



Analyst and Investor Update

First Half 2011 Results

Six Months Ended 30 June 2011

Sorouh

Places that matter

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01

Summary Q2/1H- 2011 Financial Results



Quarterly Financial Highlights



in AED '000'	Q2-2011	Q2-2010	% change
Revenue	1,218,229	189,816	542%
Gross Profit	144,969	75,754	91%
SG & A	(61,769)	(57,217)	8%
Other Income	30,198	49,434	(39%)
Net Profit	125,312	20,216	520%
Attributable to:			
Equity Holders of the Parent	110,440	30,838	258%
Minority Interest	14,872	(10,622)	(240%)
Net Profit	125,312	20,216	520%
EPS (Fils)	0.04	0.01	258%

in AED '000'	Q2-2011	Q2-2010	% change
Revenue (Land)	-	-	
Revenue (Development)	1,060,143	51,818	1946%
Revenue (Renting/Leasing)	40,993	42,918	(4%)
Revenue (Subsidiaries)	117,093	95,080	23%
Total	1,218,229	189,816	542%
in AED '000'			
Gross Profit (Land)	-	-	
Gross Profit (Development)	84,894	41,122	106%
Gross Profit (Renting/Leasing)	32,674	34,438	(5%)
Gross Profit (Subsidiaries)	27,401	194	14024%
Total	144,969	75,754	91%



FINANCIAL HIGHLIGHTS (YTD)

in AED '000'	1H-2011	1H-2010	% change	12m-2010
Revenue	1,670,249	620,500	169%	1,205,176
Gross Profit	257,107	286,614	(10%)	531,642
SG & A	(108,494)	(135,901)	(20%)	(205,999)
Other Income	43,471	74,485	(42%)	88,152
Net Profit	201,589	151,858	33%	16,179
Attributable to:				
Equity Holders of the Parent	174,719	160,594	9%	7,439
Minority Interest	26,870	(8,736)	(408%)	8,740
Net Profit	201,589	151,858	33%	16,179
EPS (Fils)	0.07	0.06	9%	0.003

Net Profit margin for 1H-2011: 12% (24% for 1H-2010)



Revenue Overview: 1H-2011

in AED '000'	1H-2011	1H-2010	% change
Revenue (Land)	-	216,623	(100%)
Revenue (Development)	1,360,554	146,004	832%
Revenue (Renting/Leasing)	83,570	87,157	(4%)
Revenue (Subsidiaries)	226,125	170,716	32%
Total	1,670,249	620,500	169%

Gross Profit Overview: 1H-2011

in AED '000'	1H-2011	1H-2010	% change
Gross Profit (Land)	-	161,481	(100%)
Gross Profit (Development)	135,353	47,765	183%
Gross Profit (Renting/Leasing)	67,280	70,901	(5%)
Gross Profit (Subsidiaries)	54,474	6,467	742%
Total	257,107	286,614	(10%)

01 RESULTS 1H- 2011

- Revenue: AED1.67bn (1.7 times up compared to 1H 2010)
- Net profit of AED202mn (1H 2010 AED152mn) derived mainly from:
 - *Handover of 113 commercial units (76% of total commercial sold units) and 275 residential units (28% of total residential sold units) of Sun & Sky Towers*
 - *Handover of 3 residential villas in Golf Gardens*
 - *Continued construction revenue from Watani, Al Sila'a and Al Ghuraibah government housing projects*
 - *Leasing income from Sorouh's growing investment portfolio (SAS, Khalidiya, Al Oyouun and Sun & Sky)*
 - *Profits from subsidiaries.*
 - *Reclassification of Abu Dhabi Aviation development as a finance lease (gain on disposal of AED15.8m)*
- Earnings per share at 7 fils per share



RESULTS 1H- 2011 (continued)

- Total Assets: AED14bn (AED13.6bn FYE 2010)
- Total Equity: AED6.4bn (AED6.2bn FYE 2010)
- Unrealised value of land bank: AED5.2bn
- Book Net Asset Value: AED2.37/share (AED2.31/share FYE 2010)
- Cash & Bank Balances: AED1.32bn (AED1.31bn FYE 2010)
- New Investment in on-going projects: AED1.4bn (AED1.1bn 1H 2010)



