

Union Properties PJSC reduces its net loss by 68% in Q2 2020 compared to the previous quarter.

This significant tangible improvement comes as a full restructuring and development plan is under way for the iconic property developer with diversified activities.



The recent months have been synonymous with in-depth transformation reorganization and restructuring for Union Properties, the iconic developer with diversified activities. Following the nomination of its new leadership (new Chairman and Board of Directors), the Group has successfully engaged in a series of transformational initiatives opening the way for a new chapter of growth and sustained development.

The most visible achievement of this transformational direction resides in the substantial drop by 68% of the Group's net loss for the three-month period ending 30th of June 2020 compared to the previous quarter (-121.86 million AED in Q1 vs -38.56 million AED in Q2). This significant improvement has notably been achieved thanks to a drastic cost cutting effort, including a reduction of the Group's administrative and operational expenses to 58 million AED for the first six months of 2020 as compared to 76 million AED for the same period last year thereby resulting in a drop by nearly 24%.

As part of this recovery plan, the Group has also announced that it successfully negotiated and finalized a comprehensive restructuring of the largest part of its outstanding debt with various financial institutions, which will ultimately improve its overall cash-flow profile and liberate funds for growth.

Mr. Khalifa Hasan Al Hammadi, the newly appointed Chairman of Union Properties PJSC, who started his functions during Q2 2020, said: “In the past our Group has suffered a high level of losses, mostly due to a significant drop in the real estate sector and the mandatory subsequent “marked-to-market” revaluation, which has resulted in a total net loss of 160.42 million AED for the first half of 2020. Our debt profile was also a serious challenge that needed to be addressed and this is what we have done as our number one priority. The Group’s new leadership has now a clear roadmap and we are committed to remain on the right track. We will continue to work towards the improvement of our operational efficiencies, operating cost management as well as our overall financial position. We are also actively working with select partners towards the improvement and development of our extensive land bank to create value assets with recurring cashflows in addition to identification of new business alternatives to suit the market demand and situation”.



Commenting on the overall real estate sector situation and the Covid-19 pandemic, Mr. Khalifa Hassan Al Hammadi added: “Compared to other property developers that are massively impacted by the current crisis, we are confident that our Group will ultimately thrive, notably thanks to the diversification of its operating subsidiaries through different sectors of the economy. Those diversified operating subsidiaries bring to the Group more confidence, resilience, and sustainability during these challenging times”.

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