



Results Presentation, Q1 2014

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

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

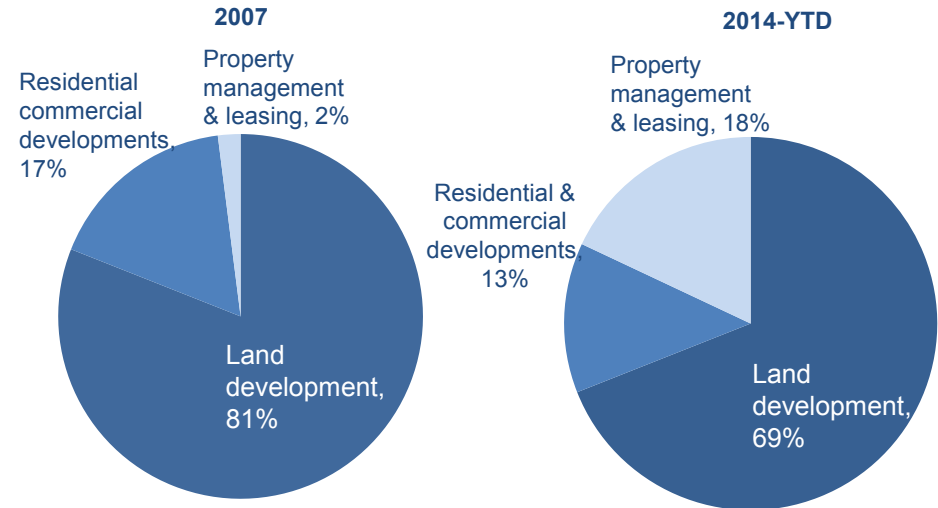
- Largest listed real estate developer in Saudi Arabia
- Market Capitalization as at 31 Mar 2014 was SR 13.5 bn (US\$ 3.6 bn)

As at 31 Mar 2014:

- **Total number of employees:** 326
- **Revenue:** FY2013 SR 2.9 bn, 2014YTD SR 924.1mn
- **EBITDA:** LTM SR 1.2 bn
- **Book value of assets : SR 24.5 bn(US\$ 6.5bn)**
 - Land Bank: SR 13.3 bn (US\$ 3.5 bn)
 - Leasing: SR 3.6 bn (US\$ 950 mn)
 - Residential: SR 2.5 bn (US\$ 661 mn)
 - Other assets: SR 5.1 bn (US\$ 1.4 bn)

Headquarters: Riyadh, Saudi Arabia

Increasing investments in leasing assets



Land Development



Property Management and Leasing



Residential and Commercial Development

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



Dar Al-Arkan



At a glance

More than
10,000,000
Sq Mtrs of Developed Land
Delivered

700,000
Sq Mtrs of Rental
Properties, under
Management

+70,000
People Living in
Residential Units Delivered by DAAR

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

SR 11.3 bn
Successful Sukuk Issuances,
Reflecting Good Access to the
Financial Markets

Moderately leveraged
16%
Net Debt to Assets

Cash Balance
SR 2.1 bn
As at 31 Mar 2014

Total Book Value of Assets
SR 24.5 bn
As at 31 Mar 2014

Q1 2014 Business & Results Highlights

Financial Highlights

Q1 2014, Results, Financing and Balance Sheet

Results

- Revenue SR 924.1 mn (Q1 2013 : SR 835.8 mn); Net Profit SR 247.9 mn (Q1 2013 : SR 237.6 mn).
- Gross Margin 43.6 % (Q1 2013 : 44.9%), EBITDA Margin 41.7% (Q1 2013 : 42.5 %), Net Margin 27.6% (2012 : 29.2 %). Margins are in line with same period last year, highlighting the quality of DAAR's real estate portfolio.
- Growing Property management and leasing revenue of SR 31.2 mn (Q1 2013 : SR 24.9 mn), up 25%, 3.4% of total revenue.
- Land development revenue of SR 892.9 mn (Q1 2013 : SR 810.9 mn), 96.6% of total revenue.
- Residential and commercial projects – no contribution from residential unit sales due to unavailability of inventory units attributable to the development cycle of our projects. However, we sold developed land from Shams Al Arouse and Al Tilal projects (280K, 9K sqm) respectively

Financing and Balance Sheet

- Liquidity position remains very strong. Cash balance closed at SR 2.1 bn by the quarter end.
- Lease Asset Base increased significantly in Q1 2014 as DAAR acquired SR 885 mn of new leasing assets. The acquisition is in-line with DAAR's Strategy to diversify income and increase recurring income assets. Lease asset base grew 33% from 14% to 18% of DAAR's real estate assets.
- Loan book increased by SR 78 mn with SR223 mn new Islamic Murabaha facilities raised and SR145 mn repaid during Q1 2014. Net debt stands at SR 3.9 bn. Net debt/asset ratio is 16%.
- S&P affirmed DAAR's Corporate Credit rating at B+, with a Positive Outlook on steady operational performance and strengthened liquidity. S&P's 'Positive Outlook' reflects the potential for improving credit metrics over the coming 12 months.

