



Q4 Full Year ended 31 December 2012
Results Presentation
7 January 2013

<http://www.alarkan.com>

FORWARD-LOOKING STATEMENT

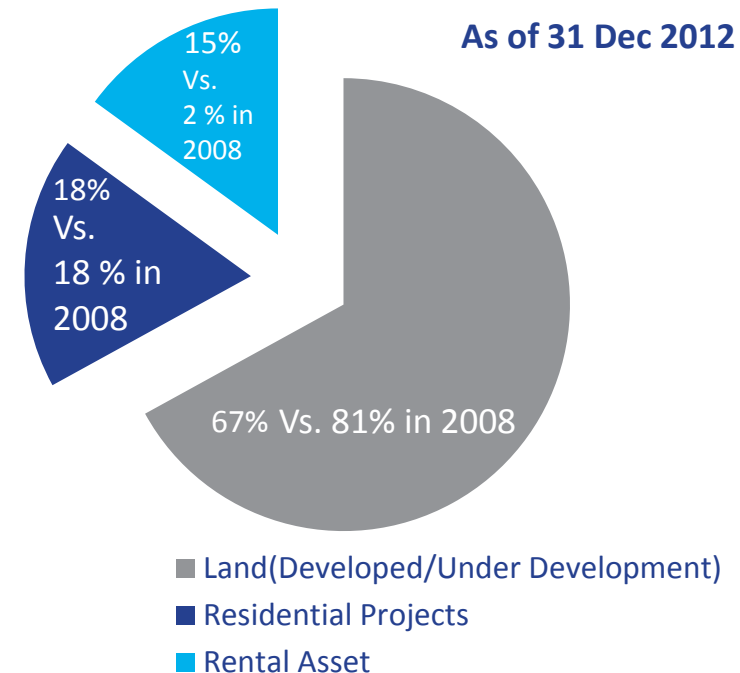
This presentation contains forward-looking statements. Such statements are not statements of historical fact, and reflect the beliefs and expectations of the Company's management. The words "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "plans," "predicts," "projects" and "targets" and similar words are intended to identify these statements, which necessarily involve known and unknown risks and uncertainties. Known risks and uncertainties include those resulting from the short history of the Company's operations as a real estate developer, the inherent risk of the execution of large scale master planned development and the introduction of competition, as well as those relating to the cost and availability of financing, the performance of KSA economy generally and the levels of exchange rates between Saudi Riyal and foreign currencies. Accordingly, the actual results of operations of the Company may be different from the Company's current expectations, and the reader should not place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date they are made, and the Company does not undertake any obligation to update them in light of new information or future developments.

Market Leading Presence in the Middle Income Real Estate Domain

Dar Al-Arkan Overview

- Largest land & property developer in KSA, with about 35m sq.m. of land mainly in Riyadh and Jeddah
- Listed on Saudi Arabia Stock Exchange since 2007, and Sukuk issuances listed on LSE, Nasdaq Dubai, Labuan and Bahrain Exchanges
- Evolution since 1994 foundation from a basic infrastructure constructor to a master planned community developer
- Purchases undeveloped land in major Saudi urban centers on a large scale, developing infrastructure and selling developed /Semi developed land to sub developers and investors
- Spearheading developments in the mid-income residential segment - the largest and fastest growing segment in KSA
- Investment in income generating asset through development/acquisition of commercial and residential properties.

Ratings: S&P B+
 Rating Agency of Malaysia AA3
 Capital Intelligence A-



Since 2008 - Non land assets grew from 19% to 31%

Gradual earnings diversification towards land development, residential master planned communities development and rental asset

2012 key Highlights

- Opened “Al Qasr Mall”, the largest in Riyadh 85,000 sq m NLA.
- Successfully Let Aziziyah tower in Makah city.
- The 598% and 252% increase in leasing revenues in Q4 2012 and FY 2012 compared with Q4 2011 and FY 2011.
- Profitability maintained at high margins, gross margins (39%), EBITDA margins (34.9%), and net margins(27.8%), but marginally lower than 2011.
- July Sukuk II successfully repaid, reducing overall debt by 41% to SAR4.4bn. The Islamic structured debt programme which totalled SAR8.4bn at its height is now 71% repaid
- Stability in Real Estate investment base despite significant debt repayment demonstrates financial strength.
- Proceeds of SAR945mn sale of non-core investment in associates used for cash and land investment.
- Positive sector outlook following passing of Mortgage legislation.
- Dar Al Arkan well positioned for growth.

