

Results Presentation, Q4 2014

21 January 2015





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.

Operational Highlights

2014

- **Land Bank Growth, Capitalizing on Compelling Acquisition Opportunities**

Total investments in Land assets including project lands increased to SAR 17.1 bn (2013: SAR 16.5 bn). Land development activities included land investment of 10.3 mn sqm located in tier 1 cities in Saudi Arabia. Revenue from land sales was SAR 2,923 mn as 3.2 mn sqm of land plots were sold.

- **New Community Launch**

A new 8.2 mn sqm master planned community, named “Juman”, was launched. It is located in Dammam Bay, with direct connection to downtown. The project will include multifamily residential apartments, single homes, compounds, offices, at least one supra-regional mall, resorts, an entertainment area, education, healthcare and common amenities and infrastructure.

- **Enhanced Plan for Shams Ar Riyadh**

A revised master plan for Shams Ar Riyadh with a more efficient land use better adapted to the current market needs, was submitted to Riyadh's Development Authority.

- **Continued Development on Projects**

Development activities continued in other projects, in close cooperation with local municipalities and with utilities companies. Land sales progressed in Jeddah's Shams Al Arous and Madinah's Al Tilal with 338,408 sqm and 10,082 sqm sold respectively.

- **Leasing Growth and Improved Occupancy**

Leasing assets grew to SAR 3.6 bn as 298,280 sqm new lease space was acquired in Riyadh and Medina. Total leasable space stands at 726,716 sqm.

Occupancy of leased properties improved to 55% including assets acquired in 2014. In Al Qasr, leases included MOFA 510 apartments, Ritz-Carlton 98 apartments and AMANA the office complex among others.



Juman Project - Dammam

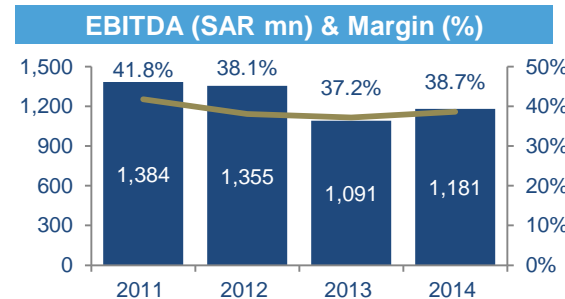
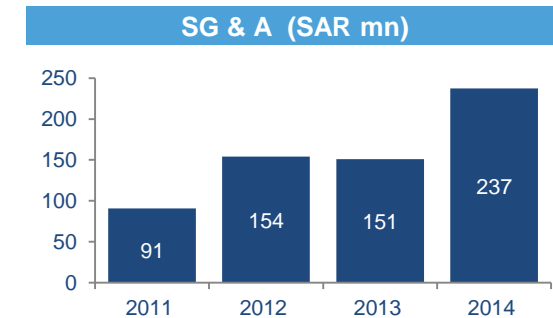
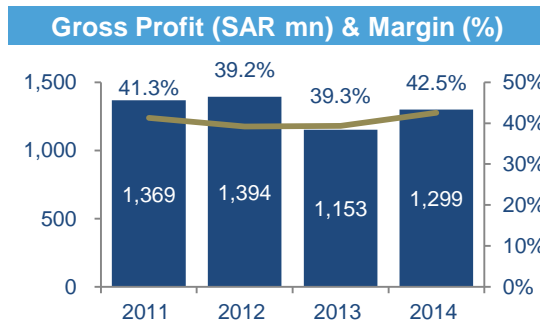
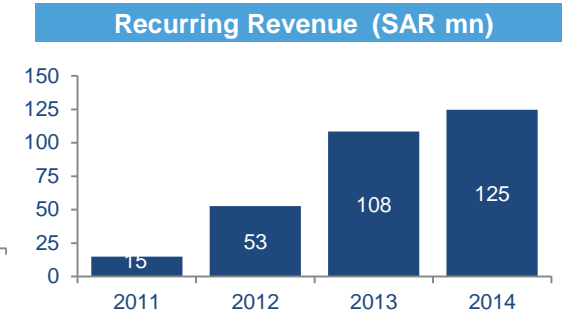
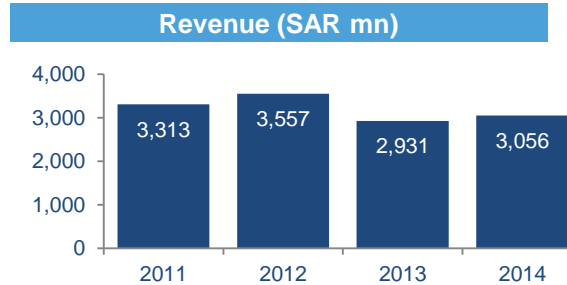