Business Highlights

Q1 2014, Market Backdrop – Key Highlights

Residential

- Steady growth in Saudi housing segment continues to be driven by strong demand from a rising population, young demographic profile, urbanization, higher disposable incomes and better financing options.
- Medium term outlook remains positive for target mid-income segment supported by government investment in education and employment. Large infrastructure spending (roads, rail, tube, ports, etc.) also expected to help sustain housing demand.
- House prices⁽¹⁾ continued to increase at a healthy rate between 3% to 5% in all major cities during Q1 2014. Rental rates also showed an increasing trend.

Mortgage Law Update

- By end of Q1 2014, SAMA had awarded 14 licences to 8 Saudi banks and 6 financing companies to practice real estate financing according to the new laws. Further applications await approval.
- Minister of justice approved REDF additional loan scheme procedures which allows REDF applicants to apply for top up loans from commercial banks and financial institutions.
- New laws will have a positive impact on the home financing markets in KSA but will take time to gain acceptance and momentum.

Policy Update (Ministry of Housing (MOH))

- After successful launch of “EJAR System” in Q4 2013, MOH is actively marketing and promoting “EJAR” in order to regulate the rental market and preserve tenants and landlords rights and obligations .
- MOH successfully launches electronic platform to receive Saudi applicants under new housing support regulation. Support options include land and loan, loan, land and ready housing unit. MOH intends to involve Real Estate Developers.
- Actions of MOH may have a slight positive impact on DAAR driven by land acquired or removed from open market and given free to low-income Saudis not active in the housing market due to their affordability limitations.

1. Century 21 Saudi's Research & Advisory

Business Highlights

Significant Increase of Lease Asset Base in Q1 2014

- Driven by strong demand from Government institutions to provide housing for their staff in Riyadh and Madinah DAAR made a strategic investment by acquiring SR 885 mn worth of lease assets. The acquisition consists of 1,071 apartments and 11 villas in Al Qasr community, and 267 villas in Al Tilal community.
- In-line with DAAR's Strategy to diversify income streams and increase recurring income assets, DAAR's lease asset base grew 33% from (SR2.7 bn to SR3.5 bn) and represents 18% of its real estate assets.
- The rationale for Al Qasr investment is for DAAR to have control over a larger consolidated residential community in a single location. Also this will allow DAAR to achieve economies of scale to its service offering and its portfolio mix this will enable it to better realize its strategy of Business-to-Business leasing to large scale blue chip organizations.
- DAAR is in the process of closing significant lease agreements with a range of Government institutions for around 1,600 apartments in Al Qasr community, this is expected to take Al Qasr to materially fully leased community within the upcoming 2 quarters.
- Al Tilal remains the core investment for DAAR in Al Madinah with a significant land development. Acquisition of 267 villas in Al Tilal will create an opportunity for DAAR to develop a larger rental community that attract institutional tenants and takes advantage of a growing market. Currently 109 units are leased and negotiation is on-going with a Government agency to lease another 85 villas. For the rest units leasing discussion are on-going.
- DAAR is in the process of developing a retail/ service complex to Al Tilal to provide services to the community's residents.

Financial Results

Income Statement Highlights

SR in millions	Q1 2014 vs. Q1 2013	Q1 2014 vs. Q4 2013
Revenues	10.6% growth from SR 835.8 mn to SR 924.1 mn	33.4% growth from SR 692.9 mn to SR 924.1 mn
Gross Profit	7.2% growth from SR 375.6 mn to SR 402.8 mn	53.2% growth from SR 263 mn to SR 402.8 mn
Operating profit	6.9% growth from SR 318.2 mn to SR 340.1 mn	54.1% growth from SR 220.8 mn to SR 340.1 mn
Net Income	4.3% growth from SR 237.6 mn to SR 247.9 mn	58% growth from SR 156.8 mn to SR 247.9 mn

Commentary Q1 2014 Vs. Q1 2013.

- The top line growth in Q1 2014 versus Q1 2013 is mainly due to higher sales of developed properties.
- The net income growth in Q1 2014 versus Q1 2013 is mainly due to higher sales of developed properties. Net income was impacted by higher Islamic Sukuk charges, which was partially offset by lower Islamic Murabaha charges and higher non-operating income received from deposits and investment in associates.
- In Q1 2014, DAAR sold 4 land parcels, one in Jeddah from Shams Al Arous project, one in Madinah from Al Tilal project and two developed parcels in Riyadh which totaled 1.3 mn sqm versus 1.8 mn sqm of land sold in Q1 2013.

