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**Strong results, with operating component:** Aldar Properties (Aldar) recorded net profits of AED 1.94 bn for FY 07, up 55% Y-o-Y. The reported net profits for Q4 07 reached AED 528 mn, an increase of 22% from Q4 06 and 4.5% from Q3 07. In Q4 07, Aldar's income statement began to shift away from that of a start-up, with gross profits up 12 fold from those of Q3 07, as revenues from land and property sales kicked-in. As a result, the company made an operating profit, and consequently reduced the dominance of fair value gains on the bottom-line. Reported net profits for Q4 07 were slightly below our estimates, however, we do not regard this as a trend indicator at this stage.

**Property sales taking-off:** Revenues for FY 2007 reached AED 1.23 bn that is almost 6.5x higher than 2006 revenues. Main reasons behind the increase include land and property sales moving into high gear in Q4 07. In Q4 07 operating revenues came in at AED 1.08 bn compared to AED 7.4 mn and AED 129.3 mn in Q4 06 and Q3 07 respectively. In addition, the company achieved further sales revenue of AED 1.77 bn, which is currently lost in translation between finance and accounting. A time lag exists between the point in time when the sale takes place and when it is recognized due to the adopted revenue recognition methods.

**Growing pace of development:** Total assets are up almost 345% in FY 07 compared to FY 06. Primary reasons behind the increase include more development work in progress, investment properties under development, in addition to revaluation of Aldar's existing investment properties. In short, the growth in development work and investment properties under development is a solid indicator of future earnings potential. Development properties will eventually generate sales revenue and investment properties will provide long-term recurring revenues.

**Outlook intact:** Our positive long-term view on Aldar is based on the company's leading real estate market position in Abu Dhabi, large land bank, continued shortage of property supply in Abu Dhabi and strong relationship with the government. The company's 2007 performance reaffirms our view especially that land plots are selling at a price between 50-100% higher than we had anticipated, while the pace of property development remains on track.

Current stock price (AED)	10.65
52-week range (AED)	3.80-13.15
Number of shares ('000)	2,314,801
Free float	74.6%
Market Cap (AED'000)	22,711,988
Market Cap (USD'000)	6,185,182
Dividend yield 2006	0.61%

AED (million)	Q4 2006	Q3 2007	Q4 2007	FY 2006	FY 2007
Revenues	7.4	129.3	1,080.0	187.5	1,226.8
Gross profit	2.6	42.7	504.8	30.8	560.0
Total SG&A	133.0	83.5	125.0	264.3	402.0
Fair value gains on investment properties	551.1	561.3	125.0	1,414.4	1,821.2
Net profits	432.7	505.5	528.3	1,249.7	1,941.3

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