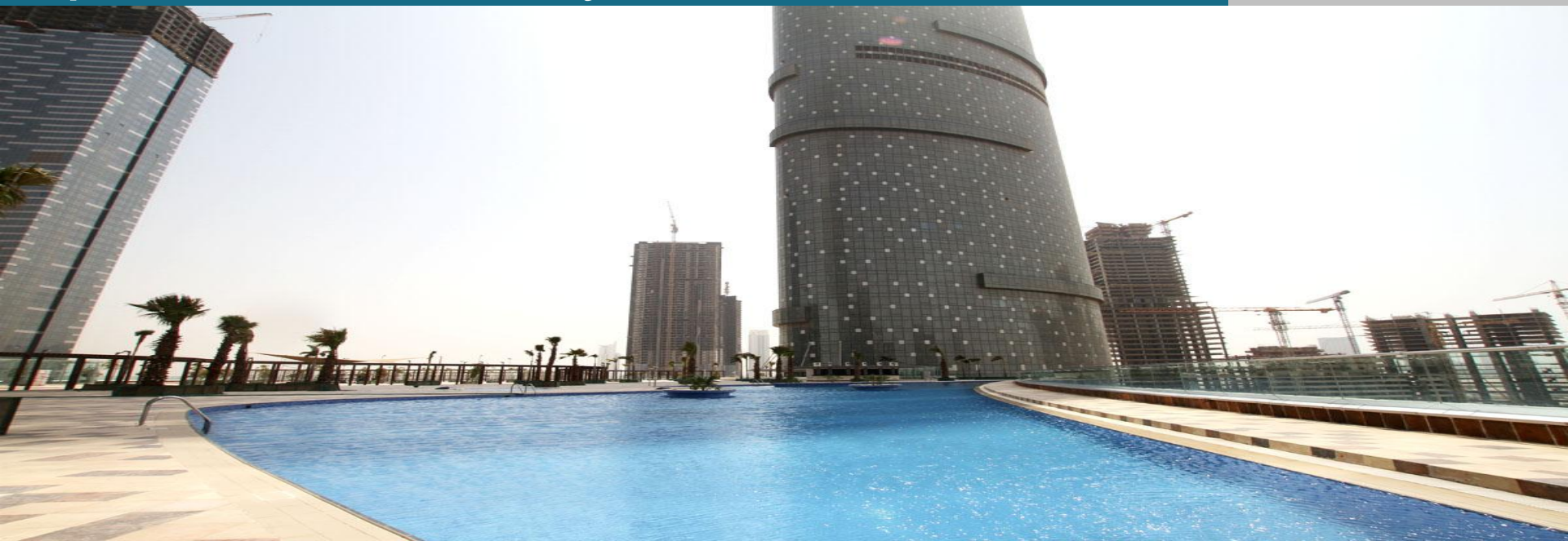
Strong Balance Sheet, Liquidity and Cost Control

- ❖ AED6.2bn of Net Asset Value to equity holders of parent
- ❖ AED14bn worth of Total Assets.
- ❖ AED1.1bn worth of Investment Properties (Sas Al Nakhl, Khalidiya Village, Al Oyoum Village, Boutik Shams and Sun & Sky Towers)
- ❖ Cash collection of AED782mn in 1H 2011
- ❖ AED1.32bn of cash and bank balances
- ❖ Strong balance sheet, low gearing, adequate cash, and ability to gear up for the future when conditions improve. Sorouh has AED500mn undrawn committed bank lines available. The total bank borrowings are AED2.2bn, representing a debt-to-equity ratio of 34%
- ❖ Prudent cost management: SG&A reduced by 20% compared to 1H 2010



02

Update on Sun/Sky Handover



Update on Sun/Sky Handover



- ❖ Commenced handover of commercial units in Sun and Sky Towers in March 2011 and residential units in May 2011.
- ❖ First Grade-A buildings to be delivered in Abu Dhabi's new investment zone on Al Reem Island.
- ❖ 275 residential units (28% of sold residential units) and 113 commercial units (76% of sold commercial units) have been handed over. Cash collection of AED410mn, revenue recognition of AED1bn and profit of AED91mn in 1H 2011.
- ❖ Sales and leasing of unsold inventory is progressing well. 41 leases (34 residential, 7 commercial) signed during the period (annualised lease value of AED9.3mn). This included a 10-year lease agreement signed with the Austrian Embassy. 8 sale transactions (2 residential penthouses, 6 commercial) for a total of AED59.1mn.
- ❖ Sorouh launched Abu Dhabi's first "Rent to Own" product enabling tenants of Sun Tower to have the right to own their apartment after three years of renting and convert 90% of the rent paid into equity. This initiative is receiving a significant amount of interest, resulting in over 22% of the stock on offer in Sun Tower being taken up by tenants.
- ❖ Waitrose, the anchor tenant has commenced fit-out and the store is expected to open around year end

