Gain/ (loss) on disposal of an Associate	-	(234,524)	-
Gain from loss of control over a subsidiary	-	-	352,401
Share of profit/ (loss) of equity accounted investees	(20,923)	(1,463)	(2,955)
Net gain/ (loss) on valuation of investment properties	3,291	743,549	(1,109,302)
Gain/ (loss) on sale of investment properties	(12,829)	(90,494)	10,834
Finance income	3,542	2,655	2,017
Other income	136,078	58,748	70,890
Direct costs	(323,900)	(361,699)	(330,867)
Administrative and general expenses	(163,908)	(127,612)	(133,020)
Finance cost	(174,079)	(120,119)	(76,170)
Profit/ (loss) for the year	**(224,281)**	**200,984**	**(966,755)**
Exchange differences on translation of foreign operations	15,508	(15,508)	-
Total comprehensive income/ (loss) for the year	**(208,773)**	**185,476**	**(966,755)**
Basic and diluted earnings per share	(0.052)	0.047	(0.225)

Historical Financial Summary – Balance Sheet

Assets (AED'000)	2019A	2020A	2021A
Non-current Assets			
Property, plant and equipment	358,042	348,076	312,635
Right-of-use assets	31,048	26,371	21,694
Investment properties	4,111,636	4,612,744	3,260,726
Development properties	7,504	7,504	7,504
Investments in associates and a joint venture	481,937	87,368	84,413
Investments at fair value through profit or loss	184,516	114,608	-
Non-current receivables	33,285	33,194	4,301
Total non-current assets	**5,207,968**	**5,229,865**	**3,691,273**
Current Assets			
Investments at fair value through profit or loss	12,996	37,276	756
Inventories	5,005	7,913	4,732
Contract assets	217,049	218,864	35,263
Trade and other receivables	293,374	394,888	425,146
Due from related parties	52,018	7,648	-
Cash in hand and at banks	75,482	45,400	65,797
Total Current Assets	**655,924**	**711,989**	**531,694**
Total Assets	**5,863,892**	**5,941,854**	**4,222,967**

Equity & Liabilities (AED'000)	2019A	2020A	2021A
Equity			
Share capital	4,289,540	4,289,540	4,289,540
Statutory reserve	332,880	352,978	352,978
Currency translation reserve	15,508	-	-
Asset revaluation surplus	212,689	212,689	212,689
Accumulated losses	(2,141,959)	(1,961,073)	(2,927,828)
Total Equity attributable to Stockholders of the Company	**2,708,658**	**2,894,134**	**1,927,379**
Non-current liabilities			
Non-current portion of bank loans	506,330	463,056	309,246
Contract liabilities	8,118	8,118	8,118
Lease liabilities	25,211	20,333	17,813
Provision for staff terminal benefits	34,074	32,935	29,144
Total non-current liabilities	**573,733**	**524,442**	**364,321**
Current liabilities			
Trade and other payables	1,168,458	1,237,010	1,193,546
Contract liabilities	102,615	88,692	50,188
Lease liabilities	7,131	5,084	4,453
Bank overdrafts	291,323	192,235	113,670
Current portion of bank loans	1,011,974	1,000,257	569,410
Total current liabilities	**2,581,501**	**2,523,278**	**1,931,267**
Total Liabilities	**3,155,234**	**3,047,720**	**2,295,588**
Total Equity and Liabilities	**5,863,892**	**5,941,854**	**4,222,967**

Historical Financial Summary – Cash Flow Statement

Cash Flow Statement (AED'000)	2019A	2020A	2021A
Loss/profit for the year	(224,281)	200,984	(966,755)
Depreciation of property, plant and equipment	12,359	12,359	7,961
Depreciation of right of use assets	4,677	4,677	4,677
Loss/ gain on sale of investment properties	12,829	90,494	(10,834)
Loss/ gain on fair valuation of investment properties	(3,291)	(743,549)	1,109,302
Share of results of equity accounted investees	20,923	1,463	2,955
Allowance for expected credit losses	26,934	7,991	17,999
Impairment of property, plant and equipment	-	-	26,476
Gain on disposal of property, plant and equipment	-	-	(7,095)
Gain/ loss on financial instruments at FVTPL	94,959	43,923	(5,361)
Impairment loss on financial instruments at FVTPL	-	-	154,643
Loss on disposal of an associate	-	234,524	-
Gain from loss of control over a subsidiary	-	-	(352,401)
Finance income	(3,542)	(2,655)	2,017
Finance cost	174,079	120,119	76,170
Operating cash flows before working capital changes	**115,646**	**(29,670)**	**59,754**
Change in inventories	1,566	(2,908)	3,181
Change in contract assets	(2,431)	14,968	19,777
Change in trade and other receivables	(3,520)	(8,191)	(28,425)
Change in due from related parties	(2,316)	11,870	7,648
Change in non-current payables	-	16,309	-
Change in trade and other payables and contract liabilities	(179,702)	(21,478)	(157,786)
Change in staff terminal benefits, net	(1,373)	(1,139)	2,474
Net cash from operating activities	**(72,130)**	**(20,239)**	**(93,377)**
Additions to property, plant and equipment	(16,210)	(12,359)	(10,127)
Additions to and acquisitions of investment properties	(11,754)	-	-
Net proceeds from/investments in financial instruments at FVTPL	5,673	2,918	1,846
Proceeds from disposal of property, plant and equipment	-	-	10,059
Proceeds from sale of investment properties	101,692	78,022	250,717
Proceeds from disposal of investment in an associate	-	125,518	-
Interest received	3,542	2,655	(2,017)
Change in deposit with banks	27,733	(5,573)	(149)
Net cash from investing activities	**110,676**	**191,181**	**250,329**
Bank loans availed	151,586	47,697	73,513
Repayment of bank loans	(178,195)	(102,688)	(171,564)
Payment of lease liabilities	(2,933)	(8,746)	(4,721)
Interest paid	(55,663)	(32,075)	(29,509)
Net cash from financing activities	**(85,205)**	**(95,812)**	**(132,281)**
Net decrease in cash and cash equivalents	(46,659)	75,130	24,671
Cash and cash equivalents at the beginning of the year	**(201,236)**	**(247,895)**	**(172,765)**
Overdraft movement due to loss of control over a subsidiary	-	-	87,720
Cash and cash equivalents at the end of the year	**(247,895)**	**(172,765)**	**(60,374)**