Commentary Q1 2014 Vs. Q4 2013

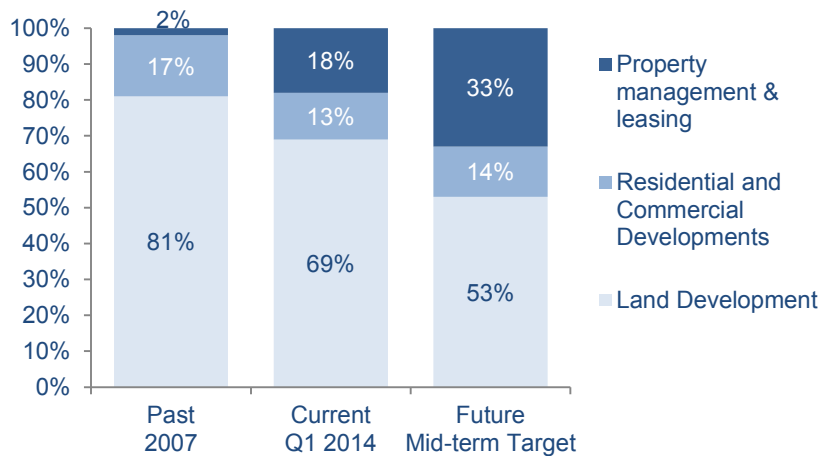
- The top line growth in Q1 2014 versus Q4 2013 is mainly due to higher sales of developed properties at a higher gross margin attributable to the product mix, development status and geographical location of the properties sold.
- The net income growth in Q1 2014 versus Q4 2013 is mainly due to higher sales of developed properties at a higher gross margin. Albeit this higher gross margin was partially offset by 1) the increase in operating expenses due to higher payroll and consultancy fees, 2) higher Islamic Sukuk charges, and 3) lower non-operating income due to lower SWAP gains compare to Q4 2013.
- In Q1 2014 DAAR sold 1.3 mn sqm of land versus 671k sqm of land sold in Q4 2013.

Real Estate portfolio Highlights

Leasing Portfolio

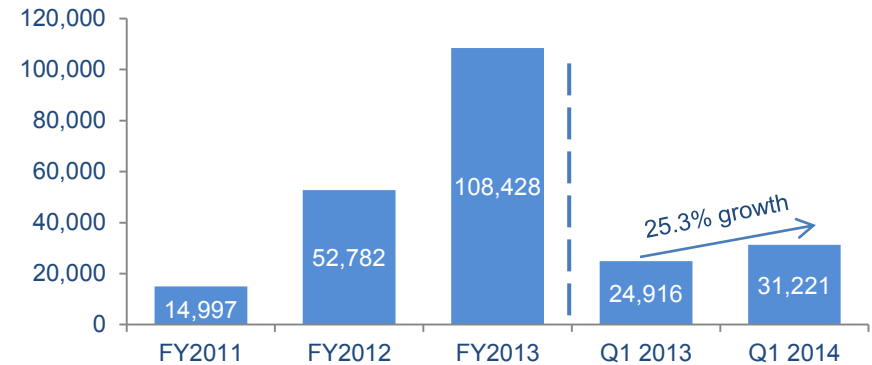
Growing Leasing Portfolio

Planned evolution of increasing investments in leasing assets



SR in 000s

Leasing revenue



Source: Audited Financial Statements & Management Information



Al Qasr Community Main Street

Leasing Portfolio Key Assets

Al Qasr Community (1/3)

Location



- Great accessibility
- Situated in Al-Swaidi district, suburb of Riyadh
- Dedicated ramp to King Fahd Road
- Walkable convenient neighborhood
- 10-15 minutes drive to many Ministries and key Governmental agencies

Al Qasr community, is Dar Al-Arkan's first Master Planned Community, which was started in 2006 and materially completed in 2012

- The Community is designed to cater for 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
- The Community includes Al Qasr Mall, the largest mall in Riyadh and the top shopping destination in Southern Riyadh

The Community



Leasing Portfolio Key Assets

Al Qasr Community (2/3) - Residential & Commercial Lease Assets

Apartments



Villas



Street Shops



Office Building



Leasing activity in Q1 2014

- DAAR enjoys a unique market position by having such a large number of modern quality units in the same location. This is enabling Al Qasr community to attract a high quality long term institutional tenant mix.

- Al Qasr Office Building leasing is in advanced stage Govt. Agency. Agreement signature and is expected in Q2 2014.
- In Al Qasr community, an environmental improvement program was established. The program aims to improve the quality of community living and customer care.



Al-Qasr Community by Numbers

Built-up Area (sqm)	1.2mn
Housing Capacity	13k people
Total # Residential Units	3,051
Total # Villas	254
Total # Apartments	2,797
# Villas for Leasing	(57 as end of 2013) 102
# Apartments for Leasing	(1,318 as end of 2013) 2,447
Occupancy Ratio %	(56% as end of 2013) 36%

Leasing Portfolio Key Assets

Al Qasr Community (3/3) – Al Qasr Mall



- In June 2012, Dar Al-Arkan opened the Al-Qasr Mall located adjacent to the Al-Qasr project, which is the largest mall in Riyadh
- Al-Qasr Mall includes a children amusement zone, a food court and an 800 metre long exterior lighting façade used for advertising

Leasing activity in Q1 2014.

- No new leases signed during Q1 2014.
- Reconfiguring of recreational and entertainment features on the 3rd floor is ongoing with lease arrangements expected to finish in Q2 2014.
- Two key events to attract visitor were organized in the mall incl.(Kids entertainment activities and Saudi Culture and Heritage Festival).
- On-going negotiations with new tenants.



