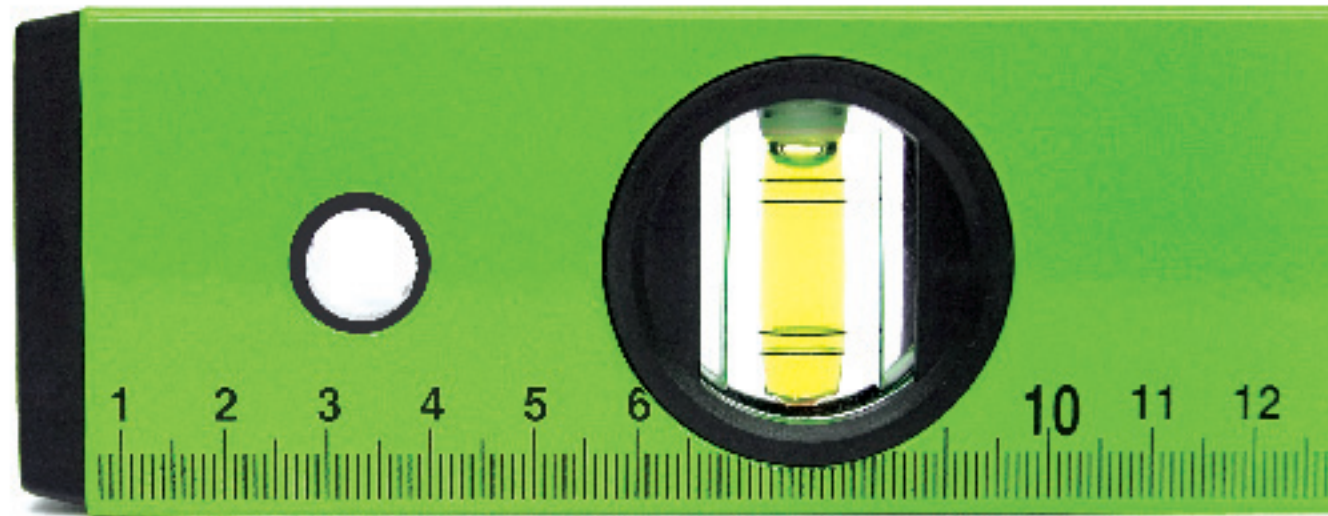


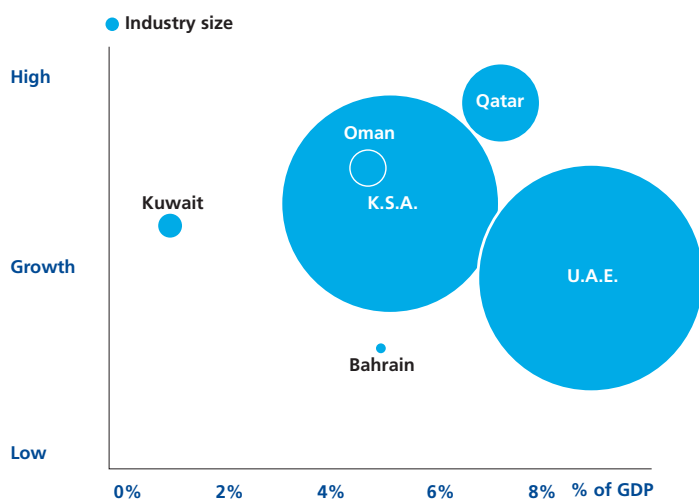
GCC powers
of construction
GCC countries
construction sector