Governance – Board & Management Update

Existing Board of Directors

Name	Position
Mr. Mohamed Fardan Ali Al Fardan	Chairman
Mr. Abdul Wahab Al Halabi	Vice Chairman
Mr. Darwish Abdulla Ahmed Al Ketbi	Board Member
Mrs. Abeer Mohammed Omar Bin Haider	Board Member
Mr. Amer Abdulaziz Hussain Khansaheb	Board Member / Managing Director
Mr. Faras Abdul Karim Al Ramahi	Board Member

Changes in Board of Directors/ Management

Changes in Board of Directors/Management

Board Members Dismissal

- Mr. Khalifa Hasan Ali Saleh Al Hammadi during the General Assembly meeting of the company held on 9th November 2021
- Mr. Fathi Ben Grira during the General Assembly meeting of the company held on 9th November 2021
- Mr. Dahi Yousef Ahmed Abdulla Al Mansouri during the General Assembly meeting of the company held on 9th November 2021
- Mr. Jorg Klar during the General Assembly meeting of the company held on 9th November 2021

Board Members Election

- Mr. Amer Abdulaziz Hussain Khansaheb during the General Assembly meeting held on 14th December 2021
- Mr. Faras Abdul Kareem Ismail Hasan Al Ramahi during the General Assembly meeting held on 14th December 2021
- Mr. Rashid Amin Mohamed Alsharif during the General Assembly meeting held on 14th December 2021. Mr. Rashid recently resigned on 17th March 2022
- Mrs. Abeer Mohammed Omar Bin Haider during the General Assembly meeting held on 14th December 2021

Management Dismissals

Group Finance Officer, Paresh Khiara on 10th November 2021

Governance – Updates for Last 3 Years (1/2)

FY 2019	▪ During FY 2019, the Board of Directors adopted a comprehensive strategy for the Company and a delegation of authority document clarifying the tasks and functions which the Board of Directors perform and those delegated to the committees or executive management, and the organizational structure, policy on insider trading, the audit committee charter, and the internal audit charter were presented to the Board during the said year and approved. The Board of Directors also appointed two persons to become members of the Board to succeed the two resigned members, and the permanent committees were restructured. The Board also attended a corporate governance program designed to brief members of the Board on developments, best practices and procedures in the field of governance, in cooperation with the "Hawkamah" Institute, in compliance with the request of the Dubai Financial Market.
FY 2020	▪ During FY 2020 the Company and its Board of Directors adopted and approved an amended charter related to the Nomination & Remuneration committee along with the delegation of authority of the group. In addition, the management updated all lists of internal rules and regulations and charters to comply with the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and the federal law No. 26 for the year 2020 amending some provisions to the Federal Law No. 2 of 2015 regarding commercial companies.

Governance – Updates for Last 3 Years (2/2)

FY 2021	
FY 2021	▪ During 2021, the Company and its Board of Directors updated multiple internal policies & procedures, notably the Audit Committee and the Nomination & Remuneration Committee charters along with other charters, to comply with the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and the Federal law No. 26 for the year 2020 amending some provisions to the Federal Law No. 2 of 2015 regarding commercial companies. During its Annual General Assembly Meeting held in May 2021, the shareholders also approved the Remuneration Policy of Union Properties PJSC Board of Directors along with the proposed amendments of some of the company's articles of association in accordance with the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020. ▪ In the wake of the issue of the improper conduct perpetrated by the previous management, the Group conducted a third-party investigation, studied recurrence preventive measures and implementing such measures thoroughly, thereby making a concerted effort to regain the trust of the stakeholders. ▪ The Company continues to improve governance, reform the corporate culture, renew corporate ethics, disclose corporate information appropriately and enhance compliance-focused management. However, compliance issues apply to all actions of all employees, all corporate management team and all directors. Accordingly, it is difficult to completely prevent such incidents unless the Company itself clearly recognizes the importance of compliance and the need to improve the environment for effective adherence thereto, as well as ensuring that every employee, officer or director truly understands the importance of compliance and acts everyday with compliance in mind.

Key Risks

Key Risk	Description
Macro-economic risks	The Covid19 pandemic created global impact, and financial institutions and major economies have shrunk in 2020 - 2021. Union Properties was not spared from the negative impact brought about by the Covid19 pandemic and was inevitably forced to realign its goals. Further recent inflationary headwinds have posed additional challenges on the cost management. The Company will have to navigate these macro-economic challenges in order to sustain and grow the business to meet its objectives.
Borrowings	The Company has significant borrowings which stood at AED 1,516 million as at 31 December 2021, of which significant principal and interest payments are coming up in 2022. However, these upcoming payments for FY 2022 and onwards have been negotiated with the lenders
Cash Flows	Cash balance stood at AED 67.8mn while bank overdraft was AED 130.7mn as at 31 December 2021, which implies AED 48mn of negative cash balance. The company needs to enhance its cash flow generation in order to reach a positive liquidity position
Projects	The Group will need to secure new projects in order to enhance cash flow generation - inability to do so will put further strain on cash flows
Legal cases	In 2021, multiple cases of alleged financial irregularities, fraud, misconduct, breach of trust, forgery, and misappropriation of funds by the management of the Company came to light. While the Company pursues the legal recourse on these cases, it is probable that the Group may encounter a variety of claims or lawsuits with counterparties and/or third parties on account of the legacy of business malpractices from previous management. With respect to these potential lawsuits and claims, the possibility exists that the Group's assertions may not be accepted or that the outcome may be significantly different from that anticipated. As a result, any such judgment/verdict or settlement could significantly affect the Group's business performance