03

Abridged Cash flow



Abridged Cash flow



in AED '000'	1H 2011	1H 2010
Profit for the period	201,589	151,858
Investing activities	(1,433,904)	(1,101,984)
Collections from plot sales	261,746	377,108
Deposits and advances from customers	519,485	328,458
Working capital movements	23,037	(62,501)
Sub-Total	(428,047)	(307,061)
Net financing cash flows	440,968	(817,648)
Decrease in cash	12,921	(1,124,709)
Opening net cash	1,306,861	2,763,448
Closing net cash	1,319,782	1,638,739

04

Business Overview



Business Overview

Changing Market Conditions

- ❖ Q2 2011 continued the positive news of 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 followed by other developers on Al Reem Island:
 - ❖ New 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.
 - ❖ Sorouh launched its Rent to Own scheme which has served as a game-changer in stimulating the rental cum ownership market.



Business Overview

- ❖ Sorouh made further headway with its various developments by remaining focused on maintaining delivery schedules.
- ❖ Sorouh continued the rapid handover of commercial and residential units to owners in Sun and Sky Towers throughout Q2 2011. Handover of residential units in Sun and Sky commenced in early May 2011 and by end June approximately 150 families had moved into the complex.
- ❖ Gate Towers have progressed well with the towers now commencing the construction of the signature penthouse structure to eventually top out the 65 floors at the end of 2011.
- ❖ Construction of the properties in al rayyana is progressing well and several buildings have already topped out.
- ❖ Sorouh is in discussion with both local and foreign corporates for long term residential and commercial leases to cater to their corporate and staff accommodation needs
- ❖ Discussions are underway to secure another thirty year residential lease deal with an international corporate for a substantial number of units in al rayyana.
- ❖ Tilal Liwa, the 4 star hotel located in the Western Region has maintained its profitability and has been cash flow positive for the 2H 2011 with an average occupancy of 75%
- ❖ At alghadeer progress has been made with the construction of buildings continuing according to schedule.



Business Overview (continued)



❖ National Housing Projects

- ❖ Good progress has been made at **Watani** with phases 1 and 2 of the project progressing on track for delivery.
- ❖ Sorouh was 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. Good progress was achieved in its infrastructure development.
- ❖ These contracts show strong endorsement of Sorouh's ability to deliver high quality product
- ❖ Total to date of 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 development, 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.	Infrastructure completed
The Gate Towers	The Gate Towers, the three towers that form part of Shams Gate, are advancing rapidly. At present structural work is being carried out on the last two levels which will then house the penthouse structure. The construction of the smaller fourth tower, the Arc, has topped out at level 23.	Q4 2012
al rayyana	Construction of the 33 buildings is 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 works. Once complete, al rayyana will be a significant recurring income contributor to Sorouh.	Q4 2011
Sorouh's Tower at Danet Abu Dhabi	The development is now completed, and only awaits the provision of permanent power supply by the master developer.	Q4 2011
Saraya	All Infrastructure works at the Saraya master-planned development near the Abu Dhabi Corniche are complete and four sub-developer plots are currently under construction. This is a positive development for the location and is a catalyst for other sub-developers to follow suit.	Completed
alghadeer	The development is progressing well, with infrastructure development in an advanced stage. Good progress has been made on the alghadeer 33/11kV substation. The construction of the residential buildings is moving at a fast pace and within the various phases, construction has reached the second floor and roof slab levels. The development is on track for completion at the end of 2012.	Q4 2012



05

Conclusion



Conclusion

- ❖ Excellent progress made during 1H 2011 (Revenue up by 1.7 times compared to 1H 2010).
- ❖ AED202mn Net profit (Up 33% compared to 1H 2010).
- ❖ 388 Units (275 residential & 113 commercial units) of Sun & Sky Towers have been handed over since commencement of delivery in March 2011.
- ❖ 3,500 units to be delivered in next 2 years and further 3,500 units in 2013/14 excluding National Housing and alghadeer projects.
- ❖ AED5bn worth of completed/nearly completed projects and further AED8bn in next 2 years (excluding National Housing projects)
- ❖ Continue to invest heavily in core Abu Dhabi projects (AED1.4bn)
- ❖ Strong balance sheet, low gearing and very good prospects for delivering good value to shareholders in 2011 and beyond



Q & A

- **Gurjit Singh**
Chief Operating Officer
- **Richard Amos**
Chief Financial Officer
- **John Hopley**
Executive Director Corporate Finance
- **Paul Middleton**
Executive Director Sales and Marketing

Thank you