



Q2 ended 30 June 2013, Results Presentation

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.

Company Overview

Company overview

Dar Al-Arkan – A leading real estate developer in Saudi Arabia

- Listed on Saudi Arabia Stock Exchange since 2007
- Market Capitalization as at July-2013 was SR10.9 billion (US\$2.9 billion)
- Total number of employees was 350 as at year end 2012

As at 30 June 2013:

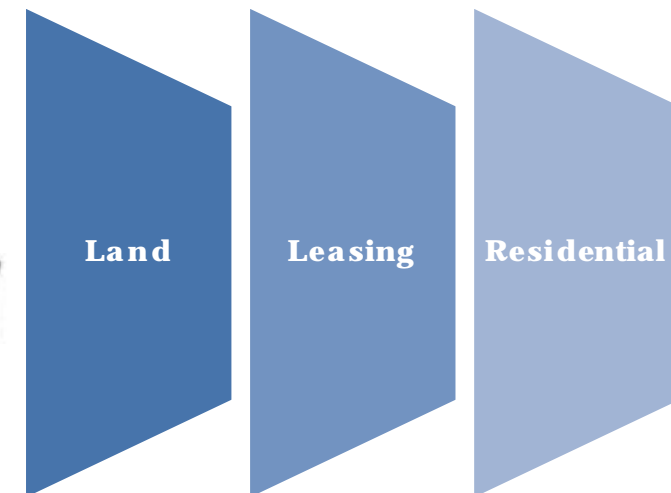
- **EBITDA:** SR 1.1bn (US\$ 293m)
- **Book value of assets:**
 - Developed land: SR13.4bn (US\$ 3.6bn)
 - Leasing: SR2.7bn (US\$ 730m)
 - Residential: SR 3.0bn (US\$ 800m)

Headquarters: Riyadh, Saudi Arabia

Company Website: www.alarkan.com



Main activities



Shams ArRiyadh



Land

Al-Qasr Mall



Leasing

Al-Tilal



Residential

- A leading developer of residential real estate in Saudi Arabia
- Operating in the most populous and growing cities and regions
- Managing real estate developments & providing affordable homes to middle class Saudis

Dar Al Arkan

At a glance



More than
10,000,000

SQM of Developed Land

500,000

Square Meters of
Rental 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 Sukuks

53%

Higher Market
Value of Assets
versus Book Value

Moderately leveraged

25%

Debt to Equity

Cash Balance

SR 2.2Bn

As at 30 June 2013

Total Book Value of Assets

SR 24 Bn

As at 30 June 2013

Business Highlights

Business Highlights

Q2 2013

Business Key Highlights

- Underlying fundamentals in Saudi Arabian real estate remain strong.
- Group gross margins (30%), EBITDA margins (27%), and net margins (15%) were lower than in Q1 2013 and Q2 2012. The margin decline was mainly due to the product mix and geographical location.
- Land sales gross margin fell to 30% in Q2 2013 mainly driven by the sale of land parcels in Jeddah and Riyadh with lower than average profit levels.
- Leasing revenue continued to grow - 11% Q1 to Q2 2013 and 44% year on year.
- Standard & Poor's affirmed "DAAR B+" credit rating and revised its outlook to positive from stable due to DAAR's resilient operating performance.
- Prince Khalid bin Bandar Al Saud officially inaugurates Al Qasr Mall.

Sukuk Issuance and Balance Sheet

- New US\$750m Sukuk programme announced.
- First tranche of US\$450m was positively received by regional and international investors and was almost 4 times oversubscribed. The closing coupon profit rate was 5.75%.
- Cash consequently grew 162% from SR835m in Q1 2013 to SR2.2bn in Q2 2013, resulting in a strong balance sheet with growth in assets and shareholders equity.
- Cash raised from the Sukuk allowed DAAR to invest SR 1.4bn in its future growth during Q2 2013.
- SR245m debt repaid in Q2 2013.