Section 2. Diagnostics – Accumulated Losses

Accumulated Losses – A Background

- The Company's Accumulated Losses stood at AED 2,928 million as at 31 December 2021
- The Accumulated Losses had been building up since FY 2017, which is the period when Retained Earnings turned negative for the Company and has continuously remained negative since then. The buildup and movement of the Accumulated Losses and as a percentage of the Paid-up Capital since 2016 is set out in the table below:

Particulars	2016	2017	2018	2019	2020	2021
Paid-up Capital	4,289,540	4,289,540	4,289,540	4,289,540	4,289,540	4,289,540
Retained Earnings/ (Accumulated Losses) - Closing Balance	417,898	(1,961,369)	(1,905,273)	(2,141,959)	(1,961,063)	(2,927,828)
Retained Earnings/ (Accumulated Losses) - % of Paid-up Capital	9.7%	-45.7%	-44.4%	-49.9%	-45.7%	-68.3%

- A number of factors led to the creation of and increase in accumulated losses over the years, which included significant unfavourable changes to the fair value of investment properties, substantial losses on account of number of instances of assets sold at lower than book values, complete write-off of investments in Fair Value through Profit or Loss (FVTPL), provisions created against advances to contractors, among others. A list of the key constituents of the Accumulated Losses and their related descriptions are provided in subsequent pages of this Section.

Key Constituents of Accumulated Losses (1/3)

S.No	Constituent of Accumulated Losses	Description
1.	**Fair value loss of AED 2,076 million related to investment properties recorded in the fiscal year 2017**	▪ ValuStrat Consulting FZCO, the independent registered valuer, had carried out a valuation as at 31 December 2017. Considering the expected significant increase in new supply of plots of land in and around the land bank of the Company together with the already existing undeveloped plots of land in existing communities, the independent valuers and management believed this increased competition resulted in downward pricing pressures, particularly for plots of lands. These factors resulted in a lower fair value of the Group's land bank. Accordingly, the independent valuer and the management determined AED 3,719 million as the fair value of the Group's investment properties as at 31 December 2017, resulting in a fair valuation loss of **AED 2,076 million** for the year ended 31 December 2017.
2.	**Fair value loss of AED 1,109 million related to investment properties recorded in the fiscal year 2021**	▪ As at 31 December 2021, the fair values of the investment properties are based on valuations performed by Land Sterling, an accredited independent registered valuer. A valuation model in accordance with that recommended by the International Valuation Standards Council has been applied. For property under construction, the valuation was determined using residual value approach incorporating a combination of both the income and cost approaches. The market value estimate of these properties is on the assumption that the properties are complete as at the date of valuation, and from which appropriate deductions are made for the costs to complete the project in order to estimate the value of the property in its present condition. Accordingly, based on the above valuation, fair value losses of AED 1,109.3 million were recognized in the consolidated statement of profit or loss for the year ended 31 December 2021.

Key Constituents of Accumulated Losses (2/3)

S.No	Constituent of Accumulated Losses	Description
3.	**Loss on disposal of an associate of approximately AED 250 million recorded in the fiscal year 2020**	▪ During 2017, a UP Subsidiary - UPP Capital Investments - made investments in Palm Hills Development, a listed Egyptian real estate development company. The multi tranche equity acquisition was funded by a mix of liquid cash as well as a secured banking facility from Arab African International Bank. During the period from 2017 till 2020 a general decline in the Egyptian real estate market coupled with negative impacts of COVID resulted in significant reduction in the share price of Palm Hills Development, thereby negatively impacting the UP financials. Further, the reduced share price resulted in escalation of associated Loan to Value "LTV" which triggered AAIB's liquidation option due to breach of banking covenant by UPP Capital Investment. The disposal of the shares of the said associate during 2020 resulted in a loss on disposal amounting to AED 234.5 million recognized in loss.
4.	**Losses and impairments from financial instruments at FVTPL amounting to AED 337 million**	▪ Since 2018 Union Properties transferred a total of AED 337 million to one of its subsidiaries (UPP Capital) where they invested these amounts through various fund managers over the years. Significant write-downs in these investments were recorded since 2018, such that as at the beginning of FY 2021, the FVTPL balance stood at AED 154.6 million in UP's books ▪ The current Company's Board of Directors suspected the legitimacy of these investments which was also part of the forensic investigations. It is suspected that the funds managed and under custody of several fund managing entities have been redeemed and misappropriated. Therefore, the management decided to account for a provision against the entire remaining value of these investments amounting to AED 154.6 during the year ended 31 December 2021.

Key Constituents of Accumulated Losses (3/3)

S.No	Constituent of Accumulated Losses	Description
5.	**Disposal of assets to related parties which resulted a loss amounting to AED 62 million in 2020 and AED 45.5 million in 2021**	▪ As part of the unfortunate alleged fraud, misconduct, breach of trust and forgery, the previous management disposed off assets to family members/ related parties of the certain members of the Board of Directors of the Company at a significantly lower value compared to their book or market values. Some of such assets are: – Mixed Use Building sold for AED 30 million compared to a book value of AED 49.5 million – 60 Residential Units sold for AED 49.15 million compared to a book value of AED 91.7 million – 50 Residential Units sold for AED 42 million compared to a book value of AED 57.5 million – 72 Residential Units sold for AED 85 million compared to a book value of AED 115.3 million during
6.	**Provisions amounting to AED 90.5 million against advances to contractors in 2021**	▪ Significant payments amounting to AED 90.6 million were made between May and October 2021 to certain contractors – which were documented internally as advance payments for various design and project management contracts awarded to the mentioned companies on a single source basis, the payments were made when no or negligible service had been received by the Company and solely instructed by the previous Chairman of he Company. ▪ Based on the above, the current Board approved provisioning the advanced amounts as there is no clarity yet on the legal case which is being investigated by the public prosecution.