Al Qasr Project - Riyadh

Financial Highlights

Full Year 2014

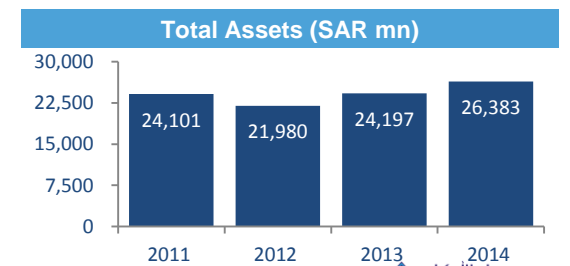
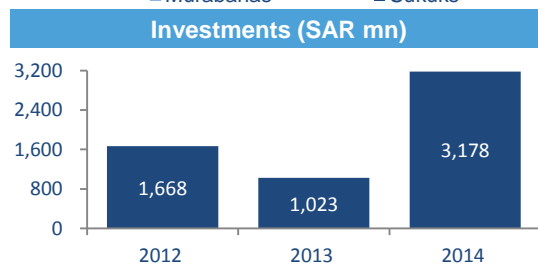
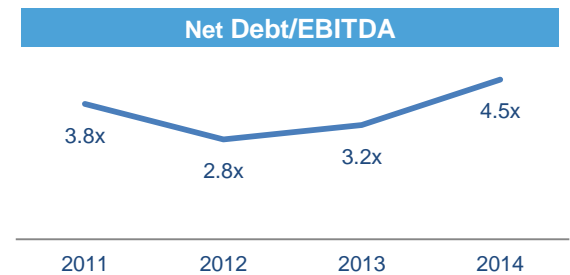
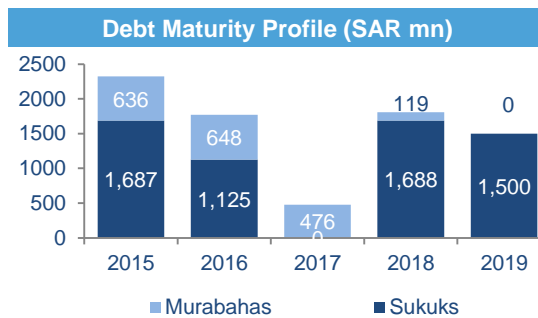
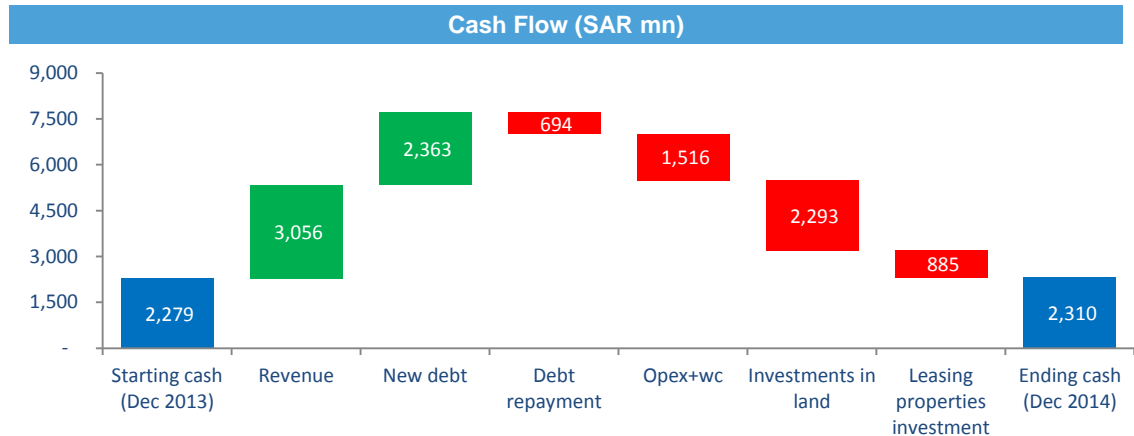
- **Revenue** increased 4% to SAR 3,056 mn (2013 : SAR 2,931 mn).
- Land sales revenue was SAR 2,923 mn (2013 : SAR 2,822 mn), up 4%.
- Property management and leasing revenue increased to SAR 125 mn (2013 : SAR 108 mn), up 15%, and was 4% of total revenue.
- Residential and commercial project revenue was SAR 8 mn, 0.3% of total revenue.
- **Gross Margin** improved significantly to 42.5 % (2013 : 39.3%).
- **SG&A** was at SAR 237 mn (2013 : SAR 151 mn) driven by higher headcount related expenses and higher professional consulting services.
- **EBITDA** was SAR 1,181 mn up 8% (2013 : SAR 1,091 mn).
- **Finance expenses** were SAR 493 mn (2013 : SAR 314 mn) driven by increased lending and less capitalization of interest.
- **Other income** SAR 47 mn improved by 19% driven by better performance on deposits income.
- **Net profit** amounted to SAR 575 mn down 16 % (2013 : SAR 681 mn).



