

## Detailed analysis of accumulated losses

This form has been prepared in accordance with the disclosure requirements included in the SCA Board of Directors' Decision No. (32/R.M.) of 2019 concerning procedures for companies whose shares are listed on the market, and whose accumulated losses amount to (20%) or more of their paid-up capital. Listed Companies are required to comply with the provisions of the decision as soon as their accumulated losses reach (50%) or more of their paid-up capital.

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| Date:                                                                                                                                                                                   | 26th July 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Name of the Listed Company:                                                                                                                                                             | Union Properties PJSC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Define the period of the financial statements:                                                                                                                                          | Q2 2023 - June 30, 2023                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Value of the Accumulated losses:                                                                                                                                                        | (2,883) million AED                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Accumulated losses to paid-up capital ratio (%):                                                                                                                                        | 67.21%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| The main reasons for accumulated losses and the period in which these losses began. (Determine the period in which these losses began to appear in the company's financial statements): | <p>The losses are mainly a product of significant provisioning of the following:</p> <ul style="list-style-type: none"> <li>Fair value loss of AED 2,076 million related to investment properties recorded in the fiscal year 2017</li> <li>Fair value loss of AED 1,109 million related to investment properties recorded in the fiscal year 2021</li> <li>Loss on disposal of an associate of AED 250 million recorded in the fiscal year 2020</li> <li>Losses and impairments from financial instruments at FVTPL amounting to AED 337 million</li> <li>Disposal of assets to related parties amounting to AED 62 million 2020 and AED 45.5 million in 2021</li> <li>Provisions amounting to AED 90.5 million against advances to contractors in 2021</li> </ul> |
| Summary of the steps and initiatives undertaken by the company to address the accumulated losses:                                                                                       | <ul style="list-style-type: none"> <li>Presented a recovery plan to the Securities and the Commodities Authority and The Market for handling the accumulated losses.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |



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|                                                                                                         | <ul style="list-style-type: none"> <li>• Develop business plan that includes focusing on closing out existing projects of our subsidiary companies and re-focusing the Company on its core business activities in order to win new projects.</li> <li>• Develop the continued efforts to acquire more projects, in UAE, In addition to the ongoing.</li> <li>• Improve overall operational productivity and efficiency.</li> <li>• Restructuring of its outstanding debt to reduce the finance cost</li> <li>• Recovering its outstanding receivables (notably through amicable settlements, courts and arbitration)</li> </ul> |
| The date on which the company's general assembly approved the plan for dealing with accumulated losses: | <ul style="list-style-type: none"> <li>▪ The accumulated losses plan was disclosed on: 18-April-2023</li> <li>▪ The accumulated losses plan was approved at the Annual General Assembly meeting on: 17-April-2023</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                    |

| The Measures that will be taken to deal with the accumulated losses and the approved plan |                                                                           |                                                             |                                                     |                                                 |
|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|
| Actions                                                                                   | The time frame for implementing the action according to the approved plan | The implemented action and the percentage of implementation | Reasons for not implementing the action or delaying | Any modifications or changes made to the action |
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| Action 1<br>Return UNION<br>PROPERTIES into<br>Profitability | Original Plan: 3 to 5 Years<br><br>2022 was a milestone year for Union Properties as its new management team successfully implemented their turnaround strategy and restored the company to profitability | 40% Achieved -<br>Union Properties returned to profitability in 2022 as it continues to successfully implement its turnaround strategy, with the company reporting a net profit of AED 30 million compared to a net loss of AED 966.8 million in the previous year. Company has achieved 17.7m profit in H1 2023 | Not Applicable as the proposed action is moving forward within the expected timelines                                                                                                                                                          | No |
| Action 2<br>Debt restructuring<br>process                    | Original Plan: 2 to 3 Years                                                                                                                                                                               | 60% was successfully completed during 2022 (AED 595 million debt restructuring) marking a major milestone by resolving legacy liabilities with many of its lenders.                                                                                                                                              | 40% yet to be achieved: The Company is currently conducting negotiations to restructure the remaining legacy related debt with Emirates NBD and will update the market of any developments as it continues to deliver its turnaround strategy. | No |
| Action 3<br>Improving<br>Operational<br>Efficiency           | Original Plan: 2 to 3 Years                                                                                                                                                                               | 60% achievement Management's focus on efficiency has enabled Union Properties to preserve its book value at AED 0.456 per share as of 31 December 2022.<br><br>Union Properties made substantial progress with its efficiency strategy including merging three of its existing business units - EDACOM Owners    | 40% achievement targeted and phased for the next 4 years                                                                                                                                                                                       | No |



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|                                                         |                                    | <p>Management Association, Uptown Mirdiff Mall, and Al Etihad Cold Store - into one single management to be managed under the name of EDACOM Asset Management.</p> <p>This unlocked significant synergies across the business and improved resource and asset utilization. As a result, administrative and general expenses declined 39% year-on-year to AED 80.5 million in 2022. Operating profit for the year increased significantly to AED 10.2 million compared to a loss of AED 34.1 million in the previous year.</p> |                                                                 |           |
| <p>Action 4</p> <p>Organic Growth from Subsidiaries</p> | <p>Original Plan: 2 to 3 years</p> | <p>40% achieved: Revenue from contracts with customers increased by 5% year-on-year to AED 419.2 million in 2022 as the Group's subsidiaries continued to deliver significant performance improvements supported by strong positive momentum in the UAE's real estate sector.</p> <p>During H1 (2023) revenue from contracts with customers reached AED 241 million (from AED 204m in 2022) as well as gross profit increase of 30% from AED 35m (in 2022) to reach AED 46 million in 2023.</p>                               | <p>60% achievement targeted and phased for the next 4 years</p> | <p>No</p> |



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| Action 5<br>Implementation of<br>the Strategic Plan | 7 Years Plan | 40% accomplished - The management of the Group has prepared a short and medium strategy plan leveraged by a long-term vision for a period of three years from the date of these consolidated financial statements and there is high probability that the Group will have adequate resources to continue its operation in the foreseeable future. | Ongoing implementation for the next 7 years | No |
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| The Name of the Authorized Signatory | AMER KHANSAHEB                                                                                       |
| Designation                          | MANAGING DIRECTOR                                                                                    |
| Signature and Date                   | 27 - JUL - 2023  |
| Company's Seal                       |                  |