Results Highlights

Financial Results

Income Statement Highlights

SR in millions	Q2 2013 Vs. Q2 2012		H1 2013 Vs. H1 2012	
Revenues	681	37% decline	1,517	22% decline
Gross Profit	208	46% decline	584	23% decline
Operating profit	174	49% decline	492	27% decline
Net Income	104	69% decline	341	45% decline

Source: Audited Financial Statements & Management Information

Commentary H1 2013 Vs. H1 2012

H1 2013: revenue of SAR1.5bn driven by land sales (96.5%) and leasing (3.5%).

H1 2013: gross margins inline with H1 2012.

H1 2013: higher operating expenses, finance charges and a reduction in non-operating income impacted net income.

Commentary Q2 2013 Vs. Q2 2012

In Q2 2013 1.4m sqm of land sales generated SR652m; leasing from improved occupancy levels in rental assets generated SR28m.

Land sales in Q2 2013 were lower. As in Q2 2012 land revenue was exceptionally high due to the sale of the SABIC land parcel. Year on year land revenue declined by 39%.

Leasing revenue continued to grow - 11% Q1 to Q2 2013 and 448% year on year.

Q2 2013 lower gross margins on property sales was attributable to the product mix and geographical location.

Q2 2013 increased finance costs compared to Q2 2012 were due to new facilities available in H2 2012.

Q2 2013: lower admin expenses compared to Q2 2012 and Q1 2013 due to lower consultation costs.

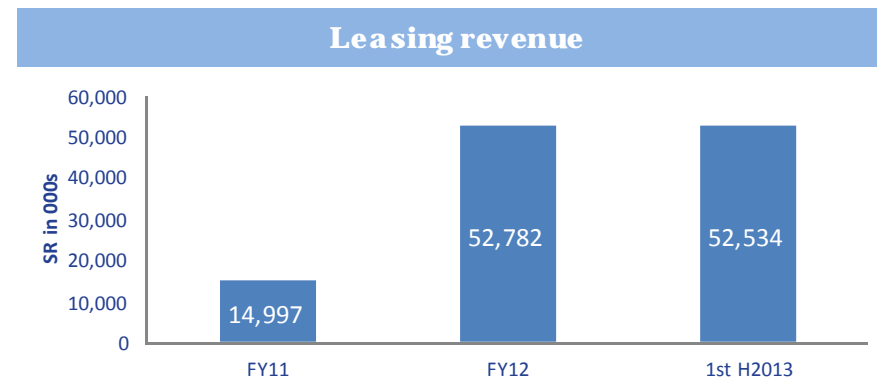
Negative change in SWAP valuation during 2013 reduced non-operating income in Q2 2013 & H1 2013 vs. Q2 2012 & H1 2012 which impacted net income.

Leasing Portfolio Highlights

Leasing Portfolio

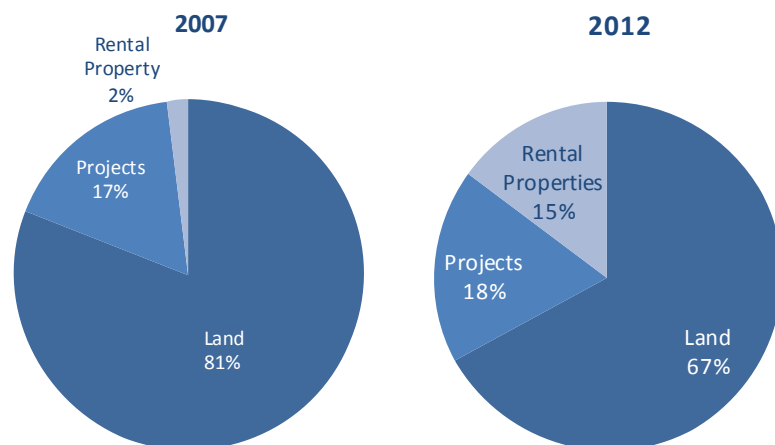
Growing portfolio with excellent occupancy rate

Leasing property	Occupancy
Al Qasr Mall	85%
Al Qasr (apartments & shops)	54%
Azizia Towers	100%
Al Qasr (villas)	100%
Al Masif (villas)	100%



Source: Audited Financial Statements & Management Information

In creasing i nvestments in leasing assets



Al Qasr

Best of tenant mix



Al Qasr Mall - Blue Chip Tenant Roster



Al Qasr Residential - Blue Chip Tenant Roster



Project Portfolio Highlights

Shams Ar-Riyadh Project

Project Overview

Shams Ar-Riyadh

Dar Al-Arkan's second Master-Planned Community and is located in Riyadh's Al-Dariya district.

