

Investor Presentation

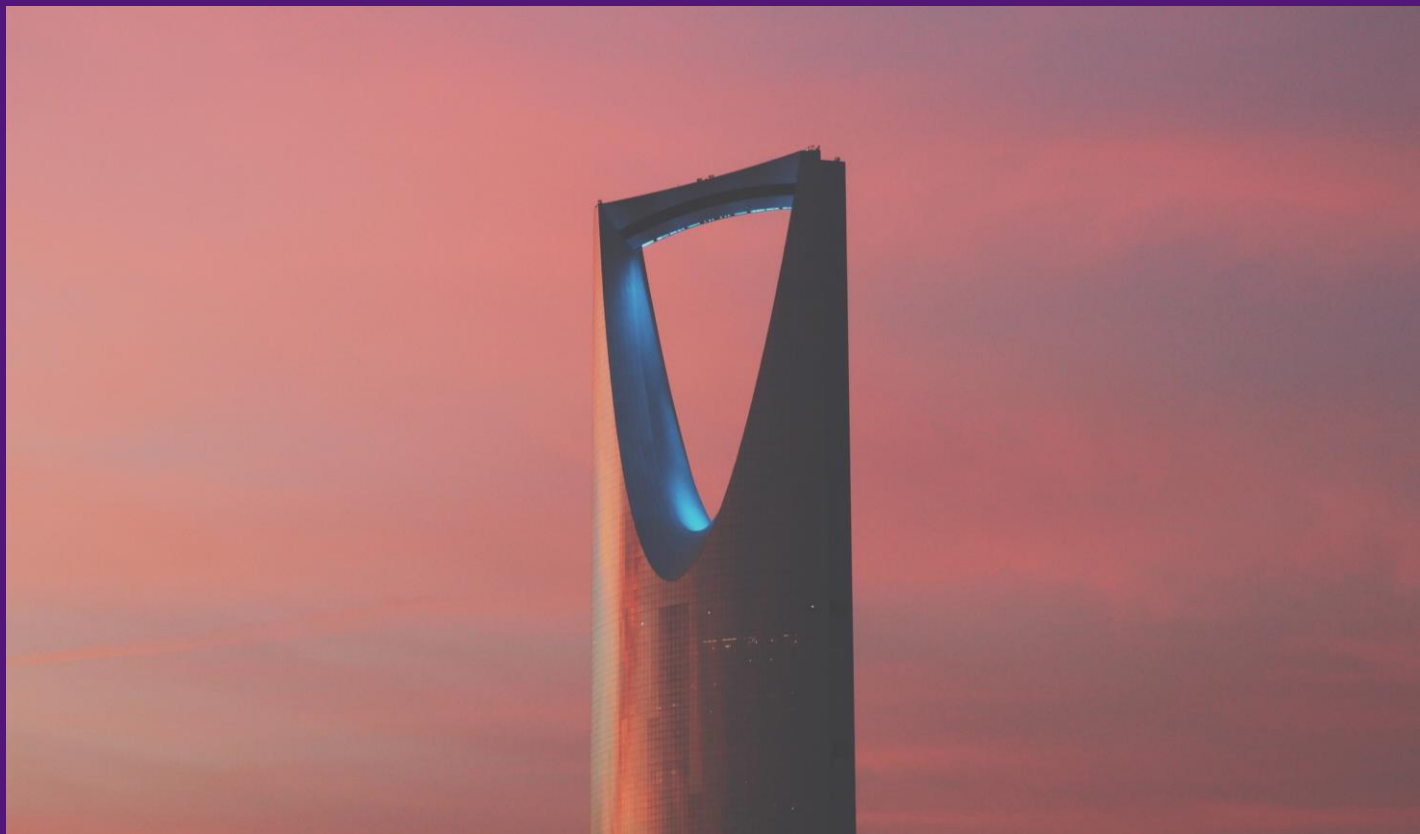
Q2 2020

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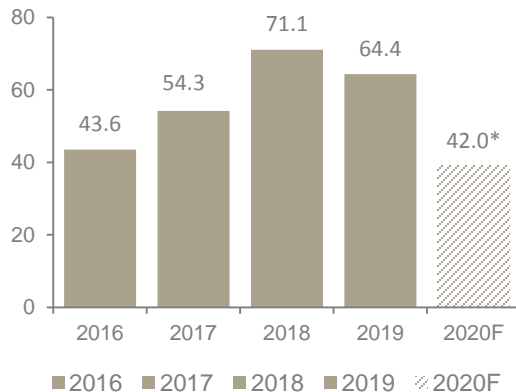
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1 | Macro Economic Overview & KSA Real Estate Market



The economic outlook is clouded by massive uncertainty!