Financial Highlights

2014 Balance Sheet and Funding

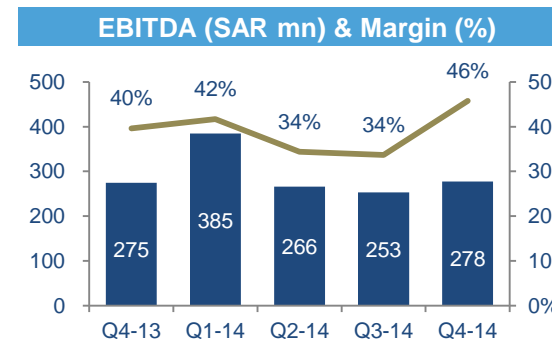
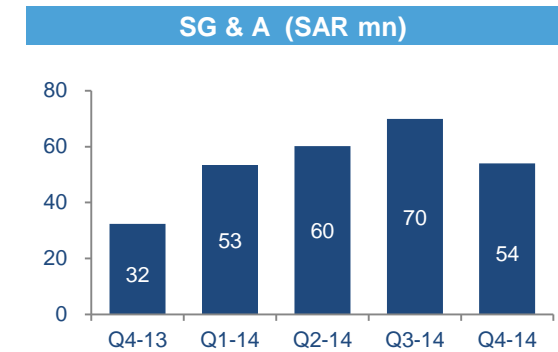
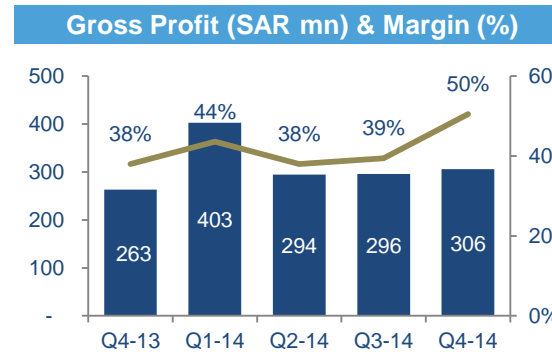
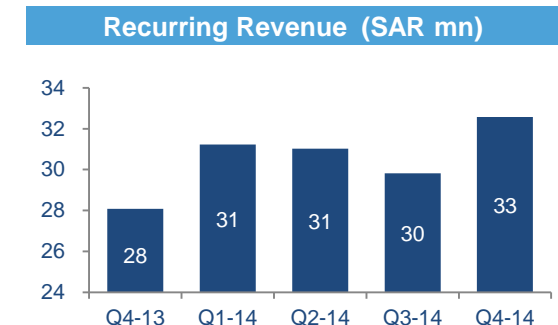
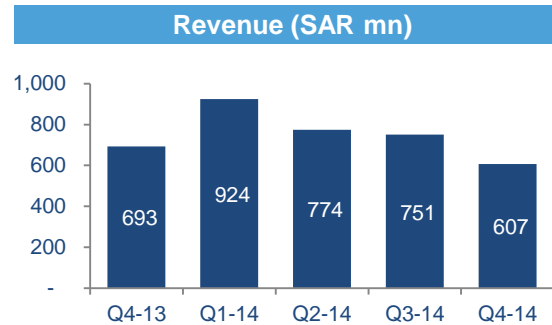
- **Strong Liquidity Position:** Cash balance closed at SAR 2,310 mn (2013: SAR 2,279 mn). This is more than adequate to match the Sukuk repayment of SAR 1,687 mn in Feb 2015.
- **New debt** issued in 2014 was SAR 2,363 mn.
- **Net debt** stands at SAR 5,296 mn (2013 SAR 3,624mn). Net debt/EBITDA stands at 4.5x.
- **Maturities** are well spread and cash management is prudent.
- **DAAR invested** SAR 2,293 mn in land developments in 2014 (2013: SAR 885 mn), capitalizing on the opportunity to acquire good quality land at favourable prices, whilst retaining sufficient cash for debt repayments. SAR 885 mn was invested in leasing assets in Q1 2014.
- DAAR received **Ba3 credit rating** from Moody's driven by the strength in the operating and business environment, having significant value in assets, growing recurring income portfolio and demonstrating a more conservative financial policy by prefunding upcoming debt maturities.