GCC construction sector Overview

Growth prospect of GCC construction market



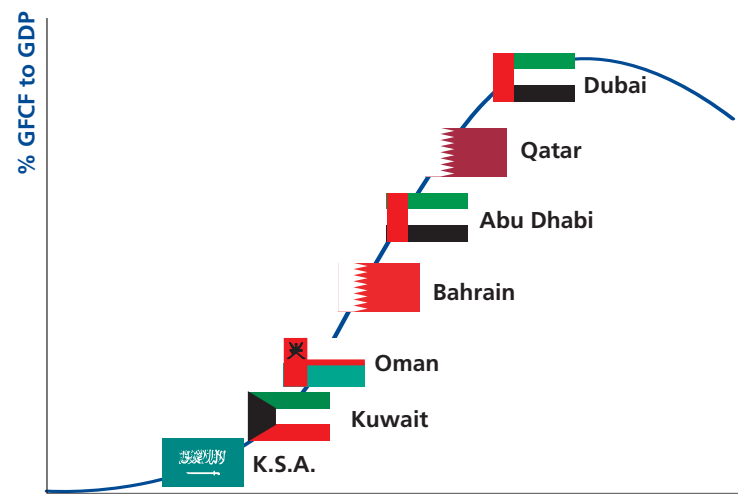
Source | BMI, Deloitte analysis

1 The GCC has not been immune to the global economic slowdown. However, whilst global growth in 2009 is expected to be the lowest since World War II at 0.5%, the GCC region is still expected to grow at 3.5% during the same period.

2 As represented by the graph above, the value of projects planned or under way as of 20 July 2009 for K.S.A. and U.A.E. are USD 578 and 916 respectively.

3 The construction market within K.S.A., Qatar and U.A.E. is expected to exhibit the most favorable growth prospects in the near term. A key driver of growth will be the considerable funding allocated to infrastructure projects.

Indicative development over time



Source | NCBC, Deloitte analysis

• K.S.A. plans to spend USD 400bn over the next 5 years. This is highlighted in the chart above showing K.S.A. lagging well behind other GCC countries in Fixed Capital Formation.

• In the U.A.E. the majority of Infrastructure spending will be borne by Abu Dhabi with USD 275 bn of projects in the pipeline over the next 5 years.

• Finally, Qatar has USD 10bn of strategic infrastructure projects planned.

4 In addition, fuelled by strong demand and available funding, the real estate sector is set to grow significantly in K.S.A., Abu Dhabi and Qatar.