Brent Oil Prices

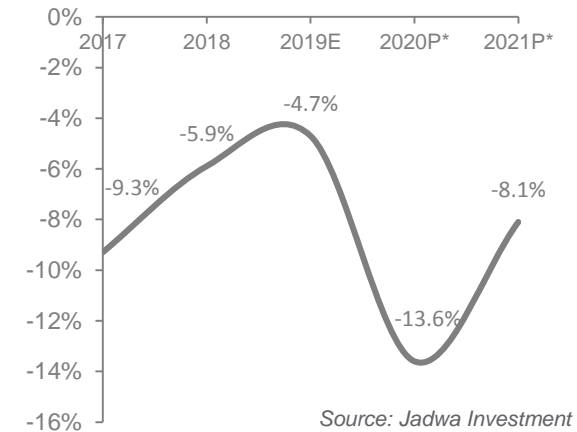


- Brent Price on Jul 31st 2020 stood at \$43.13.
- Brent oil prices rose for the second consecutive month in June (up 44% MoM), due to:
 - Strong compliance from OPEC and partners (OPEC+)
 - A progressive easing of lockdowns in some parts of the world.
- Looking ahead, oil prices remain vulnerable to a potential second wave of Covid-19 outbreaks and / or further slowdown in global economic activity.

GDP to Shrink in 2020

- The Global economy is expected to shrink in 2020 as a result of the Covid-19 lockdowns, the length and magnitude of the correction remains uncertain.
- Saudi has been early and strict in applying measures to prevent the transmission of Covid-19, including lockdowns, and curfews.
- Expectations are for the Saudi GDP to contract in 2020, however the magnitude of this contraction will be driven by the length of the lockdown, the oil price dynamics and the government actions to limit the deficit, all of which remain highly uncertain.
- Below a sample of current forecasts for Saudi GDP:
 - IMF as of June 2020 forecast KSA GDP at **(-6.8%)**. Having revised it down by -4.5% from the April forecast.
 - Jadwa Investments on Jun 30th 2020 forecast KSA GDP at **(-3%)**.
 - Samba as of April 2020 forecast KSA GDP at **(-3.2%)**.

Deficit to Expand in 2020



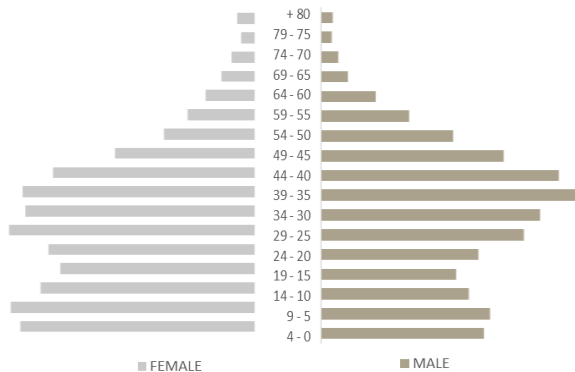
Source: Jadwa Investment

- The collapse in oil prices and the demand destruction following Covid-19 lockdowns globally have impacted Government revenues. Revenues for Q2 2020 totaled SAR 134 billion showing 49% yoy declines.
- Current expectations are for the budget deficit to reach c.-SAR 362 billion or 13.6% of GDP in 2020.
- Saudi's costs of supporting the economy have reached SAR 180 billion.
- Saudi is expected to borrow SAR 220 billion, to add to SAR 100 billion withdrawn from strategic reserves.
- VAT has been increased to 15% effective July 1st 2020 and a full review of government projects is underway.

However, the long-term fundamentals of the market remain intact

Positive Demographic Trends

KSA Total Population (Age/Gender)



Total population 34 million

- Population growth of 2.5% per year.
- C.60% of the population below