Kids Entertainment Activities



Saudi Culture and Heritage Festival



Al-Qasr Mall by Numbers

Built-up Area (sqm)	230k
GLA (sqm)	78k
# Shops	350
# Floors	4
Parking Capacity	1,800 cars
Leasing Ratio	87%

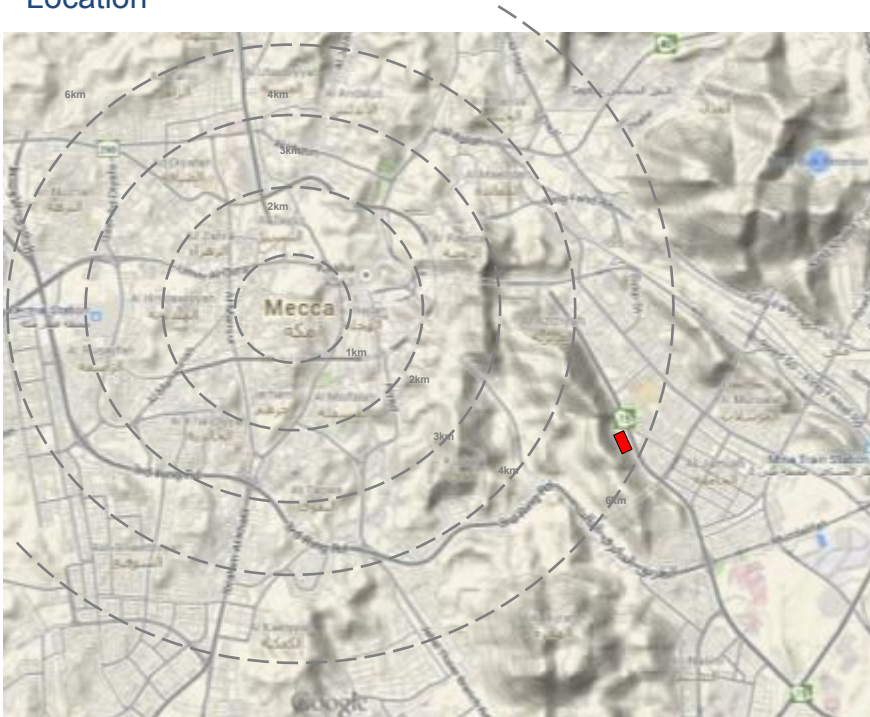
Blue Chip Tenant Mix



Leasing Portfolio Key Assets

Azizia Towers

Location



Al Azizia Towers has a unique location on Prince Sultan Street in the Al Azizia district of Mecca, only 5.5 km from the Holy Mosque and 3 km from Mashaer Mina.

Al Azizia Towers are leased to one institutional tenant



Al Azizia Towers by Numbers

Built-up Area (sqm)	80K
Residential Space GLA (sqm)	38.6K
Commercial Space GLA (sqm)	4.8K
# Apartments	278
# Shops	6
#Parking Space	117
Leasing Ratio	100%

Residential & Commercial Developments



Al Tilal

Location



- Located in southern Medinah, south of Hijra Road
- c. 10km from the Holy Prophet Mosque
- Partially within the boundary of the Haram zone
- 15-20 minutes drive to Prince Mohammad Bin Abdulaziz Intl. Airport

*Based on current development plan

- The project's land development is fully completed.
- Majority of residential & commercial plots sold.

Activity in Q4 2013

- Design presented in Q4 2013 for a new commercial centre was rejected. New design is being procured to satisfy evolving demand in the area.
- 267 villas added to the leasing portfolio through acquisition.



Al-Tilal by Numbers*

Total net area (sq m)	0.5 m
Land area to be sold (sq m)	448k
Total # Villas	499
# Villas for Leasing	267
Commercial space to be built for leasing (sq m)	4k
% Infrastructure completion	100%
% Superstructure completion	0%
Estimated value of sellable area (SR)**	299 m
Estimated value of leasable area (SR)***	72 m
Leasing Ratio	39%

**Based at potential sale value expected

***Based at 8% outgoing yield

Residential & Commercial Developments

Shams Ar-Riyadh

Location



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

- One of the largest residential development projects ever initiated in the Kingdom, comprising a total area of approximately 5mn of which 2.6 mn sqm was sold to SABIC and others in 2012 & 2013
- The project is to cater for the middle-income market segment, and notable features include high land altitude, wide roads, pedestrian sidewalks and scenic landscaping.

Activity in Q1 2014

- Partial approvals were obtained during Q1 2014, but additional authorizations will be required as the construction phases approaches.
- Based on the market study completed in 2013 a design brief was prepared, design tender issued and is currently in the Award stage.
- Offers received during Q4 2013 for the re-design of infrastructure were non compliant. A new tender process was initiated and is in the award stage.



