



Analyst and Investor Update

First Quarter 2011 Results

Three months ended 31 March 2011

Sorouh
Places that matter

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01

Summary Q1- 2011 Financial Results



RESULTS Q1- 2011

- Net profit of AED76mn (Q4 2010 AED (199mn) / Q1 2010 AED132mn) derived mainly from:
 - *Handover of circa 25% of commercial units of Sky Tower*
 - *Handover of 2 residential villas in Golf Gardens*
 - *Continued construction revenue from Watani, a government housing project*
 - *Leasing income from Sorouh's growing investment portfolio (SAS, Khalidiya, Al Oyoun & Abu Dhabi Aviation Residential Complex)*
 - *Profits from subsidiaries.*
- Earnings per share at 2 fils per share
- Revenue: AED452mn (5% up Quarter-on-Quarter)



RESULTS Q1- 2011 (continued)

- Total Assets: AED14.1bn
- Total Equity: AED6.3bn
- Unrealised value of land bank: AED5bn
- Book Net Asset Value: AED2.33/share
- Liquid Funds: AED965mn
- Investment in on-going projects: AED1bn
- Post quarter end: Awarded c.AED3bn of new National Housing projects





FINANCIAL HIGHLIGHTS (YTD)

in AED '000'	Q1-11	Q1-10	% change	12m-10
Revenue	452,020	430,684	5%	1,205,176
Gross Profit	112,138	210,859	(47%)	531,642
SG & A	(46,725)	(58,974)	(21%)	(205,999)
Other Income	13,273	25,050	(47%)	88,152
Net Profit	76,277	131,641	(42%)	16,179
Attributable to:				
Equity Holders of the Parent	64,279	129,755	(50%)	7,439
Minority Interest	11,998	1,886	536%	8,740
Net Profit	76,277	131,641	(42%)	16,179
EPS (Fils)	0.02	0.05	(50%)	0.003

Net Profit margin for Q1-2011: 17% (31% for Q1-2010)



Revenue Overview: Q1-2011

in AED '000'	Q1-2011	Q1-2010	% change
Revenue (Land)	-	216,600	(100%)
Revenue (Development)	300,411	94,200	219%
Revenue (Renting/Leasing)	42,577	44,200	(4%)
Revenue (Subsidiaries)	109,032	75,600	44%
Total	452,020	430,600	5%

Gross Profit Overview: Q1-2011

in AED '000'	Q1-2011	Q1-2010	% change
Gross Profit (Land)	-	161,481	(100%)
Gross Profit (Development)	50,458	6,643	660%
Gross Profit (Renting/Leasing)	34,606	36,463	(5%)
Gross Profit (Subsidiaries)	27,073	6,272	332%
Total	112,138	210,859	(47%)

Strong Balance Sheet & Liquidity

- ❖ Continued strong investment in our core Abu Dhabi projects (DWIP and IPUD increased by over AED1bn in Q1 2011)
- ❖ AED6.3bn of Net Asset Value
- ❖ AED1.3bn worth of Investment Properties (Al Oyoun, Al Khalidiya, Sas Al Nakhl, Abu Dhabi Aviation & Boutik)
- ❖ Good progress in collection of receivables (AED287mn collection during Q1 2011)
- ❖ AED965mn of unencumbered cash
- ❖ Strong balance sheet, low gearing, adequate cash, and ability to gear up for the future when conditions improve. Sorouh has AED1bn undrawn committed bank lines available. The total bank borrowings are AED1.7bn, representing a debt-to-equity ratio of 27%
- ❖ Prudent cost management: SG&A reduction of 21% Quarter-on-Quarter



