



Q1 ended 31 March 2013, Results Presentation

10 April 2013

<http://www.alarkan.com>

FORWARD-LOOKING STATEMENT

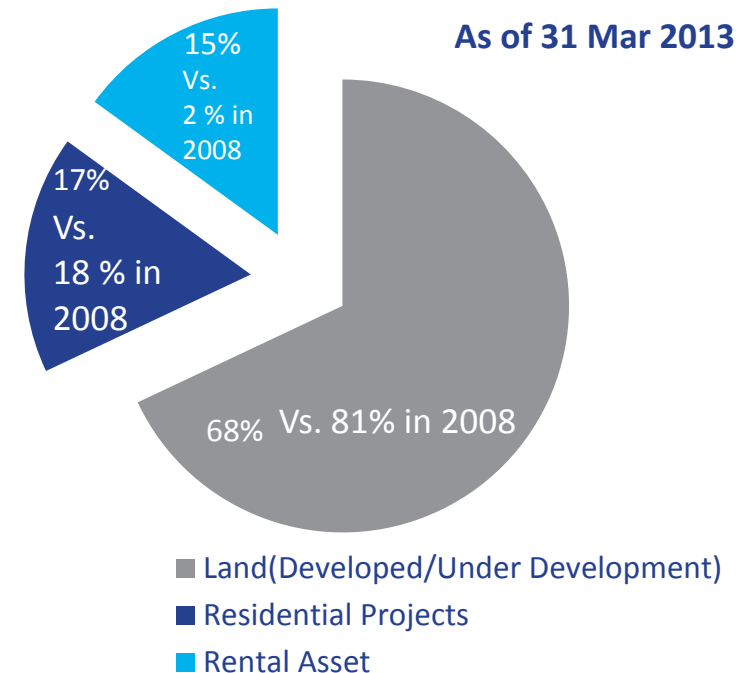
This presentation contains forward-looking statements. Such statements are not statements of historical fact, and reflect the beliefs and expectations of the Company's management. The words "anticipates," "believes," "estimates," "expects," "forecasts," "intends," "plans," "predicts," "projects" and "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 32%

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

Q1 2013 key Highlights

- Profitability maintained at high gross margins (45%), EBITDA margins (37%), and net margins(28.4%), significantly higher than the previous quarter.
- 55.8 % growth in Cash from SAR535.7mn in Q4 2012 to SAR834.6mn in Q1 2013.
- 435% growth in leasing revenues
- “Al Qasr Mall”, the largest mall in Riyadh 85,000 sq m NLA, lease ratio stands at 85%
- SAR 243 Mn Debt repaid during Q1 2013
- SAR 113 Mn used in our projects developments
- Real Positive sector outlook following enactment of Mortgage legislation.
- Dar Al Arkan well positioned for growth

2012 Financial Results

	Q1 2013 vs. Q1 2012	Q1 2013 vs. Q4 2012
Revenues	3.7% decline form SAR868mn to SAR836mn	4.7% decline form SAR876.9mn to SAR836mn
Gross Profit	2.2% growth from SAR367.5mn to SAR375.6mn	21.6% growth from SAR308.8mn to SAR375.6mn
Operational profit	3.8% decline from SAR330.6 to SAR318.2mn	31.5% growth from SAR242mn to SAR318.2mn
Net Income	18.8% decline from SAR292.6mn to SAR237.6mn	65% growth from SAR144mn to SAR237.6mn

Commentary

- In Q1 2013 Sale of 1.8 million sq. m. of land generated SAR810.9mn; leasing from improved occupancy levels generated SAR24.9mn
- Higher gross margins on property sales in Q1 2013 vs. Q1 2012 and Q42012 is attributable to the geographical location and development status of the properties.

Commentary on Financial Results Cont..

