

Investor Presentation

Q1, 2019

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1. Macro Economic Overview & KSA Real Estate Market



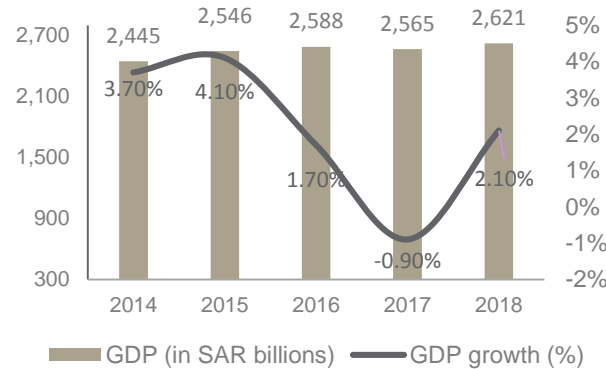
The Kingdom's expansionary and largest ever Budget for 2019 of SAR 1.1 trillion shows government's commitment to drive economic growth and is in line with Vision 2030's objectives. This, along with opening KSA further for business, is expected to boost and diversify the economy.

Brent Oil Prices



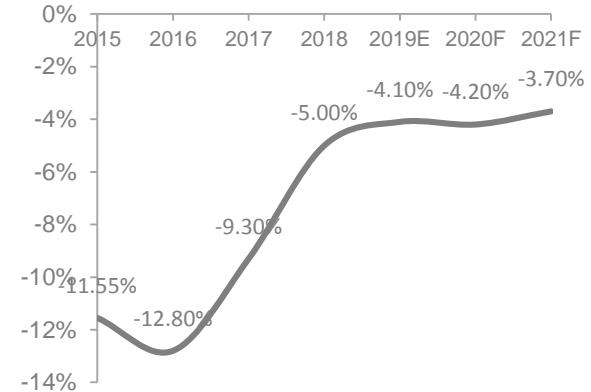
- Brent oil prices averaged \$63 pb in Q1 2019, down 6% on a quarterly basis as concerns over demand put pressure on prices. The quarterly average disguises the fact that Brent oil prices recovered to around \$68 pb towards the end of the quarter.
- OPEC crude oil production was down 5% YoY and 6% QoQ in Q1 2019.
- Price has gained marginally and current oil price is around \$72 pb.

GDP Growth Picking Up



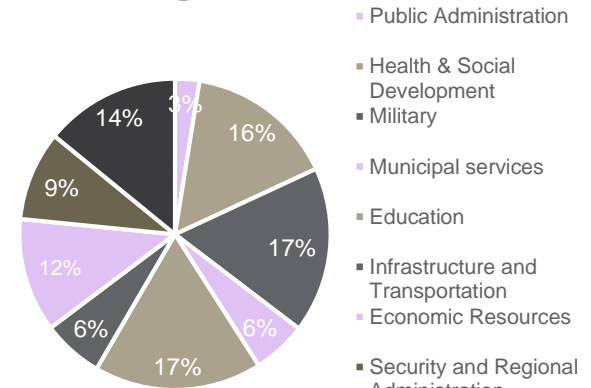
- Driven by SAR 246 bn of capital expenditure (+ 22.2%) and accounting for 20% of total govt. spend 2.3% GDP growth forecast in 2019.
- SAR 313 bn i.e., 1/3rd of total revenues in 2019 forecast to come from non-oil revenues
- Increase in job reservations for Saudis is leading to increase in Saudi employment, especially women, which is improving spending power and boosting the economic growth.
- Focus on the following areas will further improve and diversify the economy in the long term:
 - Increase in religious tourism from c. 21 mn a year in 2017 to c. 37 mn by 2030.
 - Increasing home ownership among Saudi nationals to 60% by 2020 and 70% by 2030 supported by SAR 120 billion mortgage fund – this will particularly benefit the real estate sector

Continued Reduction In Deficit (as% of GDP)



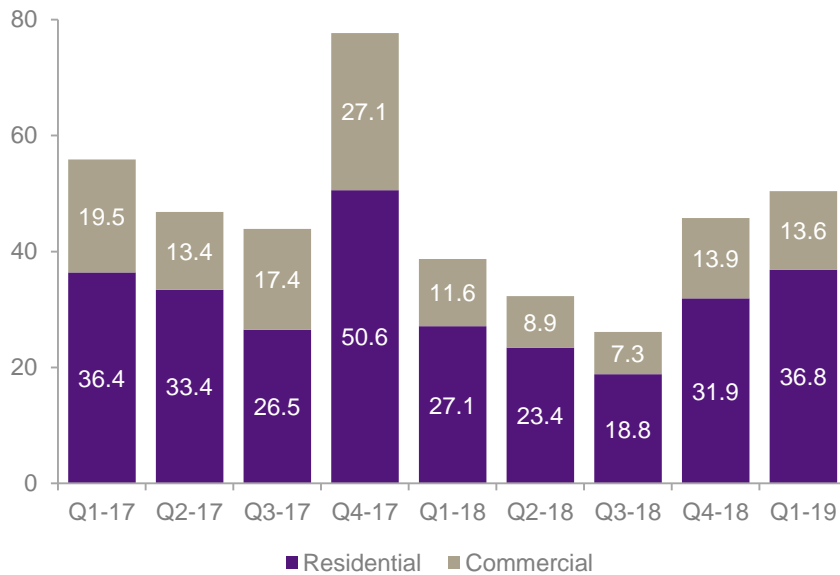
- Government initiatives since 2017 to bridge the deficit through levy of expat tax, VAT etc., is continuing with further increases in 2019.