Shams Ar-Riyadh by Numbers*

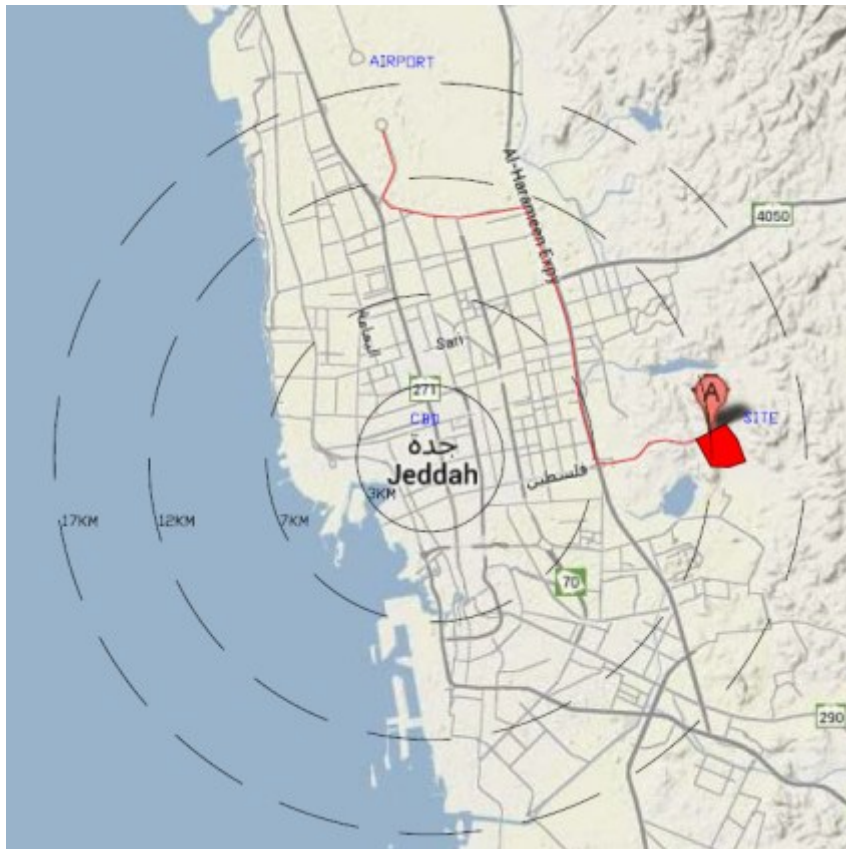
Total area (sqm)	2.4m
# Residential units to be leased	1,110
# Residential units to be sold	250
Commercial land to be sold (sqm)	489k
% Infrastructure completion**	47%
% Superstructure completion**	0%
Estimated value of saleable area (SR)***	3.6 bn
Estimated value of leasable area (SR)****	2.3 bn

Residential & Commercial Developments

Shams Al-Arous

شمس العرووس
shams alarous

Location



Shams Al-Arous is Dar Al-Arkan's third Master Planned Community and is located approximately 12km east of downtown Jeddah.

- All the land has been fully developed including access to Palestine road, which is one of the main highways in Jeddah
- Connecting the project to Palestine Road led to significant value appreciation. Subsequent City growth and strong demand for the area supports steady rise in land prices.

Activity in Q1 2014

- 280K sqm of developed land was sold.
- Zones Parcellization are in progress

Shams Al-Arous by Numbers*

Total Area (sq m)	1.1 m
Residential area to be sold (sq m)	820k
# Residential units to be leased	3,304
Commercial space to be leased (sq m)	190k
Infrastructure completion (%)**	100%
Superstructure completion (%)**	0%
Estimated value of saleable area (SR)***	1.4 bn
Estimated value of leasable area (SR)****	2.8 bn



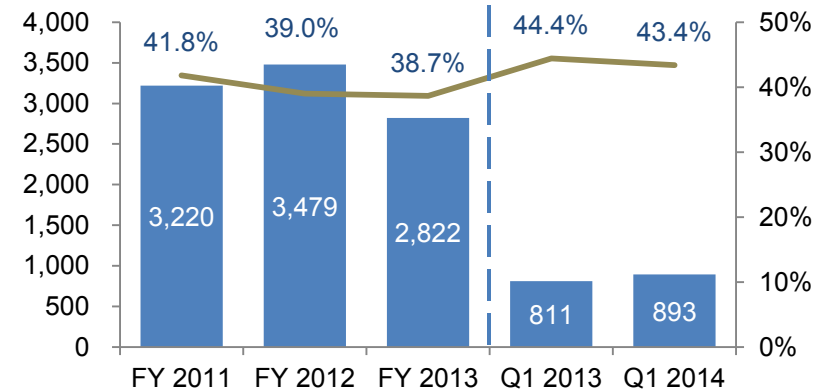
Land Development

Under Update

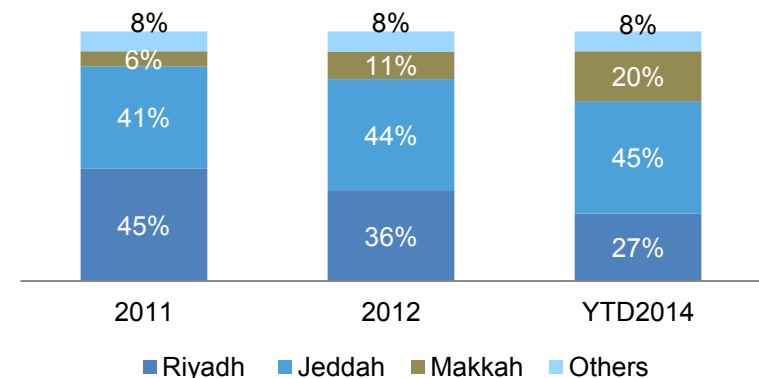
Substantial and Geographically Diverse Land Bank

