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.

Date:	14th of February 2025
Name of the Listed Company:	Union Properties PJSC
Define the period of the financial statements:	Q4 2024 December 31, 2024
Value of the Accumulated losses:	1,869,567 AED
Accumulated losses to paid-up capital ratio (%):	43,6%
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):	The losses are mainly a product of significant provisioning of the following: • Fair value loss of AED 2,076 million related to investment properties recorded in the fiscal year 2017 • Fair value loss of AED 1,109 million related to investment properties recorded in the fiscal year 2021 • Loss on disposal of an associate of AED 250 million recorded in the fiscal year 2020 • Losses and impairments from financial instruments at FVTPL amounting to AED 337 million • Disposal of assets to related parties amounting to AED 62 million 2020 and AED 45.5 million in 2021 • Provisions amounting to AED 90.5 million against advances to contractors in 2021
Summary of the steps and initiatives undertaken by the company to address the accumulated losses:	• During FY 2022 the Company has presented a recovery plan to the Securities and the Commodities Authority and to The Market with the planned actions for handling the accumulated losses. • The long-term business plan disclosed earlier focuses on closing out existing projects and concentrate operational and commercial efforts on the core business activities in order to win new projects and develop the existing landbank. • Develop continued efforts to acquire more projects, in UAE, In addition to the ongoing.

	• Improve overall operational productivity and efficiency • Restructuring of the outstanding debt to reduce the finance cost • Recovering its outstanding receivables (notably through court and arbitration)
The date on which the company's general assembly approved the plan for dealing with accumulated losses:	▪ The updated accumulated losses plan was disclosed on 18-April-2023 ▪ The accumulated losses plan was approved at the General Assembly meeting on 17-April-2023

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**
Action 1 **Return UNION PROPERTIES into Profitability**	**Original Plan: 3 to 5 Years** **2022 was a milestone year for Union Properties as its new management team successfully implemented their turnaround strategy**	**100% Achieved** • Union Properties returned to profitability in 2022 as it continued 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. • The Company has achieved an accumulated profit of 838 million during the FY 2023 which demonstrates its	**The proposed action was completed within the expected timelines**	**No**

	and restored the company to profitability	capability to reaching sustainable and consistent profits in two consecutive Financial Years • The Company has achieved a net profit of AED 275.6 million in 2024, and the current assets exceed current liabilities by AED 566 million at that date • **The Group revenue for 2024 reached to AED 528.7 million (2023: AED 508.0 million), resulting in a total profit before taxes of AED 304.1 million (2023: AED 837.6 million), and total comprehensive income amounted to AED 395.8 million (2023: AED 837.6 million).**		
Action 2 **Debt restructuring process**	**Original Plan: 2 to 3 Years**	**100% Completed** • 60% was successfully achieved during FY 2022 (AED 595 million debt restructuring) marking a major milestone by resolving legacy liabilities with many of its lenders. • Remaining 40% was successfully completed during FY 2023 by entering into a debt settlement agreement with ENBD. • The company continued during FY2024 to repay the Bank Debt and related settlement agreements agreed with those Financial Institutions • The debt restructuring process, successfully initiated during FY 2022-2023 and renegotiated in 2024 with key Financial Institutions, has strategically positioned Union Properties (UPP) on a solid foundation to deliver long-term and sustainable value for its shareholders.	**The implementation of the plan was successfully completed 1 year ahead of expectations**	**No**

		- Through efficient debt management, UPP repaid AED 723.2 million towards bank debt, significantly reducing the total debt from AED 1,207.8 million in year 2023, to AED 575.0 million in year 2024. - This strategic approach has not only improved profitability but also enhanced cash flow generation by effectively reducing the Group's financing costs by AED 81.6 million from AED 110.1 million in 2023 to AED 28.5 million in 2024.		
Action 3 **Improving Operational Efficiency**	**Original Plan: 2 to 3 Years**	**90% achievement** - The Management's focus on efficiency has enabled Union Properties to increase in 43% its book value in 2024 to AED 0.747 per share (from AED 0.456 per share as of 31 December 2022). - Union Properties made substantial progress with its efficiency strategy including merging 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. - 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. - The Group's revenue for 2023 reached to AED 508 million (2022: AED 419.2 million), gain on valuation of properties amounted to AED 506 million (2022: gain of	**10% achievement targeted and phased for the next 3 years**	**No**

		AED 26 million) resulting in a total profit of AED 838 million (2022: gain of 30 million), and total comprehensive income amounted to AED 838 million (2022: total comprehensive gain of AED 30 million). • The Group revenue for 2024 reached to AED 528.7 million (2023: AED 508.0 million), gain on valuation of investment properties amounted to AED 166.3 million (2023: AED 505.9 million) resulting in a total profit before taxes of AED 304.1 million (2023: AED 837.6 million), and total comprehensive income amounted to AED 395.8 million (2023: AED 837.6 million). • Net Profit during in 2024 has reached to AED 276million (AED 838million in same period 2023)		
Action 4 **Organic Growth from Subsidiaries**	**Original Plan: 2 to 3 years**	**75% 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. • In 2023, the Group's Subsidiaries also exhibited a remarkable performance, contributing to the net profit of AED 838 million in 2023 which marks an annual growth of 60% in operating profits and 2694% growth in net profits. • The Company's subsidiaries also posted impressive performance, which steered its revenue from contracts	**25% achievement targeted and phased for the next 3 years**	No