Union Properties الإتحاد العقارية

Earnings Release
Nine Months Period Ended September 30, 2007

Highlights--

- ***Nine months 2007 Revenues – AED 2,024 million.***
- ***Nine months 2007 Net profit – AED 472 million.***
- ***Q3 2007 Net Profit – AED 177 million, growth of 134% over Q3 2006 and 14% over Q2 2007.***
- ***Revenue and Net Profit Y-o-Y growth – 14% and 52% respectively.***
- ***Significant increase in gross profit margin from property sales and management activities.***

Union Properties recorded 52% growth in its net profit for the nine months ended September 30, 2007 compared to the same period of 2006. Net profit for the third quarter 2007 grew by 134% compared to third quarter 2006 (growth on quarter over quarter basis during 2007 of 14%). Revenue for the nine months of 2007 reached AED 2,024 million and net profit for the period stood at AED 472 million (AED 0.167 per share for the period). Gain on valuation of investment properties, including certain land plots held within investment properties, was recognized in the first six months of the year.

Revenue grew approximately 15% YoY across all main business segments. Contracting activities continued to be the major contributor to the revenues for the nine months of 2007 adding AED 1,506 million. Property Sales and Management Activities added AED 423 million while Hospitality and Other Operating Activities added the remaining AED 95 million.

The nine months of 2007 saw significant increase in gross profit margin from property sales and management activities. Margins on contracting and other operating activities slowed down slightly in comparison to 2006 due to competition and seasonality.

Total assets and shareholders' equity continued to grow and stood at AED 9.9 billion and AED 5.0 billion respectively as of September 30, 2007, growing by 43% and 19% compared to September 30, 2006. Development and investment properties comprised 60% of total assets and stood at AED 5.9 billion at the end of September 2007.

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. Long term bank debt at the end of September 2007 stood at AED 1.87 billion implying an overall consolidated long term debt/equity structure of 20:80.

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 at the developments opened for sale at DIFC and the MotorCity locations.

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.

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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

Nine Months Ended September 30, 2007

	Nine Months Ended September 30, 2007			Nine Months Ended September 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	**423,183**	**1,600,916**	**2,024,099**	367,062	1,406,520	1,773,582
Direct costs	**(132,626)**	**(1,491,628)**	**(1,624,254)**	(197,568)	(1,297,141)	(1,494,709)
Gross profit	**290,557**	**109,288**	**399,845**	169,494	109,379	278,873
Administrative and general expenses			**(81,782)**			(47,505)
Finance costs, net			**(52,575)**			(29,218)
Other income			**14,692**			34,517
Gain on valuation of investment property			**159,056**			56,570
Share of profit in joint venture and associate companies			**32,507**			16,509
Net profit for the period attributable to the shareholders' of the Company			**471,743**			309,746
Earnings per share (AED) (for the Period)			**0.167**			0.112 *

* Restated to account for the bonus shares issued in 2007

Union Properties الإتحاد العقارية

Union Properties Public Joint Stock Company and its Subsidiaries

Interim condensed consolidated income statement

Quarter Ended September 30, 2007

	Three Months Ended September 30, 2007			Three Months Ended September 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	**256,598**	**601,915**	**858,513**	149,689	456,198	605,887
Direct costs	**(84,178)**	**(566,142)**	**(650,320)**	(88,756)	(432,083)	(520,839)
Gross profit	**172,420**	**35,773**	**208,193**	60,933	24,115	85,048
Administrative and general expenses			**(32,305)**			(16,298)
Finance costs, net			**(15,042)**			(12,163)
Other income			**4,321**			12,521
Gain on valuation of investment property			**-**			-
Share of profit in joint venture and associate companies			**11,651**			6,344
Net profit for the period attributable to the shareholders' of the Company			**176,818**			75,452
Earnings per share (AED) (for the Quarter)			**0.064**			0.027 *

* Restated to account for the bonus shares issued in 2007