



Analyst and Investor Update

Third Quarter 2011 Results

Nine Months Ended 30 September 2011

Sorouh
Places that matter

CONTENTS

01

Summary Q3-2011
Financial Results

05

Business Overview

02

Update on
Sun/Sky Handover

06

Conclusion

03

Update on

- Al Murjan Tower
- al rayyana

04

Abridged Cash
Flow



01

Summary Q3 - 2011 Financial Results



Quarterly Financial Highlights

in AED '000'	Q3-2011	Q3-2010	% change
Revenue	890,448	387,777	130%
Gross Profit	170,097	191,775	(11%)
SG & A	(48,155)	(55,745)	(14%)
Provisions and Impairment	(50,659)	(39,551)	28%
Other Income	10,119	12,438	(19%)
Net Profit	83,587	62,914	33%
Attributable to:			
Equity Holders of the Parent	67,339	59,295	14%
Minority Interest	16,248	3,619	349%
Net Profit	83,587	62,914	33%
EPS (Fils)	0.03	0.02	14%

in AED 'mn'	Q3-2011	Q3-2010	% change
Revenue (Land)	-	151	(100%)
Revenue (Development)	751	100	651%
Revenue (Renting/Leasing)	43	42	3%
Revenue (Subsidiaries)	97	95	2%
Total	890	388	130%

in AED 'mn'	Q3-2011	Q3-2010	% change
Gross Profit (Land)	-	107	(100%)
Gross Profit (Development)	120	19	526%
Gross Profit (Renting/Leasing)	35	34	3%
Gross Profit (Subsidiaries)	15	31	(53%)
Total	170	192	(11%)



in AED '000'	YTD Sep.11	YTD Sep.10	% change	12m-2010
Revenue	2,560,697	1,008,277	154%	1,205,176
Gross Profit	427,203	478,389	(11%)	531,642
SG & A	(156,649)	(171,307)	(9%)	(205,999)
Provisions and Impairment	(71,240)	(80,552)	(12%)	(229,351)
Gain on classification of Finance lease	15,795	-	-	-
Other Income	53,590	86,923	(38%)	88,152
Net Profit	285,175	214,772	33%	16,179

Attributable to:

Equity Holders of the Parent	242,057	219,889	10%	7,439
Minority Interest	43,119	(5,117)	(943%)	8,740
Net Profit	285,176	214,772	33%	16,179

EPS (Fils)	0.09	0.08	10%	0.003
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in AED 'mn'	YTD Sep.11	YTD Sep.10	% change
Revenue (Land)	-	368	(100%)
Revenue (Development)	2,111	246	758%
Revenue (Renting/Leasing)	127	129	(2%)
Revenue (Subsidiaries)	323	265	22%
Total	2,561	1,008	154%

in AED 'mn'	YTD Sep.11	YTD Sep.10	% change
Gross Profit (Land)	-	269	(100%)
Gross Profit (Development)	256	67	282%
Gross Profit (Renting/Leasing)	102	115	(11%)
Gross Profit (Subsidiaries)	69	27	156%
Total	427	478	(11%)



Results 9 months YTD September 2011

- Revenue: AED2.56bn (2.54 times up compared to YTD September 2010)
- Net profit of AED285mn (YTD September 2010 AED215mn) derived mainly from:
 - *Handover of 730 units (119 commercial units and 611 residential 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, Al Murjan Tower and Sun & Sky units)*
 - *Profits from subsidiaries.*
 - *Reclassification of Abu Dhabi Aviation development as a finance lease (gain on disposal of AED15.8m)*
- Earnings per share at 9 fils per share



Results 9 months YTD September 2011 (continued)

- Total Assets: AED13.57bn (AED13.63bn FYE 2010)
- Total Equity: AED6.5bn (AED6.2bn FYE 2010)
- Unrealised value of land bank: AED5.2bn
- Book Net Asset Value: AED2.40/share (AED2.31/share FYE 2010)
- Cash & Bank Balances: AED1.22bn (AED1.31bn FYE 2010)
- New Investment in on-going projects: AED2.1bn (AED1.6bn YTD September 2010)



Strong Balance Sheet, Liquidity and Cost Control

- ❖ AED6.3bn of Net Asset Value to equity holders of parent
- ❖ AED13.6bn worth of Total Assets.
- ❖ AED1.63bn worth of Investment Properties (Sas Al Nakhl, Khalidiya Village, Al Oyoum Village, Al Murjan Tower, Boutik Shams and Sun & Sky Towers)
- ❖ Cash collection of AED1.4bn during nine months ended September 2011
- ❖ AED1.22bn 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 9% compared to 9 months YTD September 2010