Budget Allocation 2019

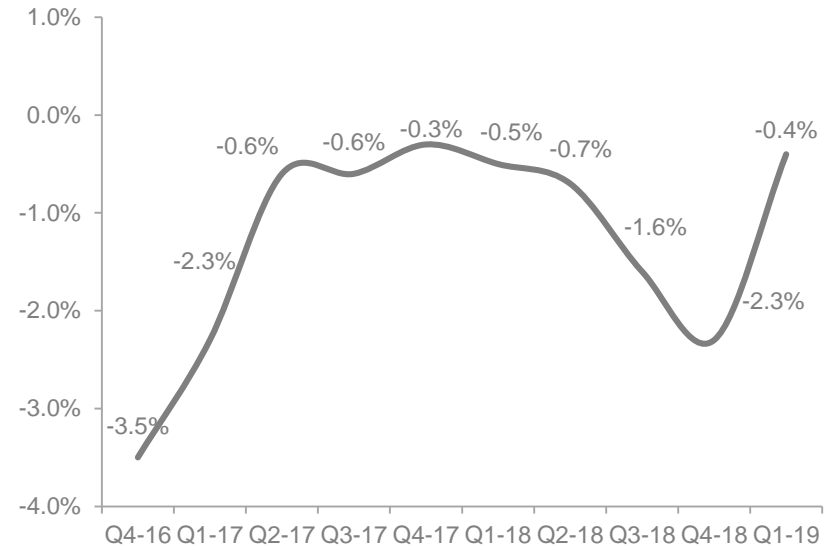


- Over 7% rise in budget expenditure for 2019

Value of Real Estate Transactions in KSA (SAR bn)



KSA Real Estate Price Index (QoQ)



- The real estate market in Saudi continued to recover in Q1 2019 with value of transactions up 30% YoY and 10% QoQ.
- Residential segment outperformed recording 36% YoY and 15% QoQ growth.
- The real estate price index is relatively flat (only -0.4% below previous quarter).

2. Overview of Dar Al Arkan



Prudent Real Estate Acquisition Strategies Paying Off

In soft market conditions, management's rigorous acquisition policies are proving their worth allowing the company to continually

- generate decent levels of liquidity
- at reasonable margins (especially in light of shorter holding periods)

In Q1 2019, DAAR generated revenues of SAR 824 mn and gross profits of SAR 159 mn.

Proven Ability To Execute Large Scale Projects

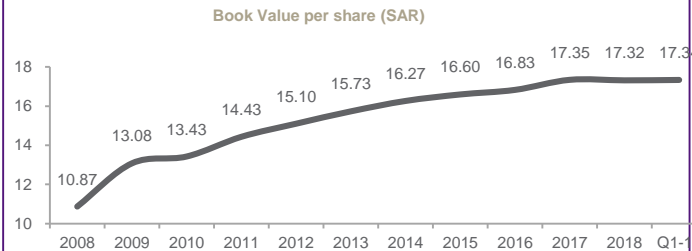
Dar Al Arkan has developed some of the largest communities in Saudi Arabia including Ishbilya and Parisiana. Its Al Qasr Mall is among the largest shopping malls in Riyadh. Cinema multiplex with 15 screens (largest in KSA) opened in March 2019.

DAAR currently has 12.4 mn sqm land under development which includes projects such as Shams Ar-Riyadh, Shams Al Arous & Juman in KSA. It has also moved into vertical development with the I Love Florence project in Dubai.

Strong Financial Position

DAAR maintains a strong balance sheet with SAR 8.3 bn in cash and receivables, against total debt of SAR 6.4 bn.

Despite carrying assets at cost, the 60% rise in book value of shares over last decade is reflective of the company's rising financial strength.



Experienced Management With Good Corporate Governance

DAAR has a Board with wealth of experience in Real Estate and a Management team with extensive experience in executing large scale projects in KSA and internationally.

Diversification

DAAR's strategy is to generate revenue from a diversified portfolio of development projects and also grow income producing assets.

Leased Portfolio

Company is pursuing the process for separately listing its leased portfolio. Financial advisors and lawyers are onboard and discussions with regulators are ongoing.

Government Support To Develop Local Real Estate Sector

Real Estate sector remains a priority for the Saudi government, driven by multiple initiatives launched by MOH, the support of SAMA through increasing LTV for housing and via PIF which is initiating trophy mega real estate projects across the Kingdom.

Government is seeking public private partnership with local real estate developers to develop affordable housing. DAAR is also looking at some opportunities to work with the Govt. under this program.

