Union Properties PJSC
and Subsidiaries

Earnings Release
Nine Months Ended September 30, 2008

Stock Exchange
DFM

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

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Highlights--

- ***Nine Months 2008 Revenues – AED 2,654 million, growth of 31% over Nine Months 2007.***
- ***Nine Months 2008 Net Profit – AED 801 million, growth of 70% over Nine Months 2007.***
- ***Q3 2008 Net Profit – AED 245 million, growth of 38% over Q3 2007.***
- ***Total assets AED 18.1 billion.***
- ***Total shareholders' equity AED 6.0 billion.***

Net profit for the 9M 2008 grew by 70% compared to 9M 2007. Revenue for 9 Months 2008 reached AED 2,654 million and net profit stood at AED 801 million (AED 0.262 per share for 9M 2008 compared to AED 0.154 per share for 9M 2007). The nine months results included gain on sale of investment properties, which came in line with the Company's strategy to offload aged assets and change the structure of its investment properties portfolio. The nine months results also included gain on valuation of investment properties, which comprised gain from the normal periodic revaluation of investment properties that takes place every six months as per the Company policy in addition to gain on valuation of certain plots currently under development to be held as investment properties.

Consolidated revenue grew approximately 31%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 2,215 million to 9M 2008 revenues (47%YoY growth). Property Sales and Management Activities contributed AED 316 million (lower than 9M 2007 due to lower land sales) while Hospitality and Other Operating Activities added the remaining AED 123 million (30%YoY growth).

Total assets and shareholders' equity continued to grow and stood at AED 18.1 billion and AED 6.0 billion respectively as of September 30, 2008, growing by 83% and 20% respectively compared to September 30, 2007. Development and investment properties comprised 72% of total assets and stood at AED 13.0 billion at the end of 9M 2008, growing 120% over 9M 2007.

Q3 2008 continued to witness healthy margins from the contracting segment. However, it did not include any land sales compared to AED 102 million and AED 72 million of land sales during Q2 2008 and Q1 2008 respectively, and AED 280 million of land sales during 9M 2007. The decrease in land sales increased the contribution of contracting and other operating activities (segments with the lower margin) in the revenue mix for 9M 2008, which, along with the seasonality of the MotorSport activities, drove the overall 9M 2008 margin to drop compared to 9M 2007.

Revenue mix for 9M 2008 compared to 9M 2007 appears below:

Revenue Mix by Activity (%)	9M 2008	9M 2007
Activity	**Revenue Contribution**	
Property sales	7%	14%
Property management	5%	7%
Contracting	83%	74%
Other operating	5%	5%
Total	**100%**	**100%**

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 9M 2008 stood at AED 4.0 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 9M 2008 stood at AED 5.8 billion implying an overall consolidated debt/assets ratio of 32:68. The Company is planning to raise more debt 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 accordance with International Financial Reporting Standards and as confirmed by International Financial Reporting Interpretations Committee IFRIC 15 issued in July 2008 where revenue from sale of properties is recognized upon handover of units sold and not according to sale and construction progress.

Property sales continued ahead of expectations across all developments despite price escalations made during 9M 2008. Handover of properties in MotorCity and DIFC is on schedule to start on 2009.

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.

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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.

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Consolidated Income Statement
Nine Months Ended September 30, 2008

	Nine Months Ended September 30, 2008			Nine Months Ended September 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	316,156	2,337,643	2,653,799	423,183	1,600,923	2,024,106
Direct costs	(86,580)	(2,265,404)	(2,351,984)	(132,626)	(1,491,614)	(1,624,240)
Gross profit	229,576	72,239	301,815	290,557	109,309	399,866
Administrative and general expenses			(108,670)			(81,782)
Financial income & expense, net			(41,035)			(52,575)
Other income			16,863			14,691
Gain on sale of investment property			153,930			-
Gain on valuation of investment property			456,626			159,057
Share of profit in joint venture and associate companies			21,218			32,486
Net profit for the period attributable to the shareholders' of the Company			800,747			471,743
Earnings per share (AED) – For the Nine Months			0.262			0.154*

* Restated to account for the bonus shares issued in 2008

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Union Properties

Consolidated Income Statement
Quarter Ended September 30, 2008

	Three Months Ended September 30, 2008			Three Months Ended September 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	**46,207**	**744,092**	**790,299**	256,598	601,922	858,520
Direct costs	**(14,998)**	**(719,425)**	**(734,423)**	(84,178)	(566,127)	(650,305)
Gross profit	**31,209**	**24,667**	**55,876**	172,420	35,795	208,215
Administrative and general expenses			**(36,552)**			(32,306)
Financial income & expense, net			**(10,279)**			(15,042)
Other income			**130**			4,321
Gain on valuation of investment property			**225,517**			-
Share of profit in joint venture and associate companies			**9,998**			11,630
Net profit for the period attributable to the shareholders' of the Company			**244,690**			176,818
Earnings per share (AED) – For the Quarter			**0.080**			0.058*

* Restated to account for the bonus shares issued in 2008