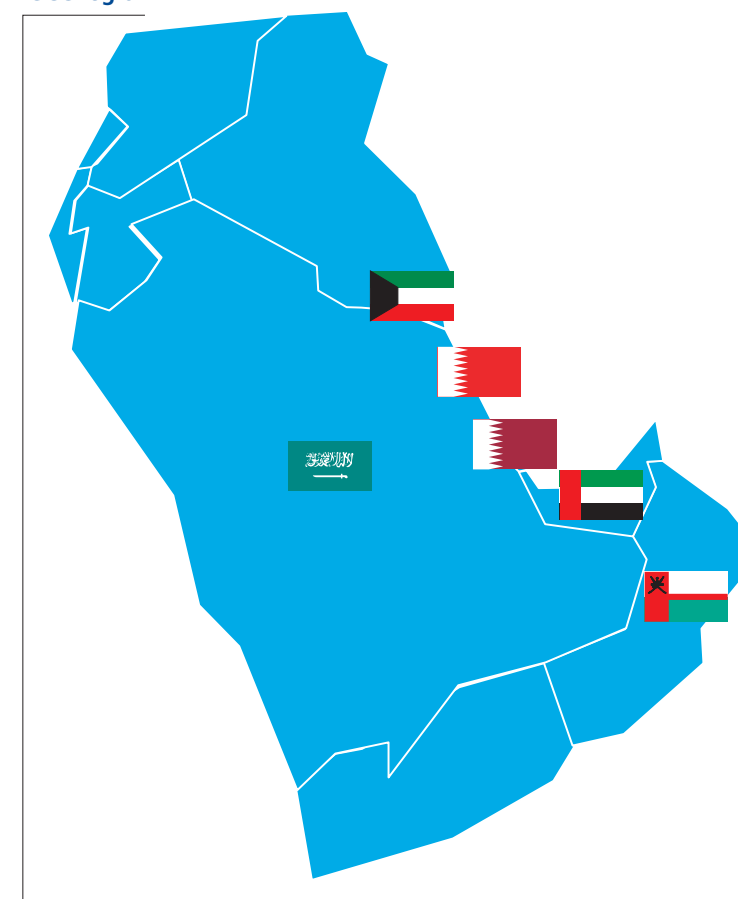
GCC construction sector

Key project overview

Country	Value of projects planned or under way on 20 July 2009	Key project	USD bn
K.S.A.	578,398	Expansion of King Abdul Aziz Int'l Airport	3
		Mecca monorail	5
		King Abdullah Economic City	27
		Jazan Economic City	27
Kuwait	267,423	Silk City (2030)	131
		Refinery at Al Zour	15
		Gas fired power station	43
		Mass Rapid Transfer	71
Bahrain	60,746	Bahrain – Qatar friendship bridge	4
		North Bahrain New Town Project	3
		Durrat al-Bahrain	3
		Bahrain Bay	2
Qatar	205,448	Abu Dhabi – Qatar Causeway	13
		Lusail housing project	5
		Al Khor residential development	10
		New Doha Port Project	7
U.A.E.	916,515	Abu Dhabi International Airport expansion	7
		Masdar City, Abu Dhabi	22
		Dubai Industrial City	15
		Festival City Dubai	5
Oman	93,126	Duqm Port	20
		Kish Gas fields pipeline	12
		Blue City Resort	20
		Iron Ore Pellet plant	1

GCC region

Total value of GCC projects is USD 2,677 bn





GCC construction sector

K.S.A.

K.S.A. construction growth

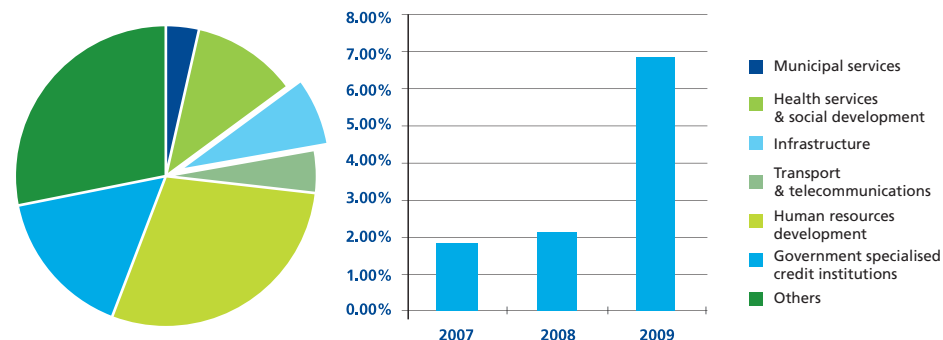


Source | BMI

- 1 K.S.A. displays the most favorable prospects due to high levels of liquidity, low rates of leverage in the banking sector and strong demographic fundamentals.
- 2 With a population of 25 million people growing at 2.5% a year, K.S.A. is set to double its population in 28 years. Combined with low home ownership levels, K.S.A.'s real estate sector is experiencing strong demand for housing.

- 3 In order to meet this demand, K.S.A. will need to build 1.5mn new homes by 2015. Residential construction will be further boosted with the introduction of a new mortgage law later this year. Once in place, the law will allow a wider access to property ownership in the Kingdom and it is estimated that housing loans could increase from USD 1.1bn in 2007 to USD 12.3bn by end-2010.

2009 budget allocation



- 4 Historically, private sector involvement in the K.S.A. construction market was limited. Now, government efforts are being made to increase private investment and as a result, private developers and construction companies are entering the market to gain a share of the growing market.

- 5 The 2009 budget for K.S.A. will be the largest budget in its history with USD 127 billion in continued investment in projects that ensure sustainable and balanced economic development. The new capital budget is 36% higher than capital budget of 2008, with 7% allocated to infrastructure.



GCC construction sector

K.S.A.

Project	Location	Total area	Date Launched	Scheduled completion	Value (SAR)	Residential Area
King Abdullah Economic City	Rabigh, north of Jeddah	168 million sq. m.	Q4 2005	2016	100 Bn	Includes 260,000 apartments & 56,00 villas
Prince Abdulaziz Bin Mousaed Economic City	Hail north of Riyadh	156 million sq. m.	Q2 2006	2018	30 Bn	Develop 30,000 housing units
Knowledge Economic City	Holy city of Medina	4.8 million sq. m.	Q2 2006	2014	25 Bn	Develop 30,000 residential units
Jazan Economic City	Jizan, 725 kms south of Jeddah	100 million sq. m.	Q4 2006	2011	102 Bn	Include residential units

1 The economic city initiatives, worth in excess of USD 80 billion, have attracted keen interest from international developers and investors and have provided a further boost to the real estate market.