- Land plots are purchased based on thorough analysis :
 - Target large cities with supply / demand gap
 - Follow expansion trends from the city centre to the newer suburban areas
 - Follow historical prices and capitalize on potential for appreciation
 - Account for accessibility, particularly connections to the downtown and proximity to main roads and basic infrastructure
- The land bank is subject to continuous strategic assessment for retention or disposal. Some land has the potential for significant value enhancement and is therefore retained in the portfolio, while land deemed right for disposal offers a compelling opportunity for crystallizing a near term capital gain.

Land revenue & gross margin (SAR Millions)



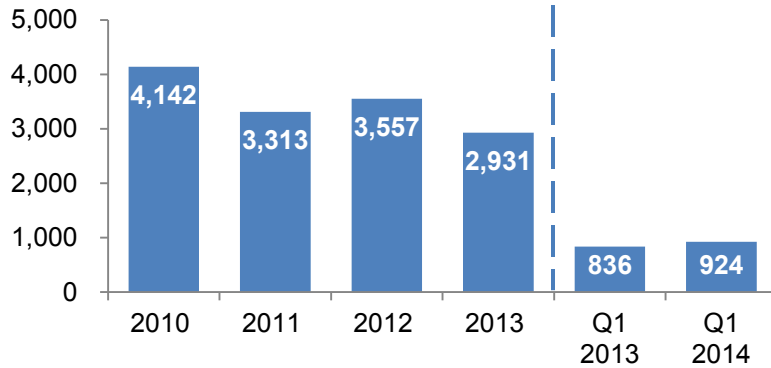
Geographical Split of Dar Al-Arkan's Land Bank Portfolio



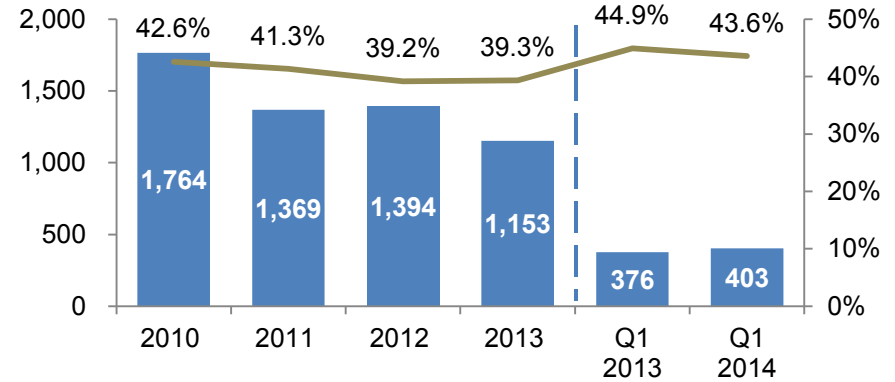
Financial Performance

Historical Performance

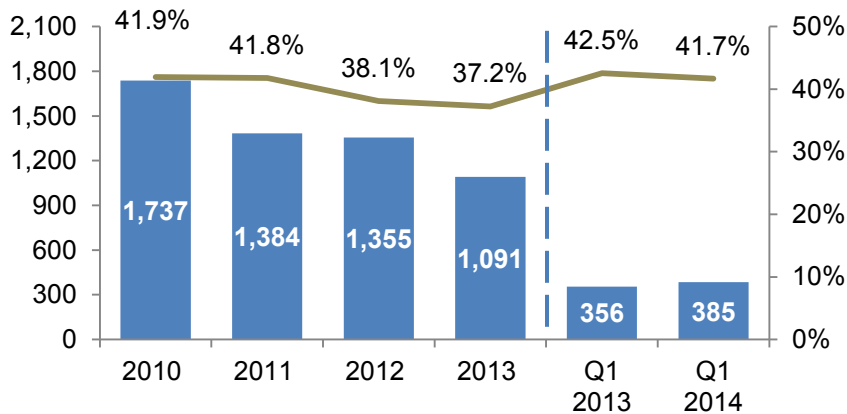
Revenue (SR mm)