02

Financial Impact of Sun/Sky Handover



Financial Impact of Sun/Sky Handover



- ❖ Sorouh has commenced the handover of commercial units to owners in Sun and Sky Towers in March 2011. Handover of residential units in Sun and Sky to commence beginning May 2011.
- ❖ Sun and Sky Towers are the first Grade A buildings to be delivered in Abu Dhabi's new investment zone on Al Reem Island.
- ❖ Since handover commenced on 1 March 2011, almost 25% of the commercial units (58/244) have been handed over resulting in a cash collection of AED100mn, AED226mn of revenue recognition and AED40mn of profits this quarter.
- ❖ Towers are 82% sold: Total sales revenue AED2.8bn, of which already collected AED1.6bn.
- ❖ There has been promising leasing interest in Sky Tower's commercial space from numerous corporate entities, and Sorouh has already signed a 10-year lease with the Austrian Embassy for their new offices.
- ❖ Sales and leasing of unsold inventory are progressing well during the handover period, with a number of new sales and leases being executed at and above market rates. 22 leases were signed during the period (worth AED28mn). 18 were residential units and 4 were commercial units. There were 4 sales transactions (worth AED20mn) including 2 commercial transactions and the sales of 2 residential penthouses.
- ❖ 70% of the retail space in BOUTIK has been leased out. The mall is scheduled to open during the second half of the year.
- ❖ Waitrose, the anchor tenant has commenced fit-out and the store is expected to open in the second half of the year.

03

Abridged Cash flow



Abridged Cash flow



	3 months to 31-Mar-11	3 months to 31-Mar-10
Profit for the year	76,277	132,641
Investing activities	(1,042,859)	(461,726)
Collections from plot sales	134,469	192,273
Deposits and advances from customers	152,951	115,572
Working capital movements	372,527	867,221
Sub-Total	(306,635)	845,981
Net financing cash flows	(35,489)	(474,277)
Decrease in cash	(342,124)	371,704
Opening net cash	1,306,861	1,441,727
Closing net cash	964,737	1,813,431

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Valuations



Valuations (AED'000')

Held for development

Sorouh's policy is to account for land held for development at the lower of cost or realisable value. As at 31 December 2010, the balance sheet value for these lands is AED615 million.

These lands were valued by Jones Lang LaSalle as at 31st December 2010 (with the exception of Lulu Island valued by CBRE as at 31 December 2008) as follows:

Development	Plot Area (sqm)	GFA (sqm)	2009	Additions	Disposals	Revaluation	2010
Seih Sdeirah	52,900,000	N/A	1,250,000	-	-	-	1,250,000
Shams Marina Plots	23,298	203,939	838,764	-	(329,616)	(53,248)	455,900
Shams Retained Plots	66,681	612,784	991,200	-	-	(82,600)	908,600
The Gate C13	32,202	185,770	412,300	-	-	(41,270)	371,030
Al Mashtal	135,490	435,000	877,000	-	-	388,500	1,265,500
Lulu Island (60%)	5,026,984	3,340,241	1,590,000	-	-	-	1,590,000
	58,184,655		5,959,264	-	(329,616)	211,382	5,841,030

Held as investment

Sorouh's policy is to account for investment properties at fair value. Investment properties were valued by Jones Lang LaSalle as at 31st December 2010 as follows:

Development	Plot Area (sqm)	GFA (sqm)	2009	Additions	Disposals	Revaluation	2010
Sas Al Nakhl Village	462,195	170,926	795,040	-	-	(161,040)	634,000
Khalidiya Village	52,000	43,000	188,340	-	-	-	188,340
Al Oyoum Village	119,000	46,200	90,800	-	-	22,000	112,800
	633,195		1,074,180	-	-	(139,040)	935,140

The breakdown of villas (by number of bedrooms), rental income and average occupancy per development is as follows:

Development	Bedrooms (No. of Units)				Total No. of Units	Total Rental Income	Avg. Occupancy Levels
	3	4	5	6			
Sas Al Nakhl Village	307	244	37	0	588	121,490,694	95%
Khalidiya Village	0	69	69	12	150	37,052,303	98%
Al Oyoum Village	128	16	4	0	148	12,291,246	97%
	435	329	110	12	886	170,834,243	95%

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Business Overview



Business Overview

Changing Market Conditions

- ❖ 2011 has already commenced with the positive news of the delivery of new property developments in the investment zones of Abu Dhabi with the Sun and Sky towers being the first developments to be delivered within Shams Abu Dhabi on Reem Island:
 - ❖ Completed supply of real estate in all asset classes will continue to come on-stream in Abu Dhabi and Dubai for the rest of 2011.
 - ❖ This will create further downward pressure on both rental and capital values and this will have a positive knock on effect on the leasing and sales market with end user occupiers looking for value deals.
 - ❖ Property developers are responding to the changing market conditions to secure better levels of occupancy for their properties through more attractive pricing structures.