Revenues (LTM) -38%

SAR 4,442 mn

(At Q1 2018 : SAR 7,168 mn)

EBITDA (LTM) -45%

SAR 792 mn

(At Q1 2018 : SAR 1,447 mn)

**Investment in
Development Properties
(LTM) +167%**

SAR 4,124 mn

(At Q1 2018 : SAR 1,545 mn)

Cash and Bank

SAR 4,710 mn

(Q1 2018: SAR 5,240 mn)

**Gross Debt/
Capitalization**

25.3%

(Q1 2018:30.0%)

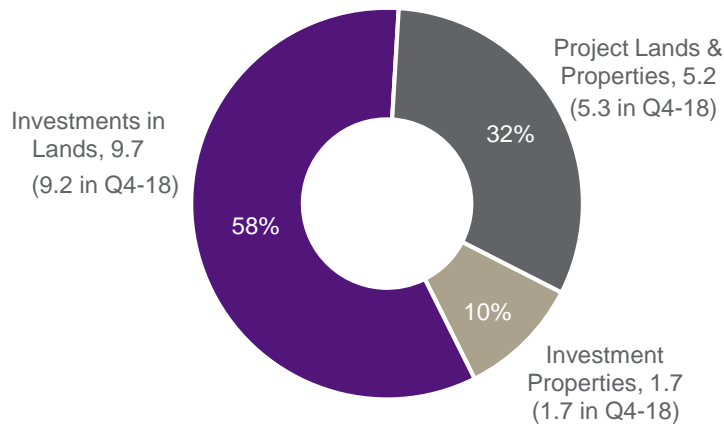
Book Value Per Share

SAR 17.34

(Q1 2018: SAR 17.65)

- DAAR's total Real Estate Properties as per the financial statements is SAR 16.6 bn.

Real Estate Properties Break up - SAR bn

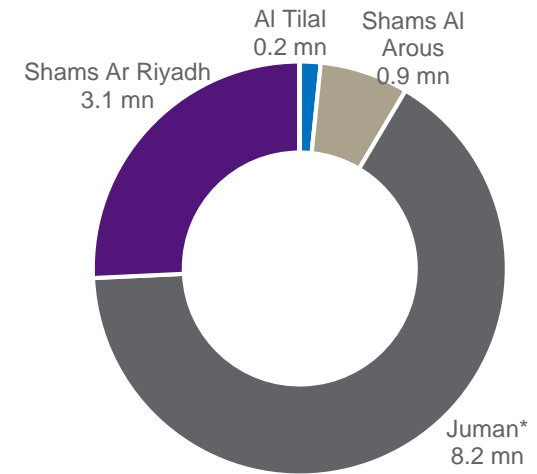


**Project Lands & Properties along with Investments in Lands are clubbed together as "Development Properties" in financial statements.*

- Real Estate Properties are carried at historical cost.

- DAAR has a strong pipeline of projects across the Kingdom totaling 12.4 mn sqm.

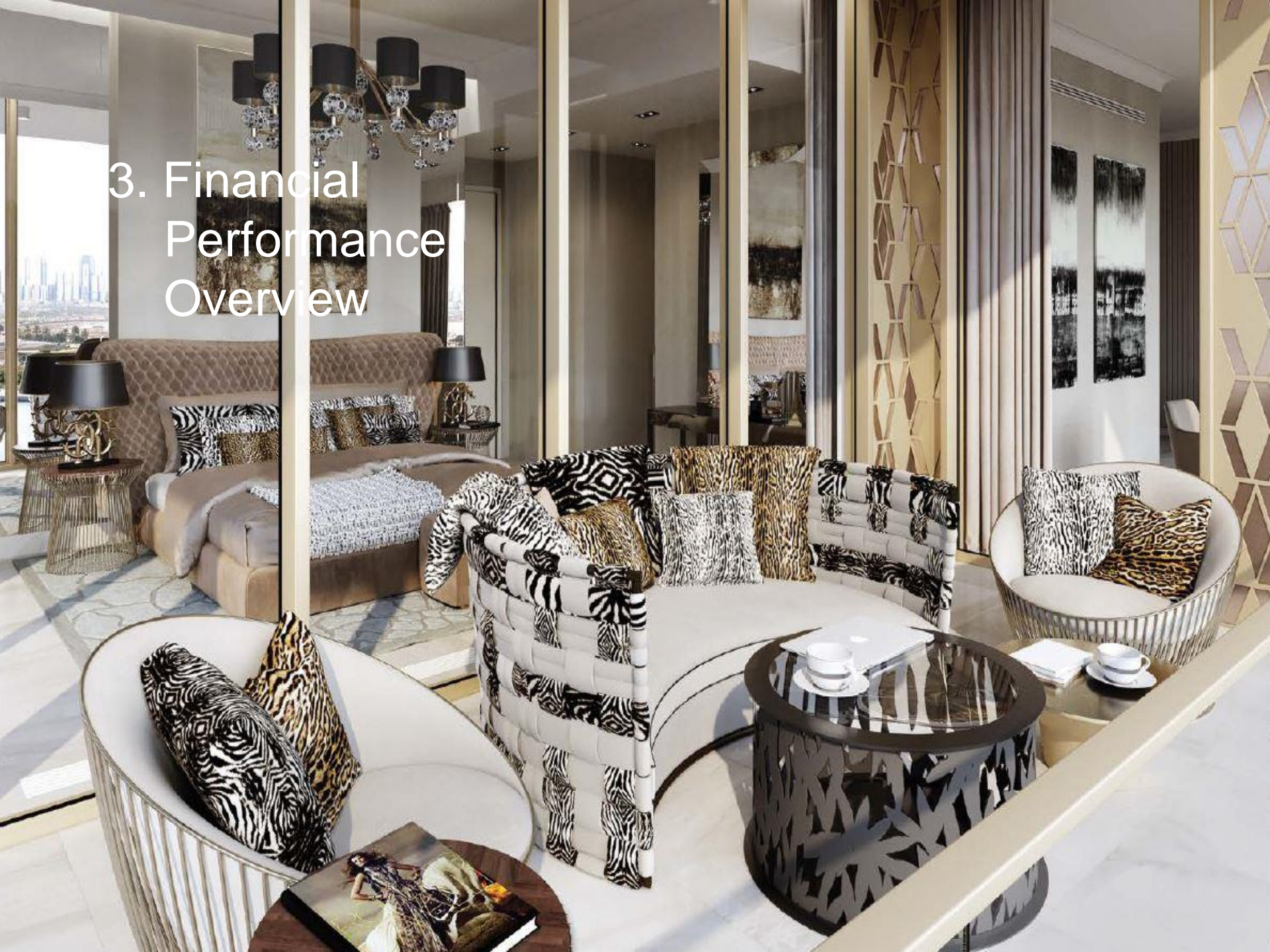
Projects Lands Break up (Sqm)