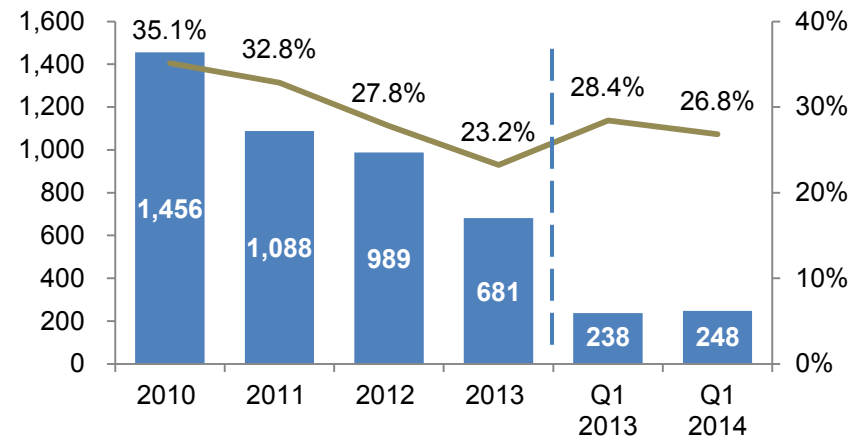
Gross Profit (SR mm) & Margin (%)



EBITDA (SR mm) & Margin (%)

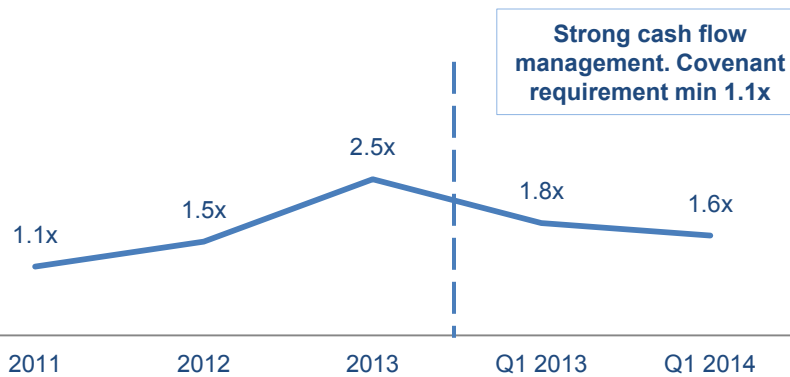


Net Income (SR mm) & Margin (%)