Section 3. The Recovery Plan

Recovery Plan - Strategy and Action Plan (1/3)

Following a thorough exercise of diagnosing the key issues leading to the accumulation of losses, the management has identified a number of measures to address the situation created by the significant Accumulated Losses. These are:

S.No	Strategy Pillar	Key Actions
1	**Business Plan focused on maximizing shareholder value**	▪ Develop and implement a business plan that includes focusing on closing out existing projects and re-focusing the company on its core business activities in order to win new projects ▪ Support the diversified businesses under UP "umbrella" by a clear cross selling strategy (Facilities Management, Property Management, FitOut, other support activities) and leveraged by a robust balance sheet and a clear mandate to pursue both: profitable capital recycling and new growth opportunities ▪ Create sustainable long-term growth in income and asset values, creating capacity to reinvest in business and deliver on the promise to the shareholders
2	**Inculcate a pan organization result-oriented culture with governance at its core**	▪ Implement change management and business turnaround culture within a strong governance and risk management framework ▪ Promote an aggressive reputational rehabilitation plan along with a strong marketing and brand management plan ▪ Deliver exceptional customer experience and create customer intimacy through loyalty programs and unified marketing initiatives ▪ Implement the business case culture: detailed feasibility plans, operating model and details on execution expenditure
3	**Acquiring more projects**	▪ Focus in enhancing the revenue across the business verticals and grow the local portfolio in a sustainable and agile manner

Recovery Plan - Strategy and Action Plan (2/3)

S.No	Strategy Pillar	Key Actions
4	**Operational improvements**	▪ Focus on improving the overall efficiency and productivity of the business – through better utilization of resources like manpower and assets as well as cost rationalization ▪ Ensure all projects are delivered on time, within budget and agreed quality ▪ Improve contract negotiation and procurement activities ▪ Enhanced use of technology, digitization, data management, RPA ▪ Embed environment and quality in all aspect of the business
5	**Recovery of misappropriated funds**	▪ Legal proceedings will be pursued in order to recover funds wherever there has been suspected misappropriation of Company funds ▪ AED 90.6mn of advance payments made to third party vendors against which no specific services were received – the management expects to recover these through legal proceedings
6	**Debt Restructuring**	▪ The Company's debt stood at AED 1,516 million as at 31 December 2021, of which significant principal and interest payments are coming up in 2022. However, these upcoming payments for FY 2022 and onwards have been negotiated with the lenders
7	**Development of extensive land bank**	▪ The Company has a vast land bank in a fast-developing location which is increasingly gaining traction. The management expects to proceed with the development of key capital projects and showcase the Company's strong development pipeline ▪ Project funding approach to be utilized for these projects to ensure efficient capital structure

Recovery Plan - Strategy and Action Plan (3/3)

S.No	Strategy Pillar	Key Actions
8	**Development of assets with strong recurring cash flows**	▪ The management intends to pivot from having significant non-cash generating assets (like the land bank) on its balance sheet to assets which can generate frequent and sustained cash flows
9	**Focus on Group operating subsidiaries**	▪ A renewed focus on growing the strong subsidiaries to consolidate and leverage on their market positioning, while reinvigorating the other subsidiaries by actively pursuing turnaround and growth plans for them in a disciplined goal-based approach
10	**Focus on cash generating activities**	▪ Cash flow will be a key focus area and initiatives which enhance cash flow generation will be heavily prioritized by the management

Recovery Plan – Formation of a Committee

- In order to oversee the implementation of the Recovery Plan, the Board will be constituting a committee (“Committee”) which will drive and monitor the implementation of the Recovery Plan.
- The Committee shall comprise of the following members, who together bring a vast combined experience of successfully leading and managing companies across numerous industries and sectors:

S.No.	Committee Member	Current Position
1	**Mr. Abdul Wahab Al Halabi**	Vice Chairman - Board of Directors, Union Properties PJSC
2	**Mr. Faras Abdul Kareem Al Ramahi**	Member - Board of Directors, Union Properties PJSC
3	**Mr. Amer Abdulaziz Hussain Khansaheb**	Member and Managing Director - Board of Directors, Union Properties PJSC
4	**Mr. Rui Coelho**	Chief Financial Officer, Union Properties PJSC
5	**Mr. Iyad Abu Hweij**	Managing Director, Allied Investment Partners PJSC

Committee Member Profiles (1/3)

<table>
<tr><th>Committee Member</th><th>Current Position</th></tr>
<tr><td>Mr. Abdul Wahab Al Halabi
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Mr. Abdul Wahab Al-Halabi is the Chief Executive Officer and Board Member of Global Investment House, a Kuwait based investment group. He has more than 20 years’ experience in the real estate sector, with expertise in financial restructuring, crisis and debt management, credit enhancements and joint ventures.
Previously, he was Group Chief Investment Officer of Meraas Holding, a partner of KPMG and acted as Chief Executive Officer of Dubai Properties – a member of Dubai Holding.
Mr. Halabi holds the following positions in various companies:

Chairman-DXB Entertainments PJSC
Chairman – AbFab Limited
Director – TPL Properties Limited
Director – Mexican Grills Limited
Director – Decker & Halabi DMCC
Director – Rapid Ventures ADGM Limited

Mr. Halabi holds a BSc in Economics from London School of Economics and an Executive MBA from Ecole des Ponts et Chaussees. He is a Fellow of the Institute of Chartered Accountants in England & Wales and is a member of the UK based Securities Institute
</td></tr>
<tr><td>Mr. Faras Abdul Kareem Al Ramahi
</td><td>