Financial Highlights

2014 Quarterly Profitability

- **Revenue** decreased -12 % Q4 over Q4 to SAR 607 mn (2013 Q4 : SAR 693 mn).
- Land development revenue was SAR 574 mn (2013 Q4 : SAR 665 mn), down -14%.
- Property management and leasing revenue increased to SAR 33 mn (2013 Q4 : SAR 28 mn), up 18%.
- **Gross Margin** improved significantly to 50 % (2013 Q4 : 38 %).
- **SG&A** was at SAR 54 mn (2013 Q4: SAR 32 mn) driven by higher headcount related expenses and higher professional consulting services.
- **EBITDA** was SAR 278 mn (2013 Q4 : SAR 275 mn).
- **Finance expenses** were SAR 133 mn (2013 Q4 : 92 mn) driven by increased lending and less capitalization of interest.
- **Other income** dropped to SAR 8 mn from SAR 32 mn due to high swap income in Q4, 2013.
- **Net profit** amounted to SAR 116 mn (2013 Q4 : SAR 157 mn).



Residential and Commercial Developments

Juman Development, Dammam

- Juman was initiated in early 2014 through a Joint Venture Agreement with prominent Saudi partners. DAAR owns part of the equity and was appointed as Development and Project Manager for the entire development.
- The Juman project will be an integrated community providing its residents and visitors with modern waterfront living. Owing to its favourable location close to Dammam downtown, Ras Tanoura and other major population centers and thanks to its sheer size, the project will be positioned as the main destination to live, work and visit in the Eastern Province
- The development will involve reclamation (land improvements) in a very shallow shore of Dammam bay
- The current time line estimates to complete the master plan, obtain approvals, design the required engineering for the edge protection, land reclamation and infrastructure development in next 3-4 years. It is estimated that vertical construction in this project will only commence in 2019.



Waterfront Hospitality and Entertainment



Commercial and Retail

Residential

Residential and Commercial Developments

Other Development Projects

Shams Ar Riyadh

2,355,540 sqm

- Technical approvals on the revised master plan were completed from local municipality in Q2 2014. Revised master plan for Shams Ar Riyadh with a more efficient land use and better adapted to the current market needs, was submitted to Riyadh's Development Authority.
- The gated community with 1,160 units is under design process.
- Units for sale (325) under design process.
- Commercial zone with 3,269,040 sqm of BUA for retail, hospitality, office, convention and residential mix use is under market and feasibility study.



Gated Community



Commercial



Shams Al Arous (Jeddah)

938,395 sqm

- DAAR sold 338,408 sqm of developed land to sub-developers and brokers in 2014.
- Residential mix use community with 3,300 units is under planning.
- Zone parcelation of south part of the land is in progress with municipality.