02

Update on Sun/Sky Handover



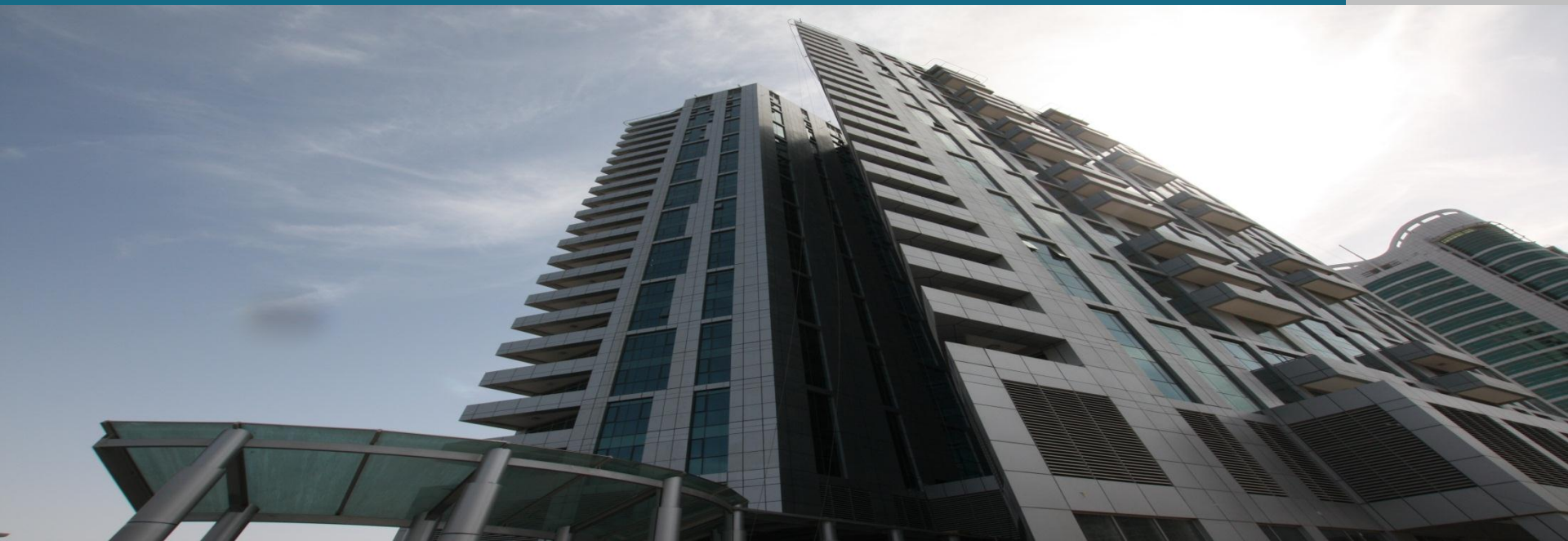
Update on Sun/Sky Handover



- ❖ 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.
- ❖ 611 residential units (61% of sold residential units) and 119 commercial units (80% of sold commercial units) have been handed over. Cash collection of AED578mn, revenue recognition of AED1.69bn and profit of AED198mn till September 2011.
- ❖ 19% margin on Sun & Sky unit handovers in Q3:13% YTD September 2011.
- ❖ Sales and leasing of unsold inventory is progressing well. 94 leases including "Rent to Own" (RTO) (60 residential, 1 commercial, 29 residential lease under RTO and 4 commercial lease under RTO) signed during the period (annualised lease value of AED32mn). This included a 10-year lease agreement signed with the Austrian Embassy. 7 sale transactions (1 residential penthouses, 6 commercial) for a total of AED52.5mn.
- ❖ Sorouh launched Abu Dhabi's first "Rent to Own" (RTO) 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 33 RTO leases (29 residential lease under RTO and 4 commercial lease under RTO).
- ❖ Waitrose, the anchor tenant has commenced fit-out and the store is expected to open Q1, 2012

03

Update on: Al Murjan Tower and al rayyana





Update on Al Murjan Tower

- ❖ Al Murjan Tower has been completed and handed over in Q3, 2011
- ❖ The 252 units residential tower is now being leased and a corporate lease of 50 units (20% of total units) has been secured.
- ❖ 40% of the total units have been leased out as at October 2011.
- ❖ Al Murjan Tower will be another significant source of recurring income to Sorouh.

Update on al rayyana – Corporate Lease

- ❖ Sorouh recently signed a 30 year lease lease for roughly 20% of the units with Defense Conseil International Services & Assistance, a French government-related company.
- ❖ On completion, al rayyana will be a significant recurring income contributor for the Company.