Business Overview

- ❖ Sorouh's developments remain on track with a focus on maintaining delivery schedules
- ❖ Sorouh has commenced the handover of commercial units to owners in Sun and Sky Towers in March 2011. Handover of residential units in Sun and Sky to commence early May 2011.
- ❖ Construction of the properties in al rayyana is progressing well and several buildings have already topped out.
- ❖ Sorouh in discussion with both local and foreign corporates for long term residential and commercial leases to cater for their corporate and staff accommodation needs
- ❖ Thirty year residential lease deal signed with Abu Dhabi Aviation Company to ensure long term accommodation needs for their staff
- ❖ Tilal Liwa, the 4 star hotel located in the Western Region has been profitable and cash flow positive for the first quarter the an average occupancy of 74%



Business Overview (continued)



❖ National Housing Projects

- ❖ Substantial progress has been made at **Watani** with phases 1 and 2 of the project progressing on track for delivery.
- ❖ Sorouh has recently been awarded two new contracts by the UPC to build 1,470 high quality residential units **in Al Ghuraibah (Al Ain)** and **Al Sila'a (Western Region)** for UAE Nationals with a combined project value of AED2.89bn that will be developed in-line with Urban Planning Council's (UPC) Al Ain and Al Gharbia's 2030 Master Plans and Guidelines. The signing includes the funding of Phase 2 of Watani comprising 400 units
- ❖ These contracts show strong endorsement of Sorouh's ability to deliver high quality product
- ❖ Total to date just over 4,000 units to be delivered over the next three years including Watani

Business Overview (continued)

Developments	Status	Expected Completion
SHAMS Abu Dhabi	Phase 1 of the infrastructure completed with AED1.7bn invested. This has enabled other sub-developers to move ahead with their developments, with 10 plots now under construction, 3 developers are expected to complete by the beginning of 2012. Remaining landscaping and road finishes will be completed in phases up to full completion in 2013.	Completion of all phases 2013
The Gate Towers	Core walls have reached between 62 and 64 storeys high and are due to top out in the second half of the year. Progress to date is within the projected construction timetable.	Q4 2012
Al Rayyana	Construction on the 33 buildings of progressing well and several buildings have already topped out, with civil works now complete, and block work and finishes making good progress. The district cooling plant has been procured and assembly is moving in tandem with the construction work.	Q4 2011
Danet	The project is now in its final stages and only awaits the provision of power supply and chilled water by the master developer. Sorouh is working with the authorities to finalise all requirements and will shortly proceed to apply for approvals	Q4 2011
Saraya	Infrastructure works at the Saraya master-planned development near the Abu Dhabi Corniche is complete and four sub-developer plots are currently under construction	NA
Alghadeer	The development is progressing well with 90% of the deep infrastructure now complete. Construction on 10kms of roads, 13kms of storm water drainage, 16kms of potable water networks and 18kms of gravity sewers will bring the overall infrastructure to completion. Good progress has been made on the alghadeer 33/11kV substation. The construction tender for alghadeer homes has been awarded and building has started, on track for completion in 2012	Q4 2012



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Conclusion



Conclusion

- ❖ Positive start to 2011
- ❖ AED76mn profit
- ❖ Handover of Sun & Sky commenced (c.25% of commercial units)
- ❖ 3500 units to be delivered in next 2 years and further 3500 units in 2013/14
- ❖ AED5bn worth of completed/nearly completed projects and further AED7bn in next 2 years (excluding National Housing projects)
- ❖ Continue to invest heavily in core Abu Dhabi projects (AED1bn)
- ❖ Awarded further AED3bn of National Housing projects this month.
- ❖ Strong balance sheet, low gearing and very good prospects of delivering good value to shareholders in 2011 and beyond



Q & A

- **Gurjit Singh**
Chief Operating Officer
- **Richard Amos**
Chief Financial Officer
- **John Hopley**
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- **Paul Middleton**
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Thank you