It is one of the largest residential development projects ever initiated in the Kingdom by size, comprising a total area of approximately five million square metres, of which 1.8 million were strategically sold to SABIC in 2012 as housing for SABIC's senior executives and their families.

Designed to cater to the middle to upper bracket of the middle-income market segment, notable features include high land altitude, wide roads, pedestrian sidewalks and scenic landscaping. Development began in 2007 and is 44% complete as at 30-June-2013.

Shams Ar-Riyadh by Numbers*

Total Area (sqm)	2.2 m
# Residential Units to be leased	1,686
Residential Units/Plots to be sold (sqm)	488k
# Residential Units/Plots to be sold	371
Commercial Plots to be sold (sqm)	393k
# Commercial Plots to be sold	73
**% Completion (as at 30-June-2013)	44%
**Total cost (estimated)	SAR 2.9bn (\$773m)

*Based on current development plan

**As at 31 March 2013

Q2 ended 30 June 2013, Results Presentation



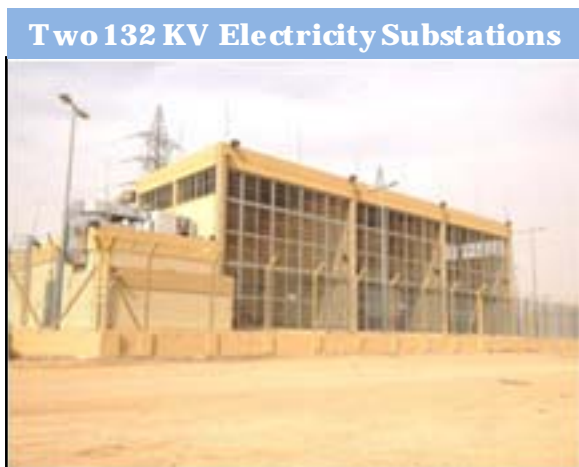
Shams Ar-Riyadh Project(cont'd)

Location and Main Roads



Shams Ar-Riyadh Project(cont'd)

Achieved Work



Shams Ar-Riyadh Project(cont'd)

Remaining Work Timeline

Item	Expected Start	Expected End
Roads and infrastructure work completion	Q3 2013	Q1 2015
Gated Residential Compound	Q1 2014	Q3 2015
250 Villas construction	Q3 2014	Q3 2015
Multi-service digital integrated network, other works	Q3 2014	Q3 2015

Shams Ar-Riyadh Project(cont'd)

Gated Residential Compound Units Details

Villas						
Type of Villa	NO. of B.R	Area (sqm)	NO. of unit	NO. of floors	NO. of building	BUA
A	1	103	242	2	121	24,926
B	2	150	282	2	141	42,300
C	3	212	136	2	68	28,832
D	4	226	50	2	25	11,300
Total # Villas	-	-	710	-	355	107,358

Apartments						
Type of Apt.	NO. of B.R	Area (sqm)	NO. of unit	NO. of floors	NO. of building	BUA
A	Studios	50	160	4	10	8000
B	1	107	416	4	26	44,512
C	2	140	400	4	25	56,000
Total # Apt.	-	-	976	-	61	108,512

Total	NO. of Units	NO. of building	BUA
	1,686	416	215,870



Shams Al-Arous Project

Project Overview

Shams Al-Arous

Dar Al-Arkan's third Master-Planned Community and is located approximately 12 km east of downtown Jeddah, covering an area of approximately 3mm square metres

All of the land has been fully developed including a ccessto Palestine road which is one of the main highways in Jeddah

Dev elopment began in 2008 and is 15% complete as at 30-June-2013. It is expected to be fully completed by 2018

