Management Report – Three Months Period Ended March 31, 2007

Union Properties has recorded 25% growth in its net profit for the three months ended March 31, 2007 compared to the same period of 2006. Revenue, net profit and earnings per share have increased by 21%, 25% and 24% respectively to reach AED 592 million, AED 140 million and AED 0.06 (for the quarter) respectively. The first quarter results included gain on valuation of certain land plots held within investment properties.

Total assets and shareholders' equity continued to grow and stood at AED 8.5 billion and AED 4.7 billion respectively as of March 31, 2007, increasing by 29% and 17% compared to March 31, 2006. Development and investment properties stood at AED 4.9 billion.

Inline with International Financial Reporting Standards, the Company is following the currently accepted conservative approach to recognize revenue from sale of properties. Cash received from the sale of properties is recorded as "an advance" in the balance sheet, and the recognition of the revenue from sale of properties is postponed until properties are handed over.

The Company has started implementing its planned strategy to increase the level of leverage to optimize its capital structure by securing AED 3.5 billion in term facilities to finance its projects at DIFC and the MotorCity.

The construction work has started in almost 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 Executive Apartments.

Union Properties

Union Properties Public Joint Stock Company and its subsidiaries

Interim condensed consolidated income statement

Quarter Ended March 31, 2007

	Three Months Ended March 31 2007			Three Months Ended March 31 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	**65,565**	**526,102**	**591,667**	159,297	328,799	488,096
Direct costs	**(20,997)**	**(489,567)**	**(510,564)**	(80,510)	(288,242)	(368,752)
Gross profit	**44,568**	**36,535**	**81,103**	78,787	40,557	119,344
Administrative and general expenses			**(22,512)**			(15,138)
Finance costs, net			**(18,725)**			(8,154)
Other income			**7,408**			14,715
Gain on valuation of investment property			**79,342**			-
Share of profit in joint venture and associate companies			**14,022**			1,998
Net profit for the period attributable to the shareholders' of the Company			**140,638**			112,765
Earnings per share (AED) (for the Quarter)			**0.063**			0.051