

Union Properties Reports a Net Profit in Q2 2022 as Turnaround Strategy Drives Significant Cost Savings

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- *Company delivers Net Profit of AED 285,000 in Q2 2022 compared to a net loss of AED 12 million in Q1 2022*
 - *Operating profit increases to AED 3 million in Q2 2022 from a loss of AED 32 million in Q2 2021*
 - *Turnaround strategy continues to drive cost efficiencies with administrative and general expenses down 32% year-on-year*
 - *Consolidation of business units into EDACOM Asset Management expected to result in one-time cost savings of AED 7 million*
 - *Cautiously optimistic on outlook as explore a number of development options that expect to generate long term value for investors from attractive asset base*
 - *Book value per share maintained at AED 0.446 as management seeks to protect and grow long term shareholder value*

Dubai, UAE – August 4, 2022: Union Properties PJSC (“Union Properties” or the “Company”) (DFM symbol: UPP) announces its consolidated financial results for the three-month period ended 30 June 2022.

Revenue from contracts with customers remained stable at AED 99 million in Q2 2022 compared to the same period last year, as the Group’s subsidiaries delivered healthy performance improvements, supported by strong market dynamics in the UAE’s real estate sector. Gross profit for the same period increased 7% to AED 14 million.

Union Properties continued to make strong progress in the execution of its turnaround strategy, delivering significant cost efficiencies during the second quarter of the year. Administrative and general expenses declined by 42% year-on-year to AED 17 million in Q2 2022, and by 32% to AED 37 million in H1 2022, compared to the same period last year.

As part of its ongoing strategy to improve efficiency and productivity across the business, Union Properties merged three of its existing business units - EDACOM Owners Management Association, Uptown Mirdiff Mall, and Al Etihad Cold Store - into one single entity, EDACOM Asset Management. The consolidation is expected to improve profitability by driving efficient resource and asset utilization, economies of scale and cost rationalization. The company expects to realize additional one-time cost savings of AED 7 million over the next 12 months from the reorganization.

Consequently, operating profit increased to AED 3 million in Q2 2022 from a loss of AED 36 million for the same period last year. At the net income level, Union Properties delivered a

net profit of AED 285,000 in Q2 2022 (Q2 2021: AED 26 million), compared to a net loss of AED 12 million in the preceding quarter, despite incurring finance costs related to legacy debt of AED 16 million, representing 14% of the company's total consolidated costs. Debt restructuring remains a key priority for Union Properties' management.

Management's focus on efficiency has enabled Union Properties to preserve its book value at AED [1.9 billion], equivalent to AED 0.446 per share.



Mr. Amer Khansaheb, Board Member and Managing Director of Union Properties, commented: *"The continued improvement in Union Properties financial performance reflects our success to date in executing our turnaround strategy. We remain laser focused on driving growth and delivering cost efficiencies, particularly at a subsidiary level. Of note, we have launched a number of initiatives to optimize performance across the business, including the consolidation of three of our business units into EDACOM Asset Management, which is expected to deliver significant cost savings over the remainder of the year. The work underway lays a solid foundation for future growth and value creation for our shareholders."*

"Union Properties owns a vast land bank, in a fast-developing location, which is gaining traction and popularity with investors and residents. Looking ahead, we are cautiously optimistic as we explore a number of development options that we expect to generate long term value for our investors."

On 24 October 2021, Union Properties disclosed to Dubai Financial Market an arbitration claim filed by one of its subsidiaries, which is still being reviewed by the arbitral tribunal. As part of the company's commitment to transparency, it will continue to keep the market and the shareholders updated on any further developments.

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