Union Properties PJSC
and Subsidiaries

Earnings Release
Six Months Ended June 30, 2008

Stock Exchange
DFM

Tickers
DFM: UPP
Bloomberg: UPP:UH
Reuters: UPRO.DU

Zaid S. Ghoul
Chief Financial Officer

Mohammed Sunalla
Director - Finance

Sabra Saleh
Manager – Public Relations

Highlights--

- ***H1 2008 Revenues – AED 1,864 million, growth of 60% over H1 2007.***
- ***H1 2008 Net profit – AED 556 million, growth of 88% over H1 2007 and 34% over Q1 2008.***
- ***Total assets AED 16.4 billion.***
- ***Total shareholders' equity AED 5.8 billion.***

Net profit for H1 2008 grew by 88% compared to H1 2007 and 34% compared to Q1 2008. Revenue for H1 2008 reached AED 1,864 million and net profit stood at AED 556 million (AED 0.182 per share for H1 2008 compared to AED 0.096 per share for H1 2007). The six months results included gain on sale of investment properties amounting to AED 154 million, which came in line with the Company's strategy to offload aged assets and change the structure of its investment properties portfolio. In addition, gain on valuation of investment properties of AED 231 million was recorded in the second quarter as a result of the normal periodic revaluation of investments properties that takes place every six months as per the Company's policy.

Consolidated revenue grew approximately 60%YoY. Considering the conservative approach of revenue recognition from real estate sales, contracting activities continued to be the main contributor to consolidated revenues adding AED 1,500 million to H1 2008 revenues (61%YoY growth). Property Sales and Management Activities contributed AED 270 million (62%YoY growth) while Hospitality and Other Operating Activities added the remaining AED 94 million (37%YoY growth).

Total assets and shareholders' equity continued to grow and stood at AED 16.4 billion and AED 5.8 billion respectively as of June 30, 2008, growing by 83% and 19% respectively compared to June 30, 2007. Development and investment properties comprised 70% of total assets and stood at AED 11.5 billion at the end of H1 2008, growing 111% over H1 2007.

Contracting segment margins have shown healthy increase in Q2 2008. Overall gross profit grew by 28% YoY despite the slight decrease in gross margin in H1 2008 compared to H1 2007 which mainly resulted from the decrease in gross profit margin from other operating activities due to the startup nature of newly established businesses/operations and the seasonality of the MotorSport activities.

The Company continued to utilize the term facilities of AED 3.75 billion, which were raised in 2007 to finance the projects at DIFC and part of the projects at MotorCity. Long term bank debt, including its related current portion, at the end of H1 2008 stood at AED 3.6 billion implying an overall consolidated long term debt/assets ratio of 22:78. Total consolidated bank debt (short and long term including that of subsidiaries) at the end of H1 2008 stood at AED 5.3 billion implying an overall consolidated debt/assets ratio of 32:68. The Company is planning to tap into debt market during the second half of this year to finance the rest of the projects at MotorCity, as well as other projects.

The Company continued to follow the conservative approach of recognizing revenue in line 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. In July 2007, the International Financial Reporting Interpretations Committee (IFRIC) issued a draft interpretation concerning revenue recognition on sale of real estate that supports the current accounting treatment followed by the Company.

Property sales continued ahead of expectations across all developments despite price escalations made during H1 2008.

The construction work is well advanced in all development sites and is progressing as scheduled.

All segments of the business have continued to perform well in line with the planned operations.

-End-

Union Properties PJSC
and Subsidiaries

Earnings Release
Six Months Ended June 30, 2008

About Union Properties

Union Properties (www.up.ae) 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, Serviced Offices and Hospitality.

Union Properties PJSC and Subsidiaries
Earnings Release
Six Months Ended June 30, 2008

Union Properties

Consolidated Income Statement
Six Months Ended June 30, 2008

	Six Months Ended June 30, 2008			Six Months Ended June 30, 2007		
	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	269,949	1,593,551	1,863,500	166,585	999,002	1,165,587
Direct costs	(71,582)	(1,545,979)	(1,617,561)	(48,448)	(925,487)	(973,935)
Gross profit	198,367	47,572	245,939	118,137	73,515	191,652
Administrative and general expenses			(72,118)			(44,477)
Financial income & expense, net			(30,756)			(37,863)
Other income			16,733			5,701
Gain on sale of investment property			153,930			-
Gain on valuation of investment property			231,109			159,056
Share of profit in joint venture and associate companies			11,220			20,856
Net profit for the period attributable to the shareholders' of the Company			556,057			294,925
Earnings per share (AED) – For the Six Months			0.182			0.096*

* Restated to account for the bonus shares issued in 2008

Union Properties PJSC and Subsidiaries
Earnings Release
Six Months Ended June 30, 2008

Consolidated Income Statement
Quarter Ended June 30, 2008

	Three Months Ended June 30, 2008			Three Months Ended June 30, 2007		
	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	**145,934**	**773,872**	**919,806**	101,020	472,900	573,920
Direct costs	**(32,854)**	**(757,912)**	**(790,766)**	(27,451)	(435,920)	(463,371)
Gross profit	**113,080**	**15,960**	**129,040**	73,569	36,980	110,549
Administrative and general expenses			**(38,842)**			(24,465)
Financial income & expense, net			**(13,383)**			(20,406)
Other income			**2,911**			2,061
Gain on valuation of investment property			**231,109**			79,714
Share of profit in joint venture and associate companies			**6,872**			6,834
Net profit for the period attributable to the shareholders' of the Company			**317,707**			154,287
Earnings per share (AED) – For the Quarter			**0.104**			0.050*

* Restated to account for the bonus shares issued in 2008