2 Additionally, increased investment in physical infrastructure is also driving K.S.A.'s economic development, driving demand for materials, building expertise and personnel. Examples of major construction projects include:

- A US\$5bn project to construct a 950km rail link between Riyadh and the Red Sea port of Jeddah.

- The SRO (Saudi Railways Organization) is in the process of issuing tenders for the Mecca-Medina rail link.
- The city of Jeddah is to have a new water supply network following the approval of a plan to link its water mains to dams in Mecca.

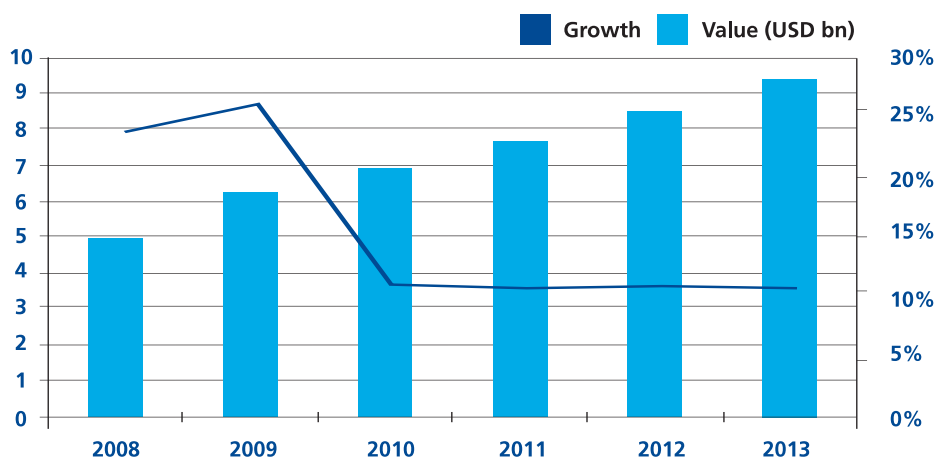
- A US\$375mn pipeline that will carry water from the New Marafiq Desalination Plant in Jubail to the cities of Dammam, Alkhobar, Ras Tanura and Safwa.



GCC construction sector

Qatar

Growth trend in Qatar construction market

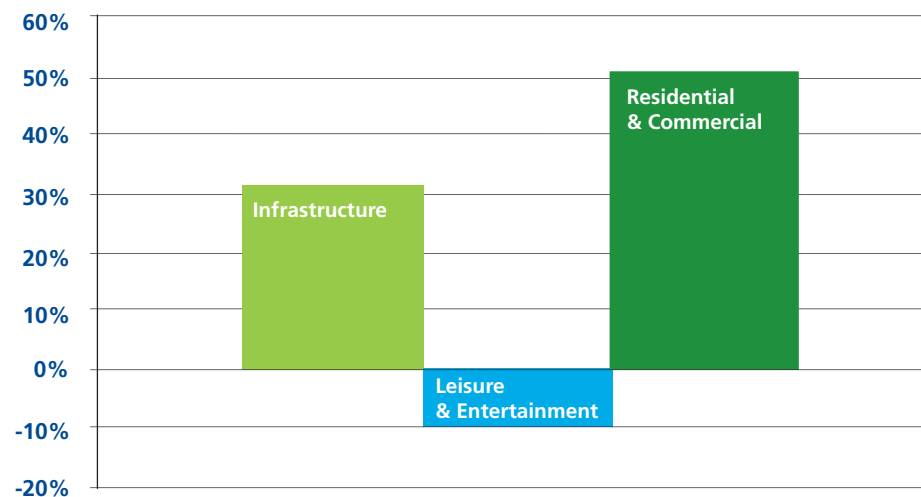


Source | BMI

- The construction market in Qatar has been driven by strong population growth, very high per capita GDP and abundant gas resources driving rapid industrial expansion.
- Qatar is planning to invest more than USD 60 billion into hydrocarbon ventures and the construction of related infrastructure as part of its aim to become the world's leading liquefied natural gas (LNG) producer.

- Due to electricity shortages, Qatar is planning to increase investment in power generation. As part of this process, nuclear power is being investigated in order to diversify the sources of generating capacity in the country and improve CO₂ emissions.

