

Highlights on 2017 provisions and results

Below are points to clarify the 2017 provisions and results:

- The company's standalone net loss amounting to \$118.5 Million results largely from provisions totaling \$110 Million, of which \$96 Million were taken to cover delays in payments from land sale clients and other rent receivables.
- The operational loss for the year 2017 is essentially only \$1.5 Million, and is included in the reported \$118.5 Million overall loss. As such, this operational result practically points to an almost break-even situation from operations indicating that revenues from rentals and other services, alone, are now covering operational expenses and overheads.
- The \$96 Million are not realized losses but accounting provisions that meet international financial reporting standards. The company is proceeding with the collection of receivables for which provisions were taken; hence such provisions may be turned back to profits in future years when the receivables are collected.
- So far, there are \$217 Million of accumulated provisions for all purposes in the balance sheet, of which \$185 Million relate to the portfolio of land sale receivable balances amounting to \$502 Million as at December 31, 2017.

Therefore, the net loss in 2017 does not originate from operations but from the high amount of accounting provisions exceptionally taken due to client's late payments and/or requests for rescheduling their payments.

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