

Management Report – Six Months Period Ended June 30, 2007

Union Properties has recorded 26% growth in its net profit for the six months ended June 30, 2007 compared to the same period of 2006 (11% growth on quarter over quarter basis during 2007). Revenue for the first half of the year reached AED 1,165 million and net profit stood at AED 295 million (AED 0.106 per share for the period). The six months results included gain on valuation of investment properties including certain land plots held within investment properties.

Contracting activities continued to be the major contributor to the revenues for the first half of 2007 adding AED 931 million. Property Sales and Rental Activities added AED 167 million and Hospitality and Other Operating Activities added 67 million.

The first half of 2007 saw significant increase in gross profit margins from property sales and rental activities. Margins on contracting and other operating activities slowed down slightly in comparison to first half of 2006 due to competition and seasonality.

Total assets and shareholders' equity continued to grow and stood at AED 8.9 billion and AED 4.8 billion respectively as of June 30, 2007, increasing by 33% and 17% compared to June 30, 2006. Development and investment properties stood at AED 5.4 billion.

The Company continued to follow the conservative approach of recognizing revenue inline with International Financial Reporting Standards where revenue from sale of properties is recognized upon handover of units sold and not according to sale and construction progress. Sale activity has been ahead of expectations.

The Company has successfully implemented the first phase of its planned strategy to increase the level of leverage to optimize its capital structure by securing term facilities amounting to AED 3.75 billion to finance its projects at DIFC and parts of its projects at the MotorCity.

The construction work has started in all development sites and is progressing as scheduled. All segments of the business have continued to perform well inline with the planned operations.

About Union Properties

Union Properties is a public company listed on the Dubai Financial Market. It is one of UAE's leading property development, investment and management companies.

The Company was established in 1987 as a limited liability company, and then floated as a public company in 1993. The following decade saw consistent organic growth on an impressive scale. The Company's ability to provide premium turnkey real estate solutions enabled it to benefit from an excellent choice of business partners: investors, developers, designers and property residents. Over the years the Company's consistent results speak for themselves in terms of the net profit, as well as growth in assets and shareholders' equity.

Astute investment in a variety of diverse resources helped Union Properties refine its products offering to deliver a superior and comprehensive range of property services across the development and management value chain. Union Properties business currently covers Property investment and development, Property Management, Interior Design & Fitout, Project Management, Facilities Management, Electro-mechanical contracting, Health and Fitness, Serviced Offices and Hospitality.

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated income statement

Six Months Ended June 30, 2007

	Six Months Ended June 30, 2007			Six Months Ended June 30, 2006		
	Property Management & Sales	Other Operating Activities	Total	Property Management & Sales	Other Operating Activities	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	166,585	999,002	1,165,587	217,373	950,322	1,167,695
Direct costs	(48,448)	(925,487)	(973,935)	(108,812)	(865,058)	(937,870)
Gross profit	118,137	73,515	191,652	108,561	85,264	193,825
Administrative and general expenses			(49,477)			(31,207)
Finance costs, net			(37,533)			(17,055)
Other income			10,371			21,996
Gain on valuation of investment property			159,056			56,570
Share of profit in joint venture and associate companies			20,856			10,165
Net profit for the period attributable to the shareholders' of the Company			294,925			234,294
Earnings per share (AED) (for the Period)			0.106			0.105

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated income statement

Quarter Ended June 30, 2007

	Three Months Ended June 30, 2007			Three Months Ended June 30, 2006		
	Property Management & Sales	Other Operating Activities	Total	Property Management & Sales	Other Operating Activities	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	101,020	472,900	573,920	53,067	621,523	679,599
Direct costs	(27,451)	(435,920)	(463,371)	(28,302)	(576,815)	(605,117)
Gross profit	73,569	36,980	110,549	29,774	44,708	74,482
Administrative and general expenses			(26,965)			(18,525)
Finance costs, net			(18,808)			(8,901)
Other income			2,963			9,736
Gain on valuation of investment property			79,714			56,570
Share of profit in joint venture and associate companies			6,834			8,167
Net profit for the period attributable to the shareholders' of the Company			154,287			121,529
Earnings per share (AED) (for the Quarter)			0.055			0.054