Shams Al-Arous by Numbers*

Total Area (sq m)	3 m
# Residential Units to be leased	3,304
Dev eloped Residential Plots (sq m)	1.2 m
Dev eloped Com mercial Plots (sq m)	91k
Dev eloped Mixed-use (Residential /Com mercial) Plots (sq m)	564k
Residential plots sold (sq m)	350k
% Completion (as at 30-Jun-2013)	15%
Total cost (estimated)	SR 2.4bn (\$648mm)

*Based on current development plan

Project Location



Shams Al-Arous Project (cont'd)

Project General View



Al Qasr Mall

Awarded “Best Commercial Project Award from Arabian Business”

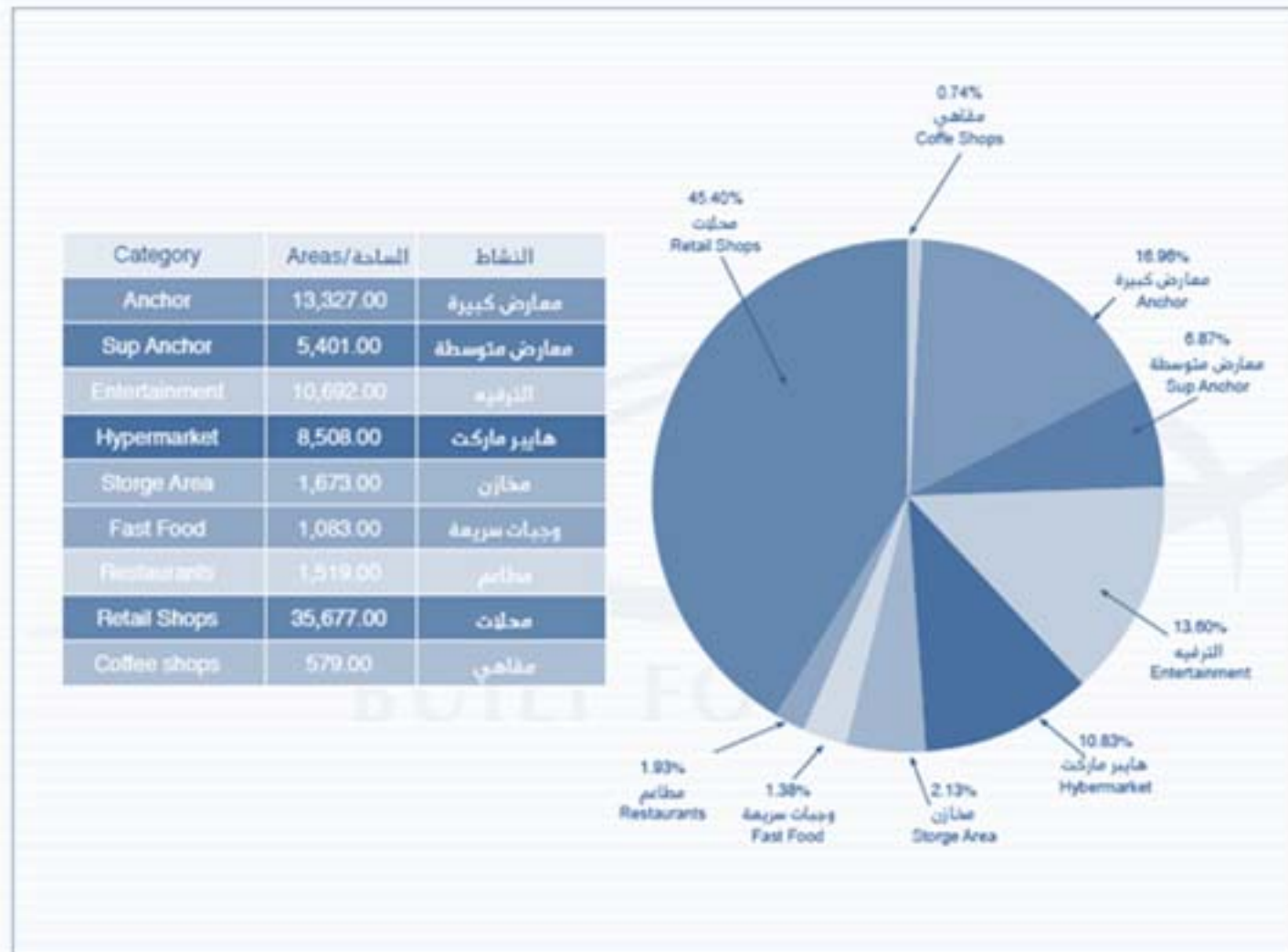
Al-Qasr Mall by Numbers

Location	Al-Suwaidi suburb of Riyadh
Land Area (sqm)	64K
Built-up Area (sqm)	250K
Net Leasable Commercial Space (sqm)	78K
Leasing Ratio (as at 30-June-2013)	85%
# Shops	356
# Floors	4
Parking Capacity	2,200 cars
Total cost	SR 950m (\$253m)
Completion	100%



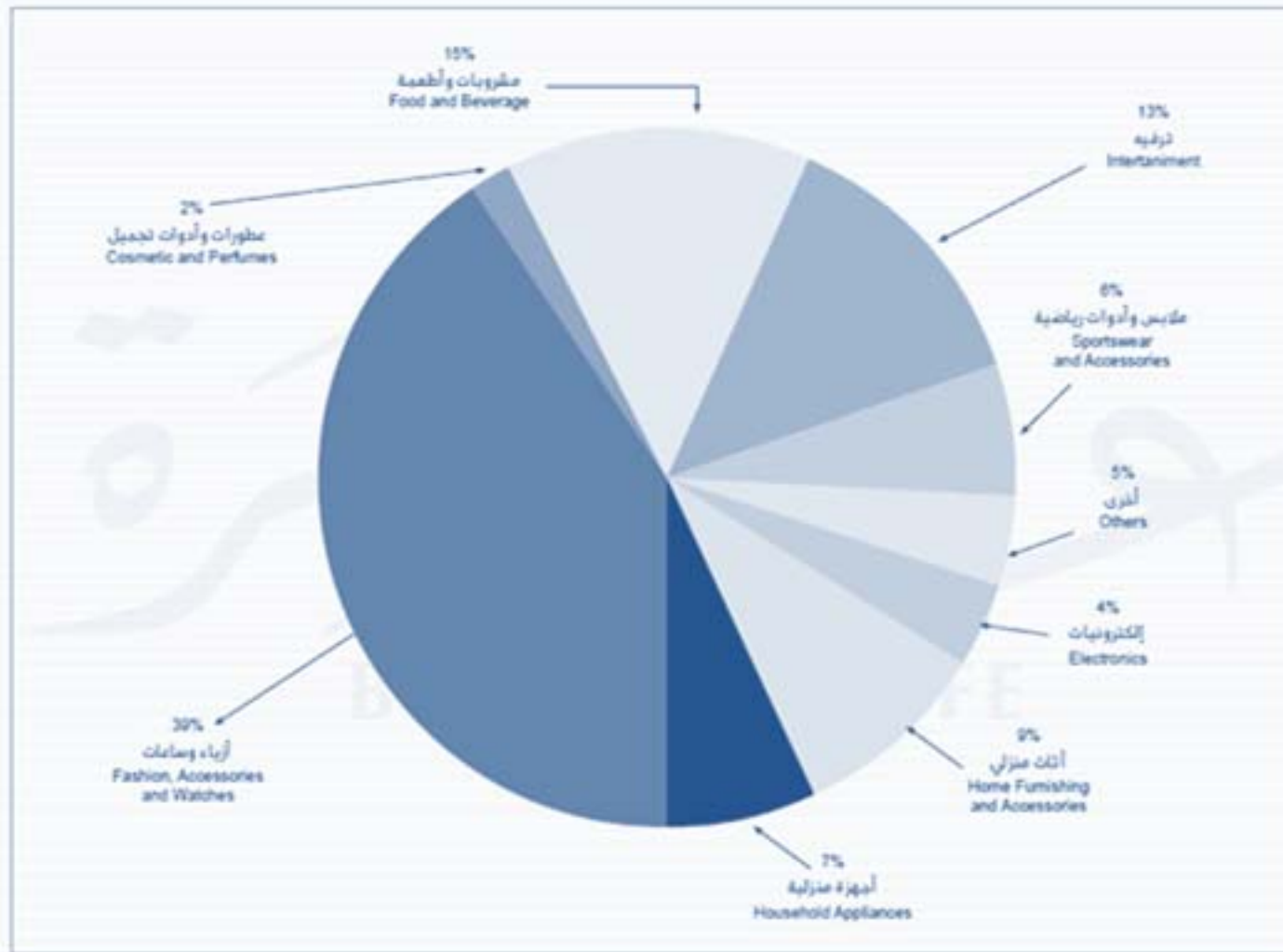
Al Qasr Mall (cont'd)