Palaces



Villas and App. for sale

Al Tital (Medina)

438,824 sqm

- DAAR is selling developed land to sub developers and broker. Land sold in 2014 was 10,082 sqm.

Asset Management and Leasing

2014, Performance

Property Under Lease	726,716 sqm	Occupancy
Al Qasr Community (Riyadh)	512,504 sqm	50 % (47 %)
<ul style="list-style-type: none"> MOFA 510 apartments, Ritz Carlton 98 apartments and Office building of 19,910 sqm leased out to AMANA. Negotiations with government entities on-going to lease all remaining residential units. 1,071 were acquired in Q1, 2014, with a low occupancy of 9%. 		
Al Qasr Mall (Riyadh)	78,496 sqm	87 % (87 %)
<ul style="list-style-type: none"> F&B and Retail leases signed, configuration of the 3rd floor on-going. 		
Al Tilal Villas (Medina)	87,025 sqm	35 % (0 %)
<ul style="list-style-type: none"> Lease agreement signed with Ministry of Defence for 86 villas, refitting on-going. Asset acquired in Q1 with 97 villas leased out. 		
Azizia Towers (Mecca)	40,746 sqm	100 % (100 %)
<ul style="list-style-type: none"> Fully leased to King Abdullah Medical City. 		
Al Masif Villas (Riyadh)	6,838 sqm	100 % (0 %)
<ul style="list-style-type: none"> Asset refurbished and fully leased to NESMA. 		



Al Qasr Community



Al Qasr Mall



Al Tilal Villas

Market Outlook

The Long-term outlook of the Saudi Real Estate sector remains positive

Saudi Market

- ⁽¹⁾According to research reports, the long-term outlook of the RE sector remains positive.
- 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 despite recent changes in Oil price. Saudi Arabia with ample fiscal flexibility will continue to invest in the economy going forward.
- ⁽²⁾Residential selling prices have been continuously increasing while the office segment is expected to be under pressure. Sale prices of residential units increased between 4% to 6% in all major cities During H1, 2014. Rental rates also showed an increasing trend which ranged between 3% to 6%. Some degree of leveling out of price growth was witnessed in fourth quarter.

Mortgage Law Update

- Implementing regulations for two laws (the registered real estate mortgage law and the enforcement (execution) law) remain under review. Timeline for the remaining laws is likely to be Q2 2015.
- Full Implementation of Finance Laws and Regulations commenced on 8th Nov, 2014. SAMA had approved 37 licensing applications for various finance activities, of which real estate finance licenses have been issued to 12 banks and 4 finance companies. Regulations are expected to promote transparency and disclosure and create a competitive market .
- Top up/Additional loan schemes are supporting increase in the means of real estate financing. Top up/Additional loans enables applicants to buy ready units with a market price exceeding the REDF loan amount, build extra units on a building financed by REDF, or buy land to build on it using REDF loan. Top up/Additional loans are fully executed based on the new mortgage laws provision.

Policy Update (Ministry of Housing “MoH”)

- MoH invites private sector RE developers to a new tender to develop 26,000 apartment units in (Madinah, Jeddah, Dammam, Al Qatif) cities.
- MoH approves and announces 750K out of 960K as eligible applicant for housing support. This support will be through the discretionary four products offered by MoH (housing unit, loan, land, and land & loan). MoH is working to offer 306 K different product as a first phase. This in addition to 200k REDF loans being disbursed.
- MoH's recommendation for regulatory decision to start annual tax fees on white land was rejected and then referred by the top Shariah council “Alolama” to the Supreme economic council (a top policy body chaired by King) to assess the potential impact on the Saudi real estate sector and the broader economy.
- According to press reports, MoH intends to partner with RE developers to develop housing projects on the lands owned by RE Developers, especially in the main cities where the ministry suffers land plot shortage.