Mr Al Ramahi has extensive experience in asset management, corporate finance and investment banking from a career spanning 26 years. Until recently Faras was the Chief Executive Officer of Invest AD - Abu Dhabi Investment Company, having held this position for the past 5 years, before retiring in July 2021. Prior to his time in Invest AD, Faras was an Advisor to the Chairman of Masdar and The Minister of State Office.
He has previously held the role of the CFO of the Farmers Service Center, a government initiative designed to commercialize Abu Dhabi’s agriculture sector which encompasses 24,000 farms, 1,500 employees and more than AED 700 million in turnover. Faras was also a Managing Partner at CAPM investments, a local investment advisory boutique providing advisory on listed and private equity, real estate and financial restructuring; Managing Director of the National Financial Brokerage Company; Head of the Listed Equity Department in ADIC; and Vice President of the Asset Management Division of The National Investor. Mr Al Ramahi holds a BA in Business Administration from University of Wisconsin, Milwaukee in the United States.
</td></tr>
</table>

Committee Member Profiles (2/3)

Committee Member	Current Position
Mr. Amer Abdulaziz Khansaheb 	▪ Mr. Amer Abdulaziz Hussain Khansaheb is the Managing Director of Khansaheb Investment, one of UAE's longest standing family-owned business conglomerates. Khansaheb Investment owns a diverse portfolio of businesses, operating across multiple industries such as construction, facilities management, real estate, healthcare, manufacturing, food and beverage, and aviation training. Mr. Khansaheb has held this position since 2012, and has led the business to great heights, overseeing the expansion and diversification of Khansaheb Investment from Construction and Real Estate to what is it today. Some of his landmark projects include the construction of the Clemenceau Medical Center and the UAE's first Lead Platinum Workers Accommodation that can hold up to 3500 residents. In 2019, Khansaheb launched the Middle East, North Africa and South Asia's (MENASA's) first independent aviation training facility, Dynamic Advanced Training Centre (DAT) in Dubai South. It was a milestone project for the company and the country as it solidified Dubai South's position as an aviation hub in the region. ▪ Mr. Khansaheb's expertise spans across real estate development, construction management and financial analysis. He also sits on the board of Khansaheb Civil Engineering. ▪ Mr. Khansaheb is a Chartered Financial Analyst (CFA charter holder since 2010) and brings an extensive breadth and depth of knowledge to the industry as well as a rigorous analytical mind. He was the president of CFA Society Emirates from 2013 to 2019. He holds a degree in Civil and Environmental Engineering from American University of Beirut as well as a Master of Science degree in Project Management from British University in Dubai.
Mr. Rui Coelho 	▪ Mr. Rui Coelho is the Chief Financial Officer at Union Properties. He is responsible for a broad remit that covers finance operations, corporate finance, strategic financial planning and reporting, business partnering, tax, and treasury. ▪ With over 30 years of experience, prior to joining Union Properties in 2022, Mr. Coelho has held various leadership roles, mainly as Group CFO for several Large Family Conglomerates, Master Developers and Utilities in the GCC and EMEIA regions. ▪ He is a Chartered Accountant, a CPA and holds a Master's degree in business administration from the Universidade Lusiada de Lisboa, Portugal.

Committee Member Profiles (3/3)

Committee Member	Current Position
Mr. Iyad Abu Hweij 	▪ Mr. Iyad Abu Hweij has 22+ years of experience in leading financial houses in the GCC region ▪ He is currently the Managing Director of Allied Investment Partners PJSC and additionally serves as an active board member in several regional companies. Mr. Hweij was an Executive Director at Al Masah Capital Limited. He was also formerly Senior Director at the Private Equity business of Global Capital Management, where he served on the investment committee of the USD 650 million Buyout Fund. Previously worked at KPMG and Grant Thornton ▪ Holds a BA in Business Administration from Amman & an Executive MBA from Cass Business School of City University of London

Governance & Organization and Changes to Company Policies & Procedures

Governance/ Policies Framework

Governance & Organization

- Governance structure to be agile, leveraging scale through shared services & process outsourcing
- UP Corporate to manage how subsidiaries work together (maximize synergies, minimize risks), as well as define strategy, policy and rules & regulations
- Subsidiaries to have a defined strategy, in line with the group's overall vison, while being responsible for operations and execution

Policies & Processes

- Processes to be defined, formalized, and streamlined across the Group
- Clear responsibilities (RACI matrices) to be defined for all end-to-end processes
- Process check points to be designed to ensure optimum control vs. speed balance

Key Pillars for Effective Governance

Focusing on the right priorities

- Identifying and/or prioritising critical decisions that need to be taken by management to achieve corporate objectives and by local entities to secure entrepreneurship
- Developing and applying effective decision making processes to support timely and effective decision-making