Composition of mall space



Al Qasr Mall (cont'd)

Composition of mall space



Al Qasr Mall (cont'd)

Events at Al Qasr Mall



Al-Qasr Project

The Largest Residential Project in KSA in 2011 – by Ministry of Housing

The Al-Qasr Project

Dar Al-Arkan's first Master Planned Community, was started in 2006 and completed in 2012

Located in the Al-Suwaidi suburb of Riyadh and designed to cater to the middle-income market segment, it is divided into 5 zones and includes various public service and commercial facilities, including mosques, public parks, green belts, schools, entertainment areas and retail areas

Al-Qasr Project by Numbers

Built-up Area (sqm)	1.2m
Total cost (exc. Al-Qasr Mall)	SR 1.8bn (\$480m)
Office Space (sqm)/ no of offices	20k, 65 office
Commercial Space (sqm)/no of shops	63k, 348 street shop
Housing Capacity	13k people
Total # Residential Units	3,051
Total # Villas	254
Total # Apartments	2,797
# Villas Retained for Leasing	57
# Apartments Retained for Leasing	1,318

Q2 ended 30 June 2013, Results Presentation

Sale/Lease Blocks Distribution



Al-Qasr Project (Cont'd)

General View



Al-Tilal Project

Project Overview

The Al-Tilal Project

Located in southern Medinah, south of Hijra Road, c. 9km from the Holy Prophet Mosque and partially within the boundary of the Haram zone, which is considered to be a desirable area by many Muslims

The construction of Al-Tilal's 499 villas was completed in 2010 and all of these villas have since been sold



Al-Tilal by Numbers

Land Area (sqm)	2.2 m
# Developed Land Blocks	SR 1.8bn (\$480m)
Area of Blocks Built (sqm)	20k, 65 office
# Blocks Built	63k, 348 street shop
Built-up Area (sqm)	13k people
# Villas Built	3,051
Total cost	254
% Completion	2,797
% of Villas sold	57
Sales % of Developed land Blocks	1,318

Al-Tilal Project (cont'd)