**DAAR holds 18% share in Juman*

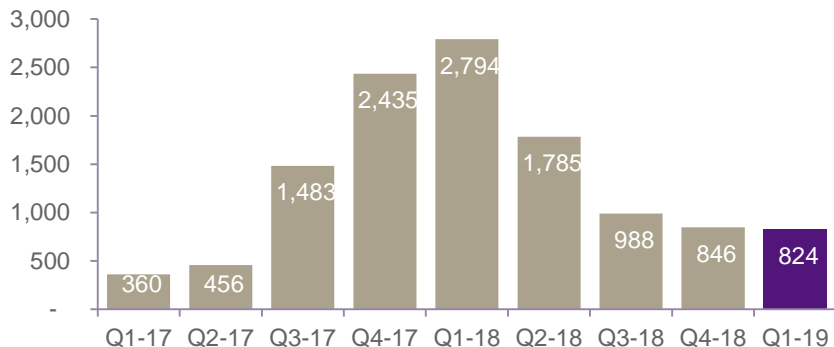
- DAAR's strategy is to increase retail sales with the objective of generating superior margins.
- DAAR is developing and selling residential plots, villas, apartments and commercial mix-use properties.
- Currently, sales comprise of off-plan sales and finished properties.

3. Financial Performance Overview



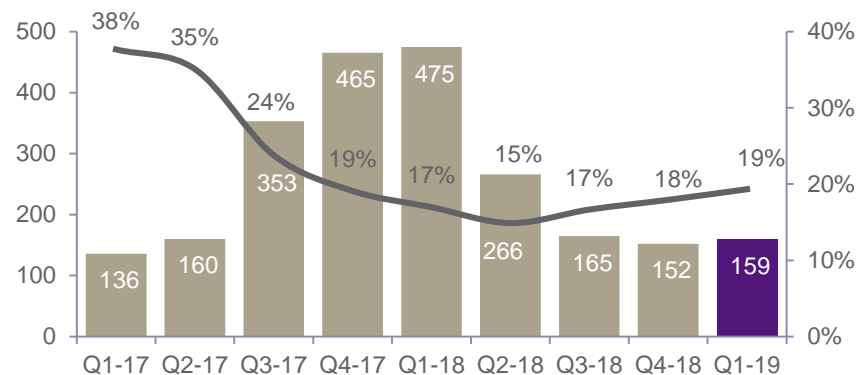
Financial Performance – Q1 2019 Profitability

Quarterly Revenues (SAR mn)



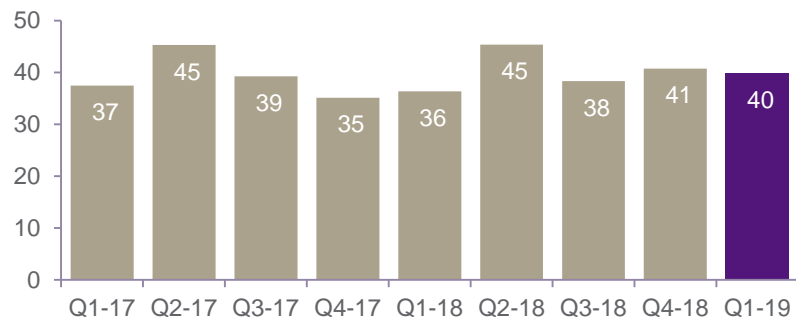
- Revenues decreased by 3% QoQ and by 71% YoY.