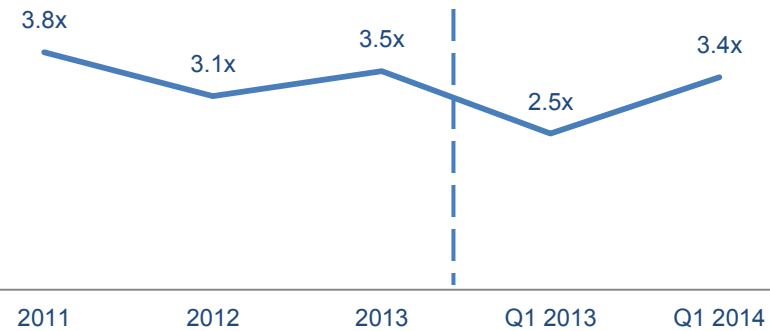


Historical Performance

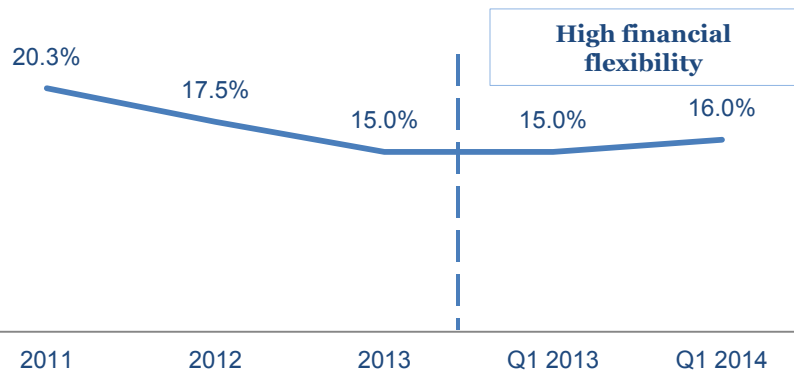
Current Ratio



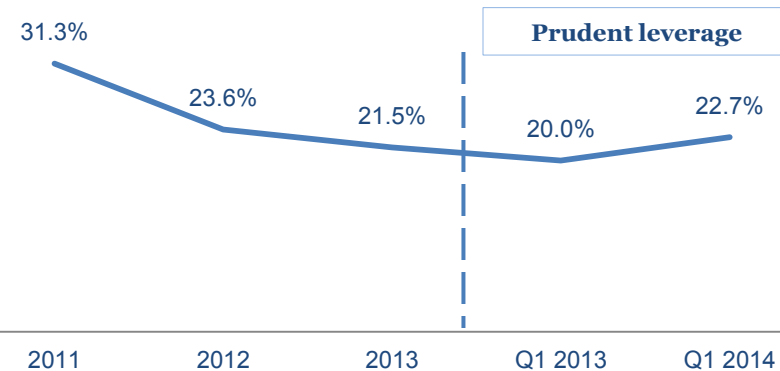
Net Debt/EBITDA



Net Debt/Total Assets



Net Debt/Equity



Financial Performance

Income Statements

SR in 000s	FY 2010	FY 2011	FY 2012	FY 2013	Q1 2013	Q1 2014
Revenue	4,141,981	3,312,510	3,557,072	2,931,168	835,821	924,089
Cost of sales	-2,377,724	-1,943,497	-2,163,366	-1,778,097	-460,240	-521,320
Gross profit	1,764,257	1,369,013	1,393,706	1,153,071	375,581	402,769
Operating expenses	-107,492	-91,793	-154,601	-151,027	-51,304	-53,418
Operating profit	1,656,765	1,277,220	1,239,105	1,002,044	324,277	349,351
Income from Associates	0	400	850	3,250	500	5,500
Depreciation & amortization	-14,260	-8,510	-21,197	-31,665	-6,068	-9,255
EBIT	1,642,505	1,269,110	1,218,758	1,059,437	318,709	345,596
Other income	79,364	99,299	92,776	39,320	-11,494	14,508
Finance cost	-239,158	-231,100	-297,567	-313,959	-63,304	-104,969
PBT	1,482,711	1,137,309	1,013,967	784,798	243,911	255,135
Zakat	-27,000	-49,374	-25,430	-17,528	-6,300	-7,278
Net Income	1,455,711	1,087,935	988,537	767,270	237,611	247,857
Revenue growth	-24.20%	-20.00%	7.40%	-17.60%	-3.69%	10.56%
EBITDA	1,737,169	1,383,645	1,354,758	1,091,102	355,575	385,028
KPIs						
GM%	42.60%	41.30%	39.20%	39.34%	44.94%	43.59%
Operating profit%	40.00%	38.60%	34.80%	34.19%	38.80%	37.80%
EBITDA%	40.00%	38.60%	34.90%	37.22%	42.54%	41.67%
PBT %	39.70%	38.30%	34.30%	36.14%	38.13%	37.40%
Net income %	35.80%	34.30%	28.50%	26.77%	29.18%	27.61%

Financial Performance... cont'd)

Balance Sheet

SR in 000s	FY 2010	FY 2011	FY 2012	FY 2013	Q1 2013	Q1 2014
Cash	1,188,513	2,505,774	535,771	2,279,132	834,614	2,060,260
Accounts Receivables	1,667,000	1,227,708	1,492,749	1,364,297	1,608,547	1,693,417
Pre-paid Expenses	556,391	506,761	632,781	484,201	615,678	550,037
Residential and commercial development-ST	184,660	64,469	46,702	44,529	46,702	44,418
Develop Land -ST	270,887	2,106,603	844,332	927,110	881,035	924,937
Others	1,364	143	143	143	143	193
Total Current Assets	3,868,815	6,411,458	3,552,478	5,099,412	3,986,719	5,273,262
Investment in Land	4,731,660	5,082,926	5,605,630	4,864,302	5,155,198	4,430,179
Residential and commercial development-LT	3,677,456	3,868,580	3,214,085	2,718,238	3,259,515	2,438,055
Land development projects -LT	4,971,362	3,978,354	3,924,500	6,062,219	3,924,500	6,011,844
Develop Land -LT	2,929,939	759,757	2,124,441	1,936,614	2,154,828	1,903,036
Investment Properties	1,914,327	2,753,353	2,737,060	2,694,638	2,730,813	3,567,393
Investment is Associates	1,162,360	1,162,760	744,157	747,407	744,657	752,907
Other Assets	92,942	83,571	77,938	74,502	77,154	73,545
Total Non-Current Assets	19,480,046	17,689,301	18,427,811	19,097,920	18,046,665	19,176,959
Total Assets	23,348,861	24,100,759	21,980,289	24,197,332	22,033,384	24,450,221
Payables & Accruals	1,115,149	1,106,902	1,267,876	1,283,586	1,321,085	1,216,822
Murabahas & Sukuks-ST	1,000,000	4,634,380	1,095,120	744,308	954,353	2,052,479
Total Current Liabilities	2,115,149	5,741,282	2,362,996	2,027,894	2,275,438	3,269,301
Murabahas & Sukuks-LT	6,721,485	2,757,756	3,289,359	5,159,269	3,192,048	3,922,417
Others	12,599	14,158	16,575	17,348	16,928	17,825
Total Non-Current Liabilities	6,734,084	2,771,914	3,305,934	5,176,617	3,208,976	3,940,242
Total Equity	14,499,628	15,587,563	16,311,359	16,992,821	16,548,970	17,240,678
Total Liabilities & SE	23,348,861	24,100,759	21,980,289	24,197,332	22,033,384	24,450,221
Business Assets Breakup:						
Land development	12,903,848	11,927,640	12,498,903	13,790,245	12,115,561	13,269,996
Property management and leasing	1,914,327	2,753,353	2,737,060	2,694,638	2,730,813	3,567,393
Residential and commercial developments	3,862,116	3,933,049	3,260,787	2,762,767	3,306,217	2,482,473

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 favourable trends in land price appreciation

3

Continued focus on premium margins

4

Proven ability to develop large-scale projects such as Master Planned Communities

5

A 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

Access to the international and domestic capital markets