Clear Accountability for Delivery

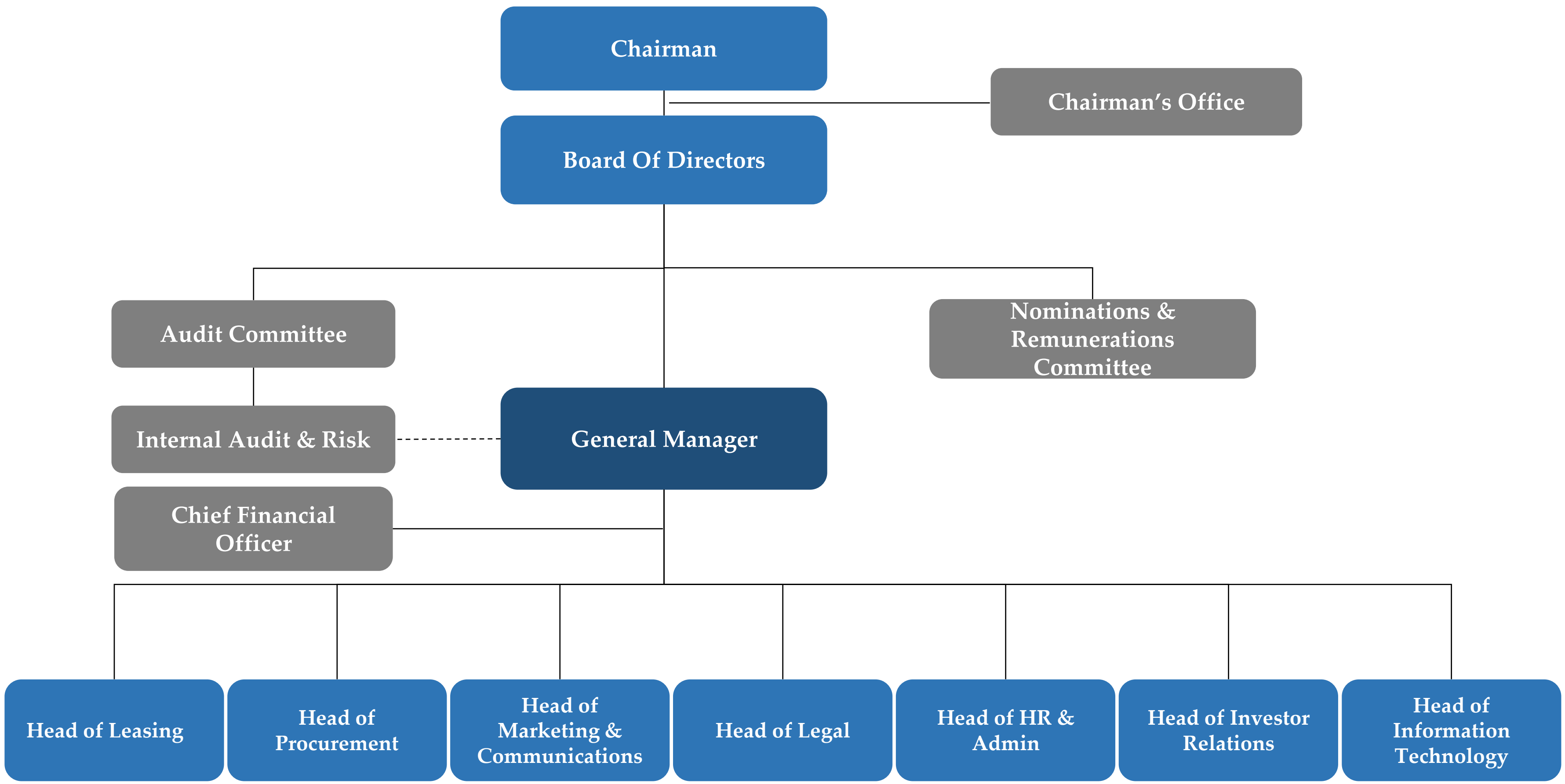
- Clearly defining and communicating accountabilities and responsibilities for decision-making and performance
- Putting in place the appropriate number of decision-making bodies and committees with well balanced decision-making pyramids (not too "top-heavy" or "experience light")

Informed decision making

- Accessing high quality management information to monitor performance and support timely and effective decision making

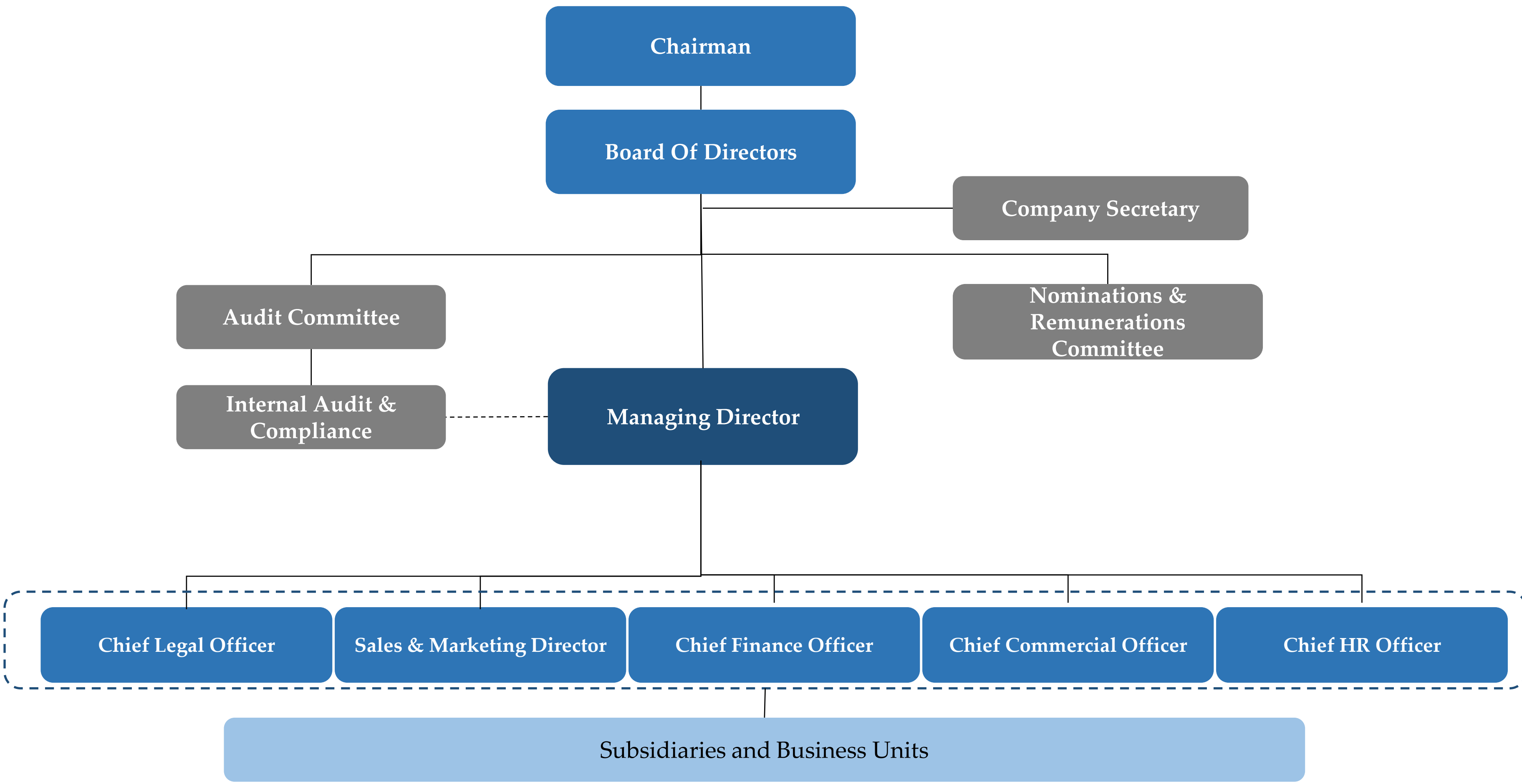
Changes to Organisational Structure of the Company (1/2)