2012 Financial Results

	Q4 2012	FY 2012
Revenues	8.1% growth form SAR811mn to SAR877mn	7.4% growth form SAR3,313mn to SAR3,557mn
Gross Profit	10.2% decline from SAR344mn to SAR308.8mn	1.8% growth from SAR1,369mn to SAR1,393.7mn
Operational profit	23.2% decline from SAR315.2 to SAR242mn	5.3% decline from SAR1,250.4mn to SAR1,184.4mn
Net Income	50.3% decline from SAR289.6mn to SAR144mn	9.1% decline from SAR1,087.9mn to SAR988.5mn

Commentary

- In Q4 2012 Sale of 1.5million sq. m. of land generated SAR847.5m; sale of 7 apartments at Al-Qasr project generated SAR3.5mn; leasing from improved occupancy levels generated SAR25.7mn
- In FY 2012 Sale of 6.1million sq. m. of land generated SAR3,479mn; sale of 41 residential units at Al-Qasr project generated SAR25.3mn; leasing from improved occupancy levels generated SAR52.8mn

Commentary on Financial Results Cont..

- Lower gross margins achieved on property sales in Q4 is attributable to the geographical location of the properties.
- Lower gross margins achieved on property sales in FY 2012 is attributable to the geographical location of the properties and development status of properties sold.
- Lower gross margins on property sales in Q4 2012, FY2012 compared to the same prior year period was partially offset by higher gross margins from leasing revenues which grew 598% in Q4 and 252% in the full year.
- Operating expenses were higher in Q4 2012, FY2012 compared to the same prior year period due to the increase in marketing and consultation costs, in addition to larger depreciation provisions charged against the leasable asset, and increased amortization of transaction costs also impacted the figures.
- The higher operating expenses was coupled with lower non operative income arises from the SWAP derivative, and higher Islamic Murabaha charges on increased weight of Islamic Murabaha of the Company's total outstanding debt after the repayment of the second issuance of Islamic Sukuk (SAR3.75bn/ US\$1bn) in July, 2012.

2012 Balance Sheet

Description	As of 31 Dec 2012 (SAR Million)	As of 31 Dec 2011 (SAR Million)
Cash	536	2,506
Account Receivables	1,493	1,228
Prepayments	633	507
Project in Progress	7,185	7,911
Developed Land	2,969	2,866
Investment in Land	5,606	5,083
Investment Properties	2,737	2,753
Investment in Associates	744	1,163
Other Assets	77	84
Total Assets	21,980	24,101
Payables & Accruals	1,284	1,121
Murabahas	1,947	1,205
Sukuk	2,438	6,187
Shareholders Equity	16,311	15,323
Non Controlling Interest	-	265
Total Liabilities and Shareholders' Equity	21,980	24,101

Q4 Balance Sheet Highlights

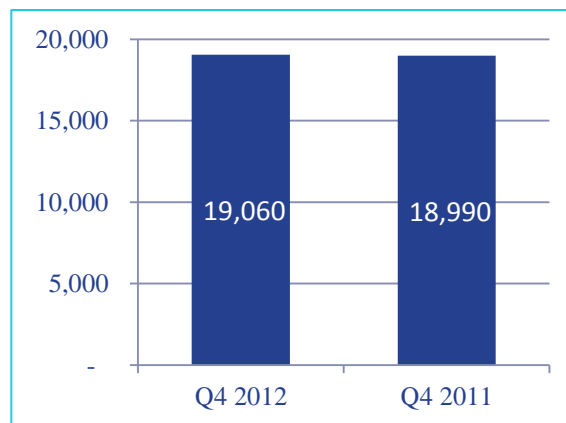
+6.4% Growth

SHAREHOLDER EQUITY (SAR MN)



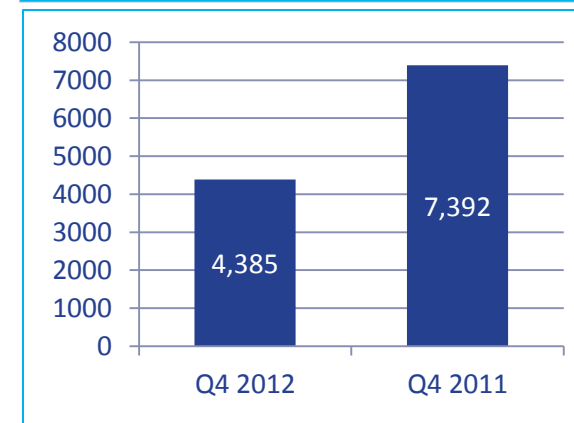
+0.3% Stable

REAL-ESTATE INVESTMENT (SAR MN)



41% Reduction

DEBT (SAR MN)