Gross Profit (SAR mn) & Margin (%)



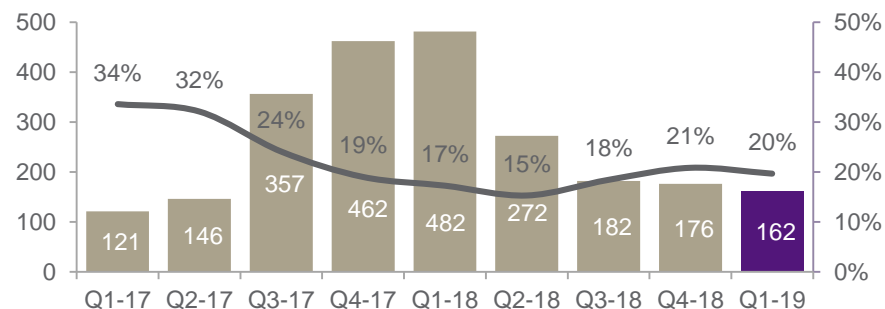
- Gross profit increased by 5% QoQ and decreased by 66% YoY.

SG&A (SAR mn)



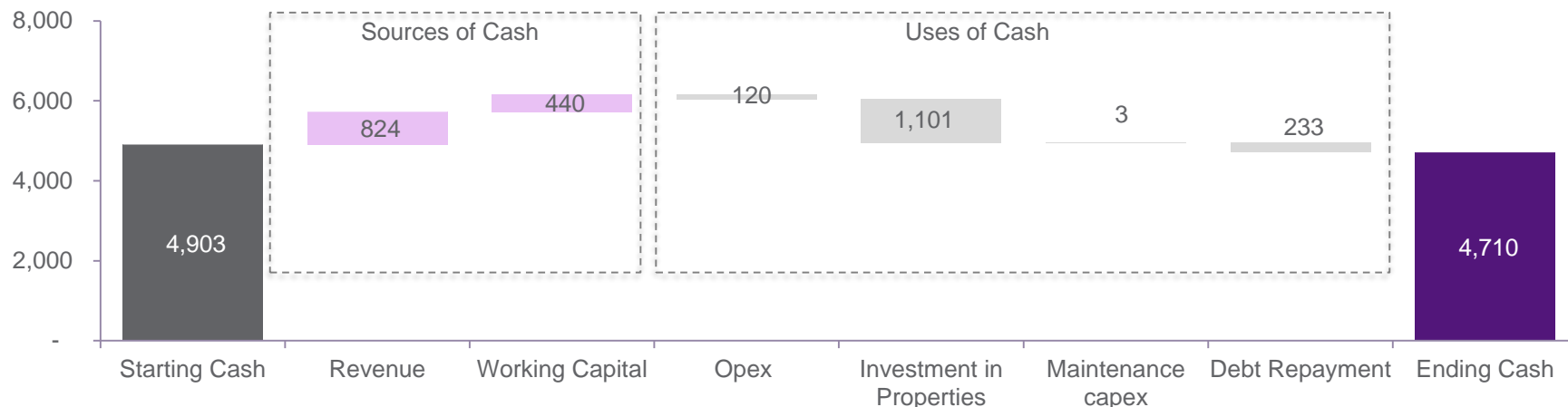
- SG&A remained flat QoQ.

EBITDA (SAR mn) & EBITDA Margin (%)



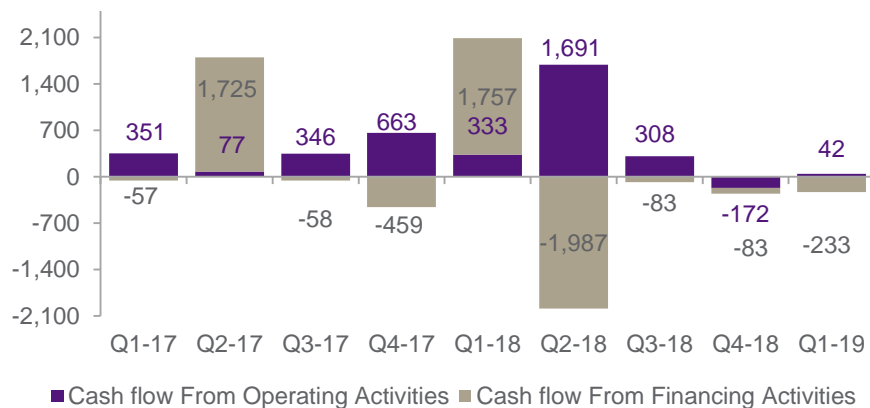
- EBITDA decreased by 8% QoQ primarily due to lower other income and by 66% YoY due to lower sales.

Cash Flow – Q1 2019 (SAR mn)

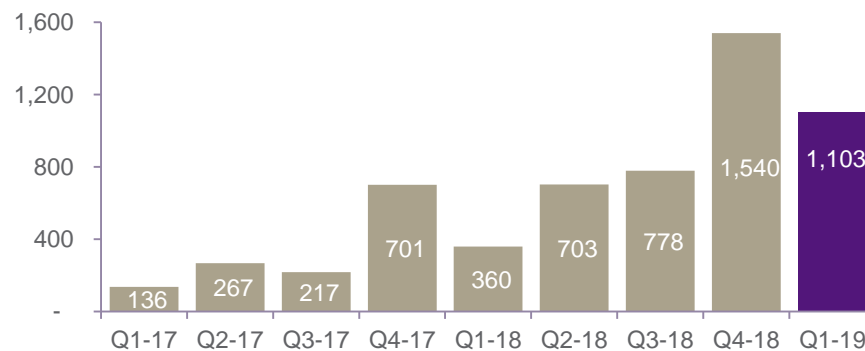


- DAAR's liquidity position remains robust.
- Strong collections of SAR 1.2 bn enabled investment of SAR 1.1 bn.