Project Location



Financial Performance

Financial Performance

Income Statements

SR in 000s	FY 2010	FY 2011	FY 2012	1 st H2012	1 st H2013	Q2 2012	Q2 2013
Revenue	4,141,981	3,312,510	3,557,072	1,951,700	1,516,682	1,083,507	680,861
Cost of sales	(2,377,724)	(1,943,497)	(2,163,366)	(1,196,200)	(933,031)	(695,462)	(472,791)
Gross profit	1,764,257	1,369,013	1,393,706	755,500	583,651	388,045	208,070
Operating expenses	(107,492)	(91,793)	(154,601)	(62,498)	(78,185)	(35,815)	(26,881)
Operating profit	1,656,765	1,277,220	1,239,105	693,002	505,466	352,230	181,189
Income from associates	-	400	850	400	3,250	-	2,750
EBITDA	1,656,765	1,277,620	1,239,955	693,402	508,716	352,230	183,939
Depreciation & amortization	(14,260)	(8,510)	(21,197)	(20,661)	(13,520)	(10,502)	(7,452)
EBIT	1,642,505	1,269,110	1,218,758	672,741	495,196	341,728	176,487
Other Income	79,364	99,299	92,776	63,472	(16,270)	49,303	(4,776)
Finance cost	(239,158)	(231,100)	(297,567)	(96,999)	(129,020)	(52,006)	(65,716)
EBT	1,482,711	1,137,309	1,013,967	639,214	349,906	339,025	105,995
Zakat	(27,000)	(49,374)	(25,430)	(15,600)	(8,600)	(8,000)	(2,300)
Net Income	1,455,711	1,087,935	988,537	623,614	341,306	331,025	103,695
Revenue growth	(24.2)%	(20.0)%	7.4%	11.8%	(-22.3)%	36.9%	(37.2)%
KPIs							
GM%	42.6%	41.3%	39.2%	38.7%	38.5%	35.8%	30.6%
Operating profit%	40.0%	38.6%	34.8%	35.5%	33.3%	32.5%	26.6%
EBITDA %	40.0%	38.6%	34.9%	35.5%	33.5%	32.5%	27.0%
EBIT%	39.7%	38.3%	34.3%	34.5%	32.6%	31.5%	25.9%
EBT%	35.8%	34.3%	28.5%	32.8%	23.0%	31.3%	15.6%
NI%	35.1%	32.8%	27.8%	32.0%	22.5%	30.6%	15.2%

Financial Performance (cont'd)

Balance Sheets

SR in 000s	FY 2010	FY 2011	FY 2012	1 st H2012	1 st H2013
Cash	1,188,513	2,505,774	535,771	3,252,410	2,186,078
Accounts Receivables	1,667,000	1,227,708	1,492,749	1,024,178	1,428,282
Pre-paid Expenses	556,391	506,761	632,781	285,856	249,279
Project in Progress-ST	184,660	64,469	46,702	50,415	46,339
Develop Land-ST	270,887	2,106,603	844,332	2,204,087	896,735
Others	1,364	143	143	591	143
Total Current Assets	3,868,815	6,411,458	3,552,478	6,817,537	4,806,856
Investment in Land	9,705,998	9,061,280	9,530,130	4,753,104	5,009,839
Project in Progress-LT	3,674,480	3,868,580	3,214,085	7,142,115	8,255,447
Develop Land-LT	2,929,939	759,757	2,124,441	833,658	2,162,628
Investment Properties	1,914,327	2,753,353	2,737,060	2,769,178	2,719,008
Investment in Associates	1,162,360	1,162,760	744,157	1,688,707	747,407
Other Assets	92,942	83,571	77,938	80,717	76,199
Total Non-Current Assets	19,480,046	17,689,301	18,427,811	17,267,479	18,970,528
Total Assets	23,348,861	24,100,759	21,980,289	24,085,016	23,777,384
Payables & Accruals	1,115,149	1,106,902	1,267,876	1,303,091	1,376,440
Murabahas & Sukuks-ST	1,000,000	4,634,380	1,095,120	4,135,601	1,738,118
Total Current Liabilities	2,115,149	5,741,282	2,362,996	5,438,692	3,114,558
Murabahas & Sukuks-LT	6,721,485	2,757,756	3,289,359	2,684,323	3,992,815
Others	12,599	14,158	16,575	15,565	17,346
Total Equity	14,499,628	15,587,563	16,311,359	15,946,436	16,652,665
Total Non-Current Liabilities	6,734,084	2,771,914	3,305,934	2,699,888	4,010,161
Total Liabilities & SE	23,348,861	24,100,759	21,980,289	24,085,016	23,777,384

Closing Remarks

Closing Remarks

Investment Highlights

1

Healthy and growing real estate sector in Saudi Arabia driven by favourable demographics and a supportive legislative backdrop

2

Continued favorable trends in land price appreciation

3

Continued focus on premium margins

4

Dar Al-Arkan's proven ability to develop large-scale projects such as Master Planned Communities

5

The Company's substantial and geographically diverse land bank

6

A conservative financial profile with a strong balance sheet and healthy income generation

7

An experienced management team and good corporate governance

8

The benefits of its access to the international and domestic capital markets