Previous Organization Structure



Changes to Organisational Structure of the Company (2/2)

Current Proposed Organization Structure



Changes to Financial Position of the Company

Assets (AED'000)	31 Dec 2020 (AED)	31 Dec 2021 (AED)
Property, plant and equipment	348,076	312,635
Right-of-use assets	26,371	21,694
Investment properties	4,612,744	3,260,726
Development properties	7,504	7,504
Investments in associates and a joint venture	87,368	84,413
Investments at fair value through profit or loss	114,608	-
Non-current receivables	33,194	4,301
Total non-current assets	**5,229,865**	**3,691,273**
Investments at fair value through profit or loss	37,276	756
Inventories	7,913	4,732
Contract assets	218,864	35,263
Trade and other receivables	394,888	425,146
Due from related parties	7,648	-
Cash in hand and at banks	45,400	65,797
Total Current Assets	**711,989**	**531,694**
Total Assets	**5,941,854**	**4,222,967**
Equity & Liabilities (AED'000)	31 Dec 2020 (AED)	31 Dec 2021 (AED)
Share capital	4,289,540	4,289,540
Statutory reserve	352,978	352,978
Currency translation reserve	-	-
Asset revaluation surplus	212,689	212,689
Accumulated losses	(1,961,073)	(2,927,828)
Total Equity attributable to Stockholders of the Company	**2,894,134**	**1,927,379**
Non-current portion of bank loans	463,056	309,246
Contract liabilities	8,118	8,118
Lease liabilities	20,333	17,813
Provision for staff terminal benefits	32,935	29,144
Total non-current liabilities	**524,442**	**364,321**
Trade and other payables	1,237,010	1,193,546
Contract liabilities	88,692	50,188
Lease liabilities	5,084	4,453
Bank overdrafts	192,235	113,670
Current portion of bank loans	1,000,257	569,410
Total current liabilities	**2,523,278**	**1,931,267**
Total Liabilities	**3,047,720**	**2,295,588**
Total Equity and Liabilities	**5,941,854**	**4,222,967**

Business Forecast – Basis and Key Assumptions

The Company's Business Plan is based on three key business areas:

Business Area	Strategy
1. Core Business	▪ UP's Core Business comprises of Motor City - its flagship development ▪ Core business, as one of the largest generators of growth in the coming years, will be focused around completing Motor City and expanding operations internationally ▪ UP to focus on completing the Motor City masterplan, evolving into an experience / lifestyle destination
2. Adjacent Businesses	▪ Subsidiaries: – UP's subsidiaries include ServeU, The Fitout, Dubai Autodrome, Uptown Mirdiff, Al Etihad Cold Storage, Edacom, among others – UP will be focused on refining the portfolio as increasing pressures on the margins and varying market conditions drive the need for it ▪ International expansion – This will include expanding core development activities into stable and growing markets – Expand development into selected international geographies to provide offering to: (a) wider, mass-affluent market, and (b) niche high-net worth individuals' market
3. New Ventures	▪ UP will further investigate opportunities to enter new businesses in UAE and internationally

Projected Financial Performance – UP Aggregate

Forecast Income Statement (AED)	2022B	2023F	2024F	2025F	2026F	2027F
Revenue	439,633,052	465,802,003	488,747,665	1,570,601,799	3,514,372,889	1,623,024,070
Direct Costs	(353,948,952)	(360,646,064)	(376,033,539)	(1,242,996,458)	(2,829,060,168)	(1,256,997,896)
Gross Profit	**85,684,100**	**105,155,939**	**112,714,126**	**327,605,340**	**685,312,721**	**366,026,174**
GP margin	*19.5%*	*22.6%*	*23.1%*	*20.9%*	*19.5%*	*22.6%*
General & Admin Exp	(75,655,939)	(78,089,281)	(81,859,411)	(85,818,047)	(89,974,616)	(94,189,012)
Finance Cost	(66,141,327)	(83,759,097)	(71,703,427)	(69,620,873)	(67,680,352)	(65,867,820)
Operating Profit/ (Loss)	**(56,113,166)**	**(56,692,439)**	**(40,848,712)**	**172,166,420**	**527,657,754**	**205,969,342**
Operating Profit margin	*-12.8%*	*-12.2%*	*-8.4%*	*11.0%*	*15.0%*	*12.7%*
Gain (loss) on sale of assets	0	0	0	0	0	0
Gain (loss) on valuation of assets	0	0	0	0	0	0
Income from Sponsorships	360,000	378,000	396,900	416,745	437,582	459,461
Fuel Station Income	318,281	334,195	350,905	368,450	386,873	406,216
Rental Income	6,178,074	8,031,496	8,433,071	8,854,724	9,297,460	9,762,333
Other Income	4,524,235	5,228,824	6,112,156	7,226,221	8,638,527	10,436,747
Net Profit/ (Loss)	**(44,732,576)**	**(42,719,924)**	**(25,555,680)**	**189,032,560**	**546,418,196**	**227,034,099**
Net profit margin	*-10.2%*	*-9.2%*	*-5.2%*	*12.0%*	*15.5%*	*14.0%*