Activity wise Quarterly Cash Flow (SAR mn)

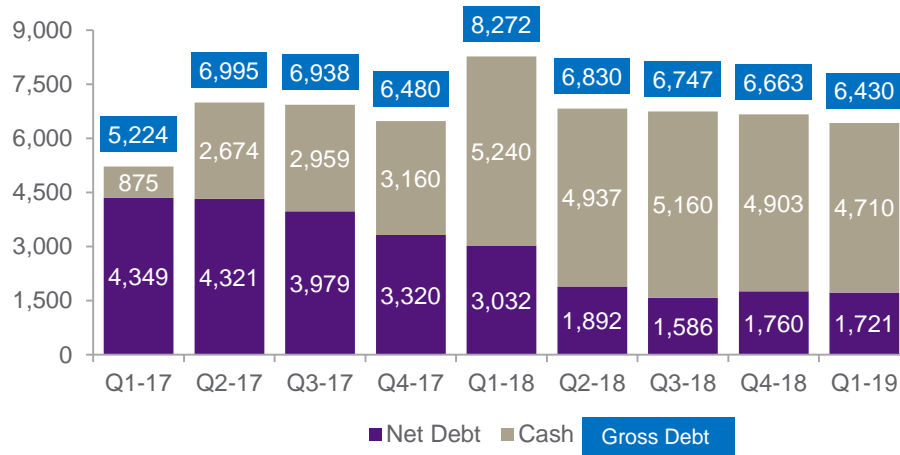


Investment in Development Properties (SAR mn)



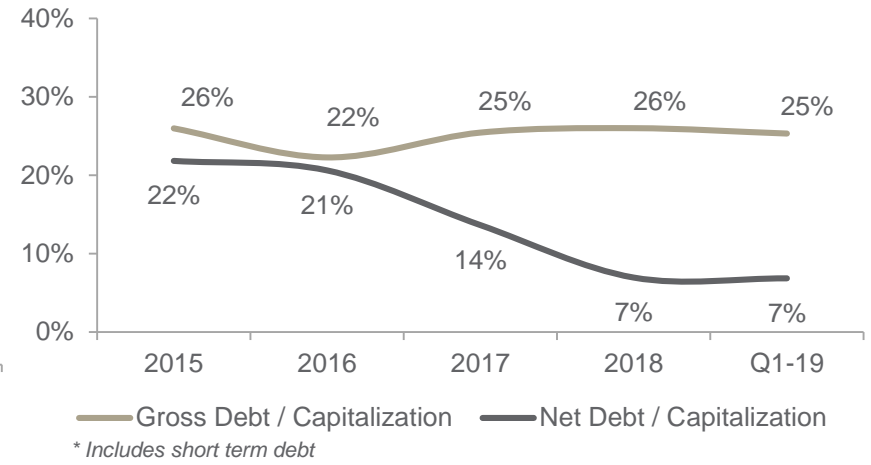
- Heightened investment of SAR 2.6 bn over last 6 months, reflects DAAR's assessment of opportunities in selective areas.

Gross Debt Vs Net Debt (SAR mn)



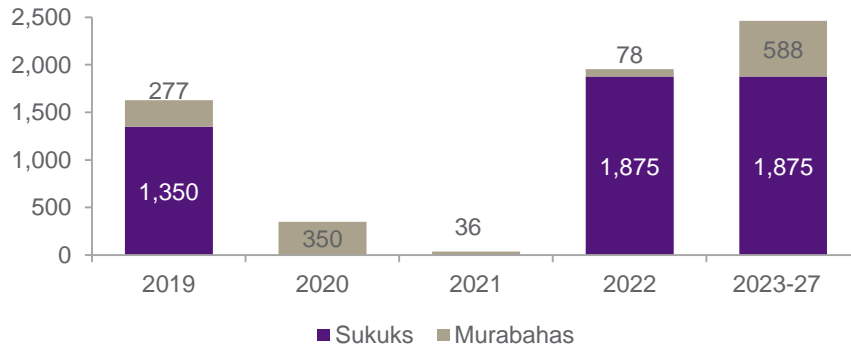
- Net debt continues to decline and is at the lowest level since 2007.