- Higher operating expenses, finance charges and a reduction in the non-operative income in Q1 2013 vs. Q1 2012, impacted the net income, which, was partially offset with the increase in gross margin on properties and lease revenues.
- The 435% growth rate in lease revenues Q1 2013 vs. Q1 2012 is attributable to the improved occupancy levels on rental properties in Riyadh and Makkah regions
- The increase in net income for Q1 2013 vs. Q4 2012 is mainly due to higher gross margins achieved on properties sales.
- Operating expenses were higher in Q1 2013 vs. Q1 2012 due to the increase in marketing consultation and payroll costs

2012 Balance Sheet

Description	As of 31 March 2013 (SAR Million)	As of 31 March 2012 (SAR Million)
Cash	835	3,116
Account Receivables	1,608	811
Prepayments	616	176
Project in Progress	7,231	8,300
Developed Land	3,036	2,992
Investment in Land	5,155	4,850
Investment Properties	2,731	2,790
Investment in Associates	744	1,163
Other Assets	77	82
Total Assets	22,033	24,280
Payables & Accruals	1,338	1,117
Islamic borrowing	4,146	7,283
Shareholders Equity	16,549	15,615
Non Controlling Interest	-	265
Total Liabilities and Shareholders' Equity	22,033	24,280

Q4 Balance Sheet Highlights

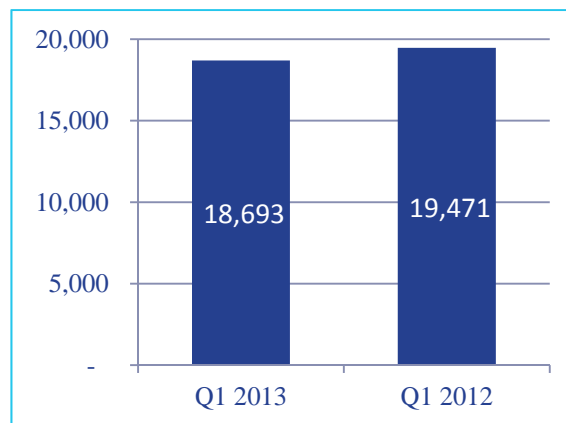
+6.4% Growth

SHAREHOLDER EQUITY (SAR MN)



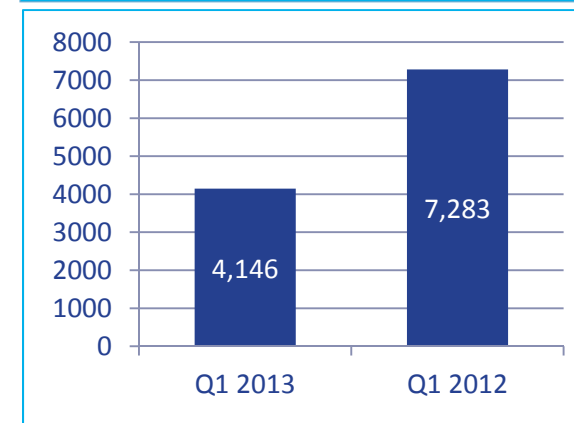
4% Reduction

REAL-ESTATE INVESTMENT (SAR MN)



43% Reduction

GROSS DEBT (SAR MN)



SAR 3,137 million net debt repayment during since end of Q1 2012 resulted in low leverage ratios

Net Debt/Investment = 17.7%

Net Debt/Equity = 20.5%

Net Debt/Asset = 15%

Stability in Real Estate Investment Portfolio despite 43% Debt Reduction
Moderate Leverage – Ample Scope for Finance, if Needed

Update on key projects

AL QASR MALL

- The Largest mall in Riyadh opened in June 2012. More than 85% of the mall's NLA has now been rented out – 50% operational since opening; 25% 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.
- >93% 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-RYADH

- 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 of 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.
- Tender preparation for major roads construction under progress.
- Plans to build 1000 villas as gated expatriates' compound, will be retained as rental properties.



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
- 350,000 sq. m. sold as developed land plots
- Significant 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 prospects

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(50% rentals, 40% land and projects, 10% other non-real estate investments) 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 support 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



Al QASR Mall (1/2)

Project photographs



AL QASR MALL (2/2)