Financial Performance

Income Statements

SR in 000s	FY 2011	FY 2012	FY 2013	FY 2014	Q4 2013	Q4 2014
Revenue	3,312,510	3,557,072	2,931,168	3,056,060	692,927	606,747
Cost of sales	(1,943,497)	(2,163,366)	(1,778,097)	(1,756,805)	(429,962)	(300,635)
Gross profit	1,369,013	1,393,706	1,153,071	1,299,255	262,965	306,112
%	41.3%	39.2%	39.3%	42.5%	37.9%	50.5%
Operating expenses	(90,844)	(153,898)	(151,027)	(237,453)	(32,416)	(53,957)
Operating profit	1,278,169	1,239,808	1,002,044	1,061,802	230,549	252,155
Income from Associates	400	850	3,250	16,000	0	2,500
Depreciation & amortization	(27,750)	(55,381)	(31,665)	(41,888)	(9,790)	(11,525)
EBIT	1,250,819	1,185,277	973,629	1,035,914	220,759	243,130
Other income	99,299	92,776	39,320	46,895	31,555	7,816
Finance cost	(212,809)	(264,086)	(313,959)	(493,294)	(91,554)	(132,849)
PBT	1,137,309	1,013,967	698,990	589,515	160,760	118,097
%	34.3%	28.5%	23.8%	19.3%	23.2%	19.5%
Zakat	(49,374)	(25,430)	(17,528)	(14,820)	(3,928)	(2,500)
Net Income	1,087,935	988,537	681,462	574,695	156,832	115,597
%	32.8%	27.8%	23.2%	18.8%	22.6%	19.1%
Revenue growth	-20.0%	7.4%	-17.6%	4.3%	-4.0%	-19.2%
EBITDA	1,383,645	1,354,758	1,091,102	1,181,498	274,604	277,551
%	41.8%	38.1%	37.2%	38.7%	39.6%	45.7%

KPIs

GM%	41.3%	39.2%	39.3%	42.5%	37.9%	50.5%
Operating profit%	38.6%	34.9%	34.2%	34.7%	33.3%	41.6%
EBITDA%	41.8%	38.1%	37.2%	38.7%	39.6%	45.7%
PBT %	34.3%	28.5%	23.8%	19.3%	23.2%	19.5%
Net income %	32.8%	27.8%	23.2%	18.8%	22.6%	19.1%

Financial Performance... cont'd

Balance Sheet

SR in 000s	FY 2011	FY 2012	FY 2013	FY 2014
Cash	2,505,774	535,771	2,279,132	2,310,196
Accounts Receivables	1,227,708	1,492,749	1,364,297	1,747,778
Pre-paid Expenses	506,761	632,781	484,201	816,697
Residential and commercial development-ST	64,469	46,702	44,529	-
Develop Land -ST	2,106,603	844,332	927,110	794,145
Others	143	143	143	143
Total Current Assets	6,411,458	3,552,478	5,099,412	5,668,959
Investment in Land	5,082,926	5,605,630	4,864,302	5,445,630
Residential and commercial development-LT	3,868,580	3,214,085	2,718,238	2,619,749
Land development projects -LT	3,978,354	3,924,500	6,062,219	6,296,307
Develop Land -LT	759,757	2,124,441	1,936,614	1,949,764
Investment Properties	2,753,353	2,737,060	2,694,638	3,567,451
Investment is Associates	1,162,760	744,157	747,407	763,407
Other Assets	83,571	77,938	74,502	71,279
Total Non-Current Assets	17,689,301	18,427,811	19,097,920	20,713,587
Total Assets	24,100,759	21,980,289	24,197,332	26,382,546
Payables & Accruals	1,106,902	1,267,876	1,283,586	1,189,858
Murabahas & Sukuks-ST	4,634,380	1,095,120	744,308	2,148,064
Total Current Liabilities	5,741,282	2,362,996	2,027,894	3,337,922
Murabahas & Sukuks-LT	2,757,756	3,289,359	5,159,269	5,458,564
Others	14,158	16,575	17,348	18,544
Total Non-Current Liabilities	2,771,914	3,305,934	5,176,617	5,477,108
Total Equity	15,587,563	16,311,359	16,992,821	17,567,516
Total Liabilities & SE	24,100,759	21,980,289	24,197,332	26,382,546

Business Assets Breakup:

Land development	11,927,640	12,498,903	13,790,245	14,485,846
Property management and leasing	2,753,353	2,737,060	2,694,638	3,567,451
Residential and commercial developments	3,933,049	3,260,787	2,762,767	2,619,749



Investment Summary

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

9

Progress with revenue diversification and increasing visibility