2009 sector growth



Source | Proleads Global

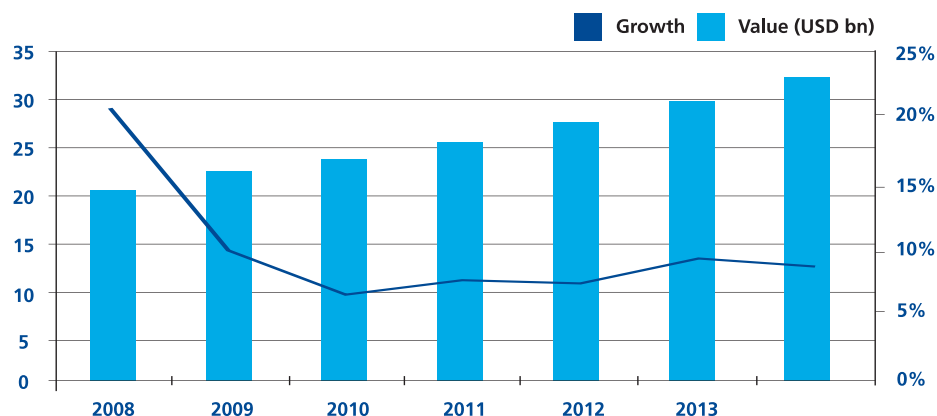
- Transport infrastructure is also benefitting from recent investment. Most of Qatar's current transport infrastructure is operating close to capacity, calling for the need to expand most modes. For example, Qatar is constructing the world's longest marine causeway, linking Qatar directly with Bahrain through a suspension bridge that will consist of a four-lane highway and high-speed passenger and freight rail lines.
- The commercial sector is also experiencing growth as the government attempts to develop the non-oil and gas sector and adopts open business policies. These efforts are driving demand for commercial property, hotels and other business related infrastructure.



GCC construction sector

U.A.E.

Growth trend in U.A.E. construction market



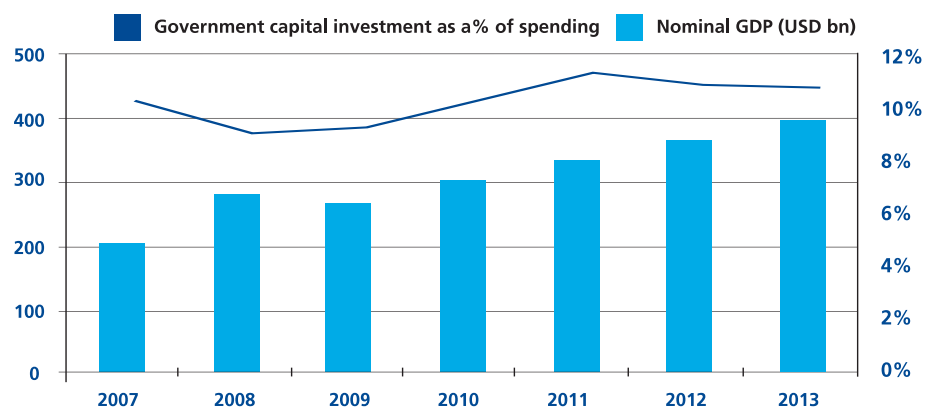
Source | BMI

1 Whilst Dubai is notable for enjoying explosive growth over the past 5 years (26% in 2007 compared to 2006) its decline has also been well documented. Driven by a surge in demand for residential property and the influx of speculators, the bubble finally burst in the 4th quarter of 2008 when prices corrected sharply with a 25% reduction. Industry experts expect further declines of between 15% – 30% during 2009.

The short term outlook is equally as bleak in the commercial market as businesses either down size or put expansion plans on hold.

2 The reduction in property values combined with defaults in payments from investors has resulted in a decrease in cash flow to developers. This in turn has forced many developers to postpone or halt projects adding stress to a system where payments are either delayed or withheld.

Government intervention



Source | BMI

3 The U.A.E. government has acted proactively by introducing a number of policies to support the market. The government has pumped approximately USD 30 billion to the banking system including a USD 10 billion fund to help for state-linked firms struggling to meet debt and financial commitments.