... Best of Tenants Mix



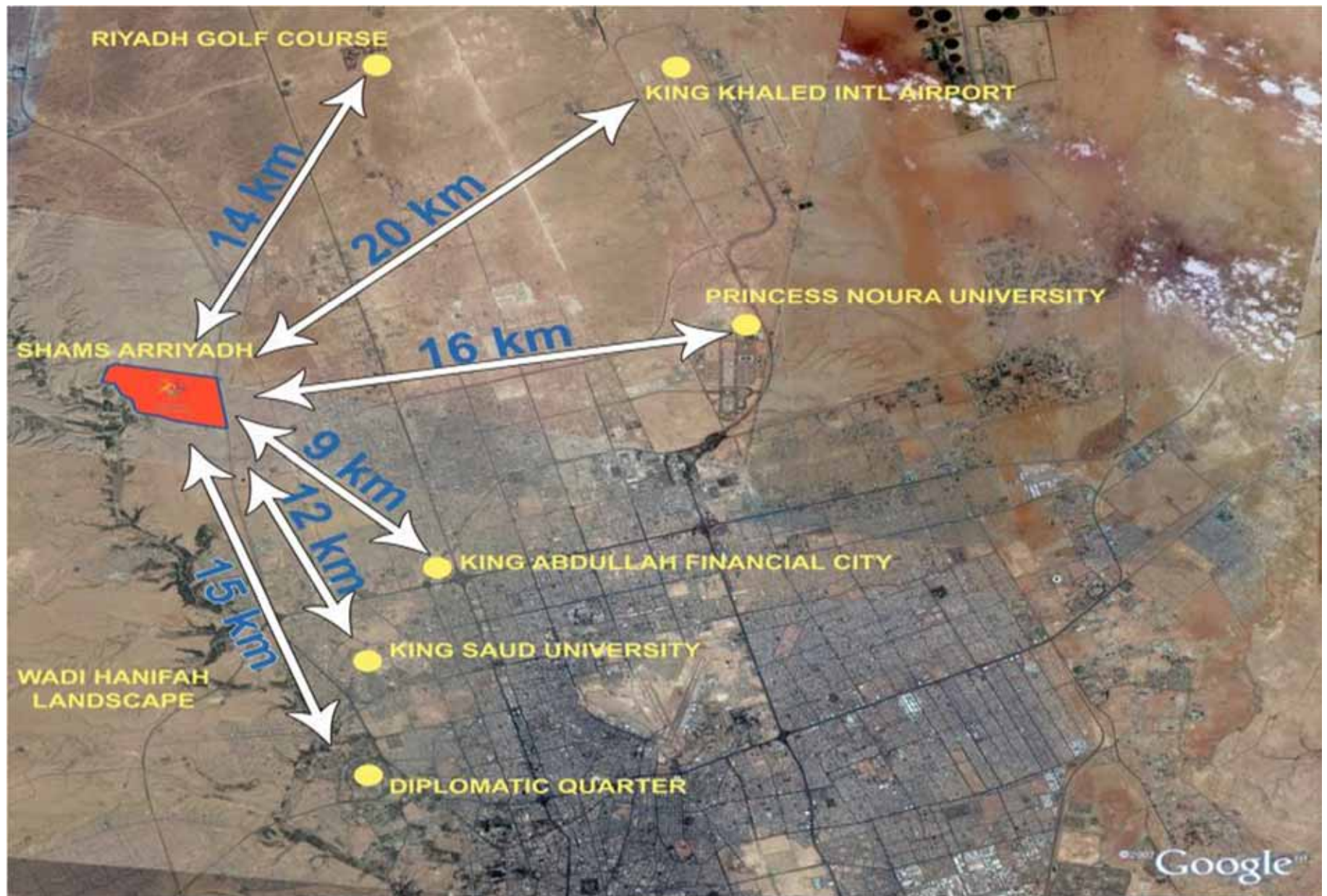
Sham Ar-Riyadh (1/2)

Project photographs



Sham Ar-Riyadh (2/2)

Project photographs



AL QASR Residential Project photographs



Al Tilal

Project photographs



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Dar Al Arkan at a glance

More than
10,000,000
SQM of Developed Land

500,000
Square Meters of
leasable properties

Occupancy
+70,000
People Living in DAAR's
residential units

Total Units Delivered
15,000
to the Saudi Real Estate Market

SR 6 Billion
Successful repayment of Sukuk II

Total book value of assets
SR 22 Bn
As at 31 December 2012

Moderately leveraged
18%
Debt to Assets

Cash Balance
SR 0.8 Bn
As of 31 March 2012

53% Higher
Market Value
of Assets
versus book
value