Debt* / Capitalization



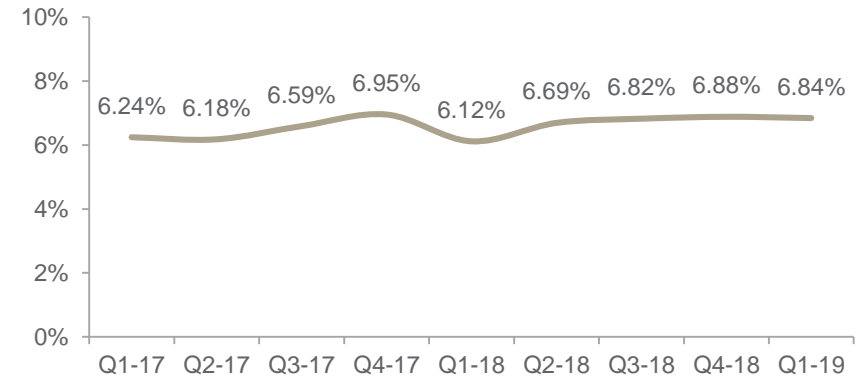
- Debt ratios continue to improve due to repayments

Debt Maturity Profile (SAR mn)



- Next 8 years maturities are well spread over allowing for prudent cash management.
- Cash balance of SAR 4.7 bn is sufficient to cover repayments till end 2022.

Effective Cost of Funding



4. Overview of Assets Portfolio



Riyadh Projects



- Situated in the Al-Ammariyah district (King Khalid Road), part of the growing northwest corridor of Riyadh, Shams ArRiyadh is close to the heart of the city.
- Total project land area is 5.0 mn sqm (out of which 1.8 mn sqm was sold to SABIC who have since developed housing for their staff) and is located just 19 km from KKI Airport and 9 km from King Abdullah Financial Center.
- Off plan land plot sales in Zone 4B started in Q2 2018 upon receipt of WAFI approval. So far, 171 plots are sold which includes bookings
- Zone 3 & 5 master plan are in advanced stage of approval
- Model mansion construction started
- Infra of zone 4B in progress

Key Facts – 4B:

Gross Land	550k sqm
Saleable Plots	257k sqm
Residential Plots	218 plots

Jeddah Projects



- The site is situated 12 kms from CBD directly off the 6 lane Palestine Road which connects Arous with the Jeddah city center (CBD).
- The site can be accessed via this road from CBD, Central Jeddah, the North and southern parts of the city and the airport.
- Housing proposal for MOH is in process
- Upgradation work of electrical infrastructure started and targeted for completion in a quarter

Key Facts:

Land Plots for Sale (Gross Land)	862k sqm
Retail Strip Development:	
Lot Size	55,000 sqm
GLA	31,000 sqm

Eastern Province Projects



- The project is located in the Eastern Province overlooking Tarout Bay.
- The project aims to be the new hub for this fast growing area, becoming a waterfront luxury residential, leisure and MICE destination with hospitality projects catering for the upper middle to the upper-upper luxury segments. Jumanaz will also include other commercial components.
- Phase 1 consisting of very shallow reclamation development for a resort is planned to start in 2020
- High & Best Use (HBU) study from external consultants has been completed in the quarter and review is under progress.

Key Facts:

Land Area	8.2 mn mixed use land
DAAR Role	Master Developer
DAAR Holding	18% in JV

I Love Florence, Dubai



- The I Love Florence Tower project is located in the Business Bay area of Dubai, with a value of SAR 805 mn (US\$ 215 mn)
- The tower reaches 34 stories and is fully designed by Roberto Cavalli's heritage and love for Florence.
- Launch of sales of the project started in Q4 2017 in Dubai, followed by January launch in KSA.
- 43% of launched units have been sold on off plan
- Vertical construction package is in final stages of being awarded to contractor.

Key Facts:

Saleable (GFA)	42,000 sqm
Project value	SAR 805 mn
Number of Units	452
Number of Stories	34

Parisiana South



- Located in Riyadh city and easily accessed through King Fahad Road and major highways.
- Refurbished apartments with luscious landscape.
- Water feature installation surrounded by cafes, restaurants and shops.
- Private gym for men and women.
- Show Apartments ready for Ministry of Housing (MOH) sale
- Hand over of MOH Apartments initiated

Parisiana Living



- Located in Riyadh city and easily accessed through King Fahad Road, Parisiana Living is a focal investment location with access to all destinations; government departments, schools, big hospitals, and major shopping centers.
- Refurbishment of community street lights in progress
- Renovation of villas and the surroundings has been completed.
- Supply & installation of access gates has been done.

Naeem Eljiwar



- Located within the boundary of the Prophet's Mosque featuring vast ambiances and first-class services that offer comfort and luxury life to the residents.
- Villas of multiple design featuring variety of styles, interior designs and exclusive vanguard gardens.
- Renovation of villas and the surroundings has been done.

Al-Qasr Mall, Riyadh

Land Area	61,949 m ²
Built up Area	220,202 m ²
Gross Leasable Area	78,958 m ²
No. of floors	3 Leasable Floors plus two parking

Latest Activity: Cinema multiplex with 15 screens opened in March 2019.
New casual dining tenants being added to complement the cinema outing experience
Planned Ramadan activities like seasoned Bazaar, special retail activities with the major retailer of middle east and opening of new anchor tenants



Al-Qasr Apartments and Villas, Riyadh

GLA	200,000 m ²
Apartments	815

Latest Activity: 95% plus leased.



Azizia Towers, Makkah

GLA	41,720 m ²
# Leasable Units	305
# Leasable Floors	12

Latest Activity: 100% leased to King Abdullah Medical City (Government).