Additionally, a public sector spending plan of approximately USD 10bn has been announced targeted at infrastructure assets such as power stations, desalination plants and wastewater networks.



GCC construction sector

Abu Dhabi

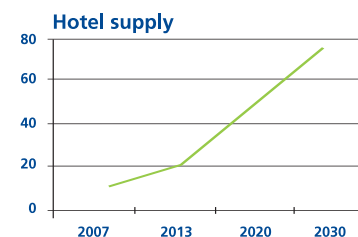
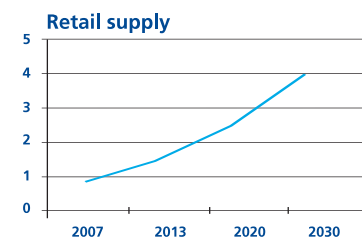
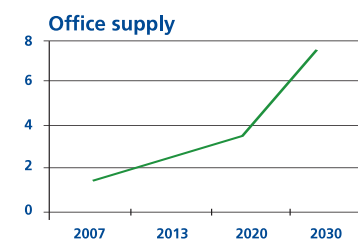
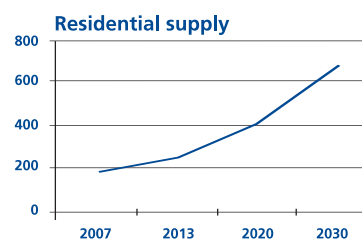
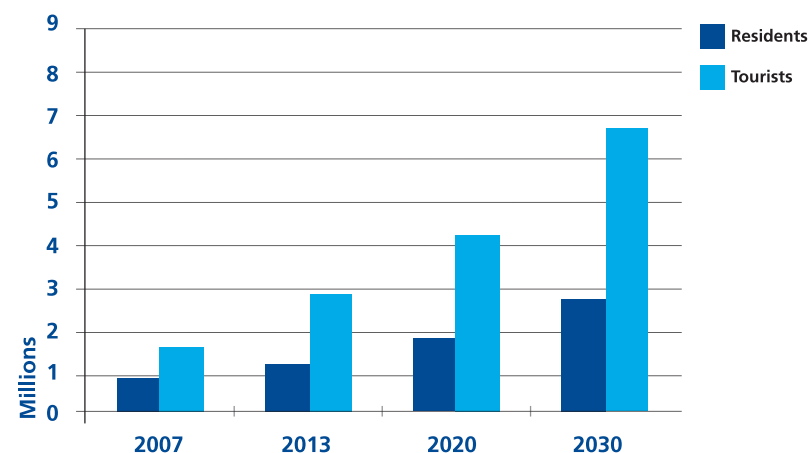
- 1 Abu Dhabi, the capital city of the U.A.E., is seen by investors as the real estate market likely to exhibit the strongest performance in the MENA region.
- 2 A more conservative approach to the pace of real estate development, combined with substantial oil revenues are expected to cushion Abu Dhabi, resulting in its relative outperformance over the next 2 years.
- 3 The residential market in Abu Dhabi is deeply undersupplied, with a population of 930,000 at the end of 2007, and only 180,000 units available as estimated by the Urban Planning Council at the end of 2007.
- 4 While Abu Dhabi's economy will remain strongly influenced by the energy sector, growth in government, institution and service sector employment will lead to increasing demand for office space as the market matures.
- 5 Increasing population and tourism will lead to a growing demand for retail space.
- 6 The industrial sector will grow with the expansion and relocation of the port area, combined with the development of a significant industrial zone in close proximity to the new port.

- 7 Anticipated growth in both business and leisure guests to Abu Dhabi has prompted the need for increased hotel room supply.
- 8 Some of the major construction projects include: Abu Dhabi International Airport expansion, Single-site aluminium smelter, Abu Dhabi central business district towers, Formula 1 circuit, Saadiyat, and Reem Island.

Plan Abu Dhabi 2030

"Plan Abu Dhabi 2030", the Urban Structure Framework Plan, is designed to help Abu Dhabi respond to current and future development needs, establish a planning culture and introduce strong guiding principles for new development.

The growth assumptions for the Abu Dhabi metropolitan area used in this Urban Structure Framework Plan are calibrated to the following projections.



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