

**October 25th, 2007****Sector Coverage Team****Roy Cherry**

+9714 3199 767

rcherry@shuaacapital.com

**Lara Hourani**

+9714 3199 687

lhourani@shuaacapital.com

- **Strong Q3 2007 results:** Aldar Properties (Aldar) recorded net profits of AED 1.41 bn for 9M 2007, up 73% from 9M 2006 results. The reported results are inline with our 9M 2007 estimate of AED 1.38 bn. The company's Q3 2007 net profits of AED 505.5 mn are 74% and almost 11% higher than Q3 2006 and Q2 2007 results respectively. Net profits for Q3 2007 are 6% higher than our expectations for the same quarter.
- **Higher revenues increased profits:** Revenues in Q3 2007 reached AED 129.3 mn compared to only AED 8.5 mn in Q2 2007 and AED 7.3 mn in Q3 2006. This revenue growth was mainly achieved through land sales and, to a much lesser degree, property sales and rental income. Aldar made land sales at Al Raha Beach and recognized revenues from villas sold at Al Raha Gardens. The company initiated handover of the 280 villas in phase one of Al Raha Gardens in Q3 2007. We expect significantly higher revenues to be recognized from land and property sales in Q4 2007.
- **More fair value gains:** Aldar's net profit is still predominantly a result of fair value gains on investment properties. 9M 2007 saw AED 1.7 bn recognized in fair value gains, compared to AED 817 mn in 9M 2006. We expect the dominance of this income line to start fading in 2008 and 2009 when Aldar is expected to see more operating revenue.
- **Extensive growth in Aldar's assets:** Total assets are up almost 274% from AED 5.1 bn in FY 2006 to AED 19.1 bn 9M 2007. This was mainly driven by increasing: development work in progress, investment properties under development and revaluation of investment properties. Development work in progress and investment properties under development expanded by 212% and 142% respectively between FY 2006 and 9M 2007. This indicates: a higher execution level on Aldar's developments and the high level of investment going towards generating future revenues.
- **Positive long-term outlook:** We remain positive on Aldar's stock, especially considering that results continue to indicate strong growth going forward. Revenues from land and property sales are expected to see strong growth in Q4 2007 and FY 2008.

Current stock price (AED)	8.95
52-week range (AED)	3.58-9.30
Number of shares ('000)	1,747,226
Free float	75%
Market Cap (AED '000)	15,438,750
Market Cap (USD '000)	4,204,682
Dividend yield 2006	0.89%

AED (million)	Q3 2006	Q2 2007	Q3 2007	9M 2006	9M 2007
Revenues	7.3	8.5	129.3	180.1	146.8
Gross profit	4.6	6.8	42.7	28.3	55.2
Total SG&A	38.2	106.9	83.5	131.6	277.1
Fair value gains on investment properties	306.8	595.5	561.3	863.3	1,696.3
Net profits	290.2	456.9	505.5	817.0	1,413.0

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