04

Abridged Cash flow



Abridged Cash flow



in AED '000'	YTD Sep. 2011	YTD Sep. 2010
Profit for the period	285,175	214,772
Investing activities	(2,157,310)	(1,638,958)
Collections from plot sales	313,304	498,542
Deposits, advances and other collections from customers	1,147,390	293,688
Working capital movements	(68,681)	(134,150)
Sub-Total	(480,122)	(766,106)
Net Financing cash flows	395,450	(439,543)
Decrease in cash	(84,672)	(1,205,649)
Opening net cash	1,306,861	2,763,448
Closing net cash	1,222,189	1,557,799

05

Business Overview



Business Overview



Competitiveness and Changing Market Conditions

- ❖ The Global Competitiveness Report 2011-2012 ranked the UAE the 27th most competitive country globally. High level of competitiveness continues in areas such as public spending on infrastructure, National Housing, technology readiness and overall macroeconomic stability.
- ❖ Q3 2011 continued the positive news of delivery of new property developments in the investment zones of Abu Dhabi with the continued rapid handover of the Sun and Sky Towers being followed by other developers on Al Reem Island and on Raha Beach:
 - ❖ New supply of real estate in all asset classes continues to come on-stream in Abu Dhabi and Dubai and will do so for the rest of 2011 and 2012
 - ❖ Downward pressure on both rental and capital values continues and this will have a positive knock on effect on the leasing and sales market with end user occupiers looking for value deals.
 - ❖ Strong rental demand is being driven by the desire to upgrade and secure better for value deals
 - ❖ Sales market is characterized by low sales volume

Business Overview



- ❖ Property developers are responding to the changing market conditions to secure better levels of occupancy for their properties through more attractive pricing structures.
- ❖ Developers are launching Rent to Own schemes to stimulate the rental cum ownership market.
- ❖ Sorouh made further headway with its various developments by remaining focused on maintaining delivery schedules. Al Murjan has now completed and handed over. The 252 units residential tower is now being leased and a corporate lease for 20% of the units has been secured. 40% of the total units have been leased out as at Q3, 2011.
- ❖ Sorouh continued the rapid handover of commercial and residential units to owners in Sun and Sky Towers throughout Q3 2011 and by end September approximately 550 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.
- ❖ Construction of the properties in al rayyana is progressing well and all the buildings have been topped out. A cornerstone 30 year lease has been signed for 20% of the units.
- ❖ Tilal Liwa, the 4 star hotel located in the Western Region has maintained its profitability and has been cash flow positive with an average year to date occupancy of 72%
- ❖ 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.
- ❖ In Q2, 2011 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	Sorouh has completed the infrastructure on Shams Abu Dhabi, allowing 10 other sub-developers to make progress with their own projects. The Sun and Sky Towers are the first mixed-use development to be completed on Shams Abu Dhabi.	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. In the last week Sorouh signed a 30 year corporate lease for roughly 20% of the units with Defense Conseil International Services & Assistance, a French government related company. Once complete, alrayyana will be a significant recurring income contributor for the Company.	Q1 2012
Al Murjan Tower (Formerly known as Danet Abu Dhabi)	Al Murjan Tower has now completed and handed over. The 252 units residential tower is now being leased and a corporate lease for 20% of the units has been secured. 40% of the total units have been leased out as at October 2011.	Completed
Saraya	All infrastructure works at the Saraya master-planned development near the Abu Dhabi Corniche are complete and four plots are currently under construction by sub-developers. This is a positive development for the location and is a catalyst for other sub-developers to follow suit. It has also created an interest in the secondary market for the sale of land plots.	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



06

Conclusion



Conclusion

- ❖ Another good quarter dominated by Sun/Sky handover AED83.6m net profit (Up 33% compared to Q3 September 2010).
- ❖ YTD revenues up over 150% to AED2.6bn, and net profit up 33% to AED285mn.
- ❖ 730 units (611 residential & 119 commercial) now handed over in Sun/Sky, with balance expected to be substantially complete by year end. Margin increasing as predicted. 19% this quarter, 13% YTD and 18-19% forecast by year end.
- ❖ Good progress on leasing of inventory, including 100 units in Al Murjan Tower (Danat), 287 units in Al Rayyana. 101 units now leased/sold in Sun and Sky. Annualized value of all these new leases approaches AED100mn, demonstrating our ability to significantly increase recurring revenues.
- ❖ AED5bn worth of completed/nearly completed projects and further over AED8bn in next 2 years (excluding National Housing projects).
- ❖ Continue to invest heavily in core Abu Dhabi projects (AED2.1bn). Investment this quarter mostly covered by cash collections – cash position (AED1.2bn) only marginally down.
- ❖ Strong balance sheet, low gearing and very good prospects for delivering 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