SAR 3,007 million net debt repayment during 2012 resulted in low leverage ratios

Net Debt/Investment= 20%

Net Debt/Equity = 23.6%

Net Debt/Asset = 17.5%

The annualized weighted average cost of debt = 6.7%

Stability in Real Estate Investment Portfolio despite 41% Debt Reduction

Update on key projects

AL QASR MALL

- The Largest mall in Riyadh opened in June 2012. More than 84% of the mall's NLA has now been rented out – 55% operational since opening; 29% in fitting out stage.
- Anchors / sub-anchors include:
 - Carrefour, Red Tag, Al Othaim Company
 - Al Shaya (H&M, Peacock, Payless, Next, Vision Express, Pink Berry, Claire's, Castania Nuts, Mother Care, Boots, Dorothy-Perkins, MilanoEvans, Victoria)
 - Dar Al Bander Co./Land Mark Group (Centre Point, City Max, Iconic, Shoe Express, Carpisa, Bossini, New Look & Koton)
 - Dana for Trading Co. (Mango, ADK, Blanco, Fridays Project)
 - Anwal for Trading Co. (Cache cache, Etam & Etam Lingerie, Prafios & Marrow)



AL QASR

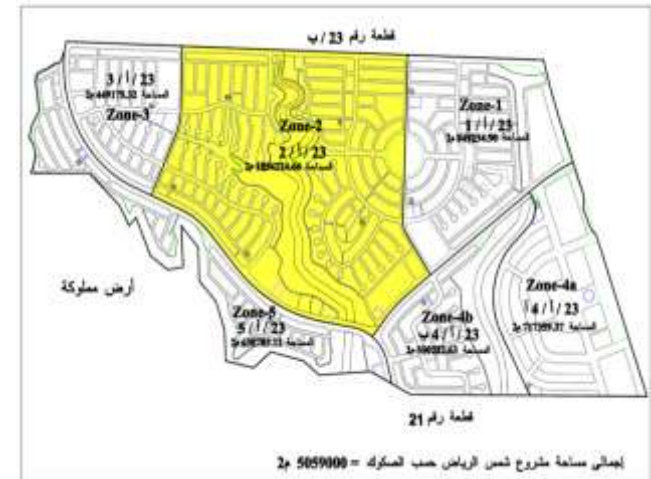
- Al Qasr Project – winner of the largest residential project in the Kingdom Award from the Ministry of Housing.
- >94% of residential units earmarked for sale have been sold.
- >60% of residential units earmarked for lease have been leased.
- >46% of street Retail shops have been rented out.



Update on key projects

SHAMS AR-RIYADH

- Located in NW Riyadh, an area with good investment prospects.
- The project is under re-design and re-planning after sale of 1.8m sq. m. to SABIC in Q2 2012.
- SABIC bought the parcel highlighted in yellow on the photo. The remaining area at the project is 3.2 million sq. m., of which more than 500,000 sq. m. is commercial area
- SABIC's purchase enhanced the value of our remaining land on the project.
- Tenders preparation for major roads construction under progress.



SHAMS AL-AROUSE

- Located 12km from Jeddah Downtown. Core infrastructure including Palestine road connecting to highway & commercial district of Jeddah completed
- Land is fully developed & ready for vertical construction
- Great value appreciation for the project land



Looking ahead - Saudi Arabia - a Favourable Market Backdrop

Good economic prospects in Saudi Arabia	<ul style="list-style-type: none">▪ Largest economy in MENA region; significant oil reserves and sovereign wealth.▪ Low debt profile (total debt 58% of GDP), high investment (23% of GDP), rising infrastructure spending▪ GDP growth 2012e c.4.6%. Steadily rising GDP per capita, low inflation and stable currency create significant consumer purchasing power
New mortgage laws introduced	<ul style="list-style-type: none">▪ A quantum leap in the legislative environment for the Saudi Real Estate sector▪ Expected to attract new capital and investment to the sector
High demand driven by demographics	<ul style="list-style-type: none">▪ Strong indigenous demand for housing<ul style="list-style-type: none">▪ 28 million population, 70% nationals, 78% under 30, growing at 2% annually▪ Absolute housing demand set to benefit from declining average household sizes, increasing urbanization and expected rise in mortgage funding
Strong support from sovereign investment	<ul style="list-style-type: none">▪ Saudi Government committed to increasing availability of affordable housing and job creation<ul style="list-style-type: none">▪ SAR 300bn housing package▪ Increased government spending on infrastructure projects, homebuilding and real estate funding programs expected to continue

Excellent growth outlook for Saudi real estate underpinned by introduction of Mortgage Law, and great economic prospectus

Dar Al Arkan – the Saudi Real Estate Growth Opportunity

- **A dominant player against a favourable demographic backdrop**
 - Market leading presence in the middle income real estate domain
 - Differentiated by size and know how
 - Gradual diversification strategy targets a profit mix(40% rentals,40% land,20% projects)
In 5-7 years time
- **Financial strength**
 - Prudent cash management
 - Islamic Sukuk program facilitating access to multiple global capital markets
 - Successful diversification of financing sources and ability to fund growth
 - Solid cash position post Sukuk repayment supported replenishment of investment portfolio
- **Well positioned going forward**
 - High quality land portfolio
 - New Mortgage Laws introduced (“quantum leap” for the Saudi real estate sector)
 - Attractive opportunities for growth

Strong Platform to Generate Superior Total Returns

Our Projects