5. Appendix



SAR in 000s	FY 2017	FY 2018	Q1 – 2018	Q1 – 2019
Revenue	4,734,687	6,412,265	2,793,913	823,678
Cost of revenue	(3,620,675)	(5,355,116)	(2,319,302)	(664,394)
Gross profit	1,114,012	1,057,149	474,611	159,284
%	23.5%	16.5%	17.0%	19.3%
Operating expenses	(157,106)	(160,753)	(36,348)	(39,850)
Operating profit	956,906	896,396	438,263	119,434
%	20.2%	14.0%	15.7%	14.5%
Income from Associates	20,604	15,432	1,623	(1,457)
Depreciation & amortization	(4,896)	(8,189)	(1,816)	(2,192)
EBIT	972,614	903,639	438,070	115,785
%	20.5%	14.1%	15.7%	14.1%
Other income	39,397	132,840	24,083	32,593
Finance cost	(441,525)	(511,651)	(122,545)	(122,211)
PBT	570,486	524,828	339,608	26,167
%	12.0%	8.2%	12.2%	3.2%
Zakat	(14,443)	(13,046)	(8,490)	(654)
Net Income	556,043	511,783	331,118	25,513
%	11.7%	8.0%	11.9%	3.1%
EBITDA	1,086,112	1,111,861	481,510	161,791
%	22.9%	17.3%	17.2%	19.6%

SAR in 000s	FY 2017	FY 2018	Q1 – 2018	Q1 - 2019
Investment properties, net	3,290,010	1,693,141	3,272,470	1,683,121
Long-term development properties	14,751,565	14,148,262	12,814,180	14,602,379
Property and equipment, net	70,925	83,085	78,500	82,458
Investment in associates and joint ventures	811,189	826,621	812,812	825,164
Other assets	1,950	2,511	2,724	2,259
Total non-current assets	18,925,639	16,753,620	16,980,686	17,195,381
Short-term development properties	122,675	349,329	118,072	343,507
Trade receivables and others	4,033,325	4,740,877	6,096,988	4,330,703
Cash and cash equivalents	3,159,666	4,903,491	5,240,498	4,709,640
Total current assets	7,315,666	9,993,697	11,455,558	9,383,850
TOTAL ASSETS	26,241,305	26,747,317	28,436,244	26,579,231
Borrowing-long-term maturity portion	4,720,334	4,731,167	6,484,759	4,638,622
End of service indemnities	21,961	19,011	21,702	19,511
Total non-current liabilities	4,742,295	4,750,178	6,506,461	4,658,133
Borrowing-Short-term maturity portion	1,678,648	1,849,623	1,680,961	1,718,067
Trade payables and others	537,142	885,355	625,994	914,703
Zakat provision	549,670	556,828	558,160	557,482
Total current liabilities	2,765,460	3,291,806	2,865,115	3,190,252
Total liabilities	7,507,755	8,041,984	9,371,576	7,848,385
Share capital	10,800,000	10,800,000	10,800,000	10,800,000
Statutory reserve	1,058,720	1,109,601	1,058,720	1,109,601
Retained earnings	6,874,830	6,795,732	7,205,948	6,821,245
Total shareholders' equity	18,733,550	18,705,333	19,064,668	18,730,846
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	26,241,305	26,747,317	28,436,244	26,579,231

SAR in 000s	FY 2017	FY 2018	Q1 – 2018	Q1 – 2019
Profit before Zakat	567,811	521,855	339,608	26,167
Adjustments for:				
Depreciation	76,775	78,355	19,356	13,413
Amortization	0	0	0	252
End of service indemnities	5,129	4,122	1,236	601
Finance costs	441,523	511,652	122,545	122,211
Share of net profit from associates and joint ventures	(20,604)	(15,432)	(1,623)	1,457
Operating cash flow before WC movements	1,070,634	1,100,552	481,122	164,101
Development properties - net	2,227,035	1,903,999	1,941,988	(448,295)
Trade receivables and others	(1,450,347)	(707,552)	(2,063,663)	410,174
Other assets	(1,122)	(561)	(774)	0
Trade payables and others	7,421	348,213	88,852	29,348
Cash from operations	1,853,621	2,644,651	447,525	155,328
Finance costs	(408,673)	(474,207)	(112,795)	(113,155)
Zakat paid	(2,267)	(5,888)	0	0
End of service indemnities paid	(6,175)	(4,098)	(1,495)	(101)
Cash flow from operating activities	1,436,506	2,160,458	333,235	42,072
Investment properties	0	(648)	0	(1,201)
Proceeds from disposal of property and equipment	440	0	0	
Purchase of property and equipment	(10,130)	(20,348)	(9,391)	(1,565)
Net cash flow from investing activities	(9,690)	(20,996)	(9,391)	(2,766)
Long term borrowings	1,150,762	144,363	1,756,988	(233,157)
Dividend	0	(540,000)	0	0
Net cash flow from financing activities	1,150,762	(395,637)	1,756,988	(233,157)
Increase / (decrease) in cash and cash equivalents	2,577,578	1,743,825	2,080,832	(193,851)
Cash and cash equivalents, beginning of the period	582,088	3,159,666	3,159,666	4,903,491
Cash and cash equivalents, end of the period	3,159,666	4,903,491	5,240,498	4,709,640

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