B = Budgeted; F = Forecasted

Key Risks and Mitigants

SNo	Risk	Description	Risk Mitigation/ Management Mechanism
1	**Stakeholders being onboard with the Business Plan**	▪ The success of the Recovery Plan also depends on all stakeholders (shareholders, banks, investors etc.) being convinced about the equity story developed by UP's current management. Given the legacy issues, certain level of skepticism can be expected from the stakeholders, which may pose challenges to implementation of the Recovery Plan	▪ Effective communication of the plan to ensure buy-in from stakeholders ▪ Strong Investor Relations to provide timely, frequent and detailed updates on the progress on the plan
2	**Management bandwidth**	▪ The implementation of the Recovery Plan requires significant management time and focus in addition to geographic distribution of resources for regional/ international expansion	▪ Management is fully committed to implement the strategy through the medium to long term ▪ Gaps to be filled through suitable hirings or management redistribution, as and when requirements arise
3	**Construction Costs**	▪ New project development relies heavily on construction materials, which have witnessed inflationary pressures recently. This could impact the profitability of these projects	▪ Effective cost management through efficient procurement and contract negotiations ▪ Mitigate, to some extent through pricing of new development units to offset any cost increase, while ensuring price competitiveness

Key Risks and Mitigants

SNo	Risk	Description	Risk Mitigation/ Management Mechanism
3	**Financing Costs**	▪ Globally, Central Banks are in general pursuing quantitative tightening which includes interest rate hikes, which is expected to be the case in UAE and wider GCC as well ▪ Accordingly, project financing may attract higher interest rates for UP going forward	▪ Constant discussions with financial institutions to obtain best financing rates and structures ▪ Ensure project economics are maintained even at elevated financing costs
5	**Lack of international market knowledge**	▪ UP has been focused on UAE market, hence there is limited experience of operating in other regional or international markets	▪ Carefully planned market entry into each market – which may include partnerships, alliances, etc, as suitable for each market
6	**International market conditions may change**	▪ The global macro, political and economic landscape is constantly changing especially on the on the back of Covid-19 and more recently the conflict in Ukraine ▪ Conditions in markets targeted for international expansion by UP may change and become unfavourable	▪ All international expansions will go through a thorough feasibility analysis which will include the macro-economic outlook and risks as well as mitigation mechanisms for those

Timeline for the Recovery Plan

Action Points - Timeline		2022				2023				2024			
No.	Workstream	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	**Core Development**												
A	Develop and sell Motor City Plots											■	■
B	Sell Units from Existing Development to release cash	■	■	■	■								
C	Redefine land use to optimise value			■	■	■	■						
D	Feasibility assessment for new projects for development			■	■								
2	**Expand into international geographies**												
A	Regional expansion							■	■	■	■	■	■
B	International expansion												■
3	**Subsidiaries**												
A	Complete the evaluation and refining of business portfolio		■	■									
B	Review, validate and mobilize the re-calibrated portfolio			■									
C	Grow portfolio through international expansion and targeted M&A												
D	Constant follow-up relating to Subsidiaries' performance to allow collection of dividends	■	■	■	■	■	■	■	■	■	■	■	■
E	Reassess sales approach focus on profitability and minimize inventory write-down/ write-off risk		■	■	■								
F	Optimize manufacturing structure Reduce costs by optimizing manufacturing structure and scale		■	■	■								
G	Reassess business organization and structure Reduce fixed costs by reassessing headcount and expenses		■	■	■								
4	**New Ventures**												
A	Develop and propose options for new ventures - development/ M&A			■	■								
B	Pursue the shortlisted options				■								
5	**Governance**												
A	Complete recalibration of governance framework		■	■	■	■	■						
B	Complete appointments for new governance framework		■	■									
C	Complete documentation incorporating updated policies and procedures aligning with updated governance framework			■	■								
6	**Debt**												
A	Negotiions with banks to restructure debt servicing for 2022 and onwards	■	■	■									
B	Finalize new/ amended financing documentation with banks		■	■	■								
C	Monetization of non-core assets	■	■	■	■	■							
7	**Recovery of misappropriated funds**												
A	Conduct internal/ third party studies/ investigations into all areas where misappropriation of funds suspected		■	■	■								
B	Identify all incidences where misappropriation has taken place and evaluate recovery potential		■	■									
C	Open legal cases in relation to identified instances of misappropriation			■									
D	Pursue and achieve closure of legal cases			■	■	■	■						
8	**Recovering outstanding receivables**												
A	Identify and enlist all instances where payments made to third parties without services being received		■	■									
B	Pursue legal recourse for recovery of such payments		■	■									
9	**Operational improvements**												
A	Carry out a full analysis of operational and productivity inefficiencies		■	■									
B	Updated set of KPIs to be established for all business units and subsidiaries			■									
C	Complete cost rationalising both at corporate and business unit level			■	■								
D	Identify and implement changes to technology to enhance operational - supported by relevant business case				■	■							
E	Manpower adjusted to operational requirements		■	■									
F	Corporate Fleet downsized		■										
G	Overheads reduction for Head Office and Subsidiaries		■	■									
H	Introduction of smart city solutions and technology to reduce utilities costs (solar panels, LED, etc.)			■	■	■							
I	Streamline HQ function to match scale of restructured businesses		■										
J	Reduce fixed costs by headcount rationalization and re-assignments of HQ employees		■	■									

Section 4. Ratifications

Ratifications

الاتحاد
Union

We, the members of the Company's Board of Directors and the Executive Management, acknowledge that this plan contains information presented according to the procedures and instructions of the companies whose shares are listed in the market and whose accumulated losses reached 20% or more of its capital, issued by the Securities and Commodities Authority (SCA). Collectively and individually, we bear full responsibility of the accuracy of the contents of this plan and the information contained therein. The SCA or Market does not bear any responsibility for the contents of the plan, nor does it give any assurances regarding its accuracy or completeness.

Authorized Signatory	
Signature & Date and Company Seal	26-4-2022 P.O.BOX 24649 DUBAI-U.A.E. UNION PROPERTIES P.J.S.C.

Names and approvals of the expert entity(ies) or technical or financial institutions that have prepared or approved the Recovery Plan to address the accumulated losses		
Company Name	**Authorised Signatory**	**Signature and Company Seal**
Allied Investment Partners PJSC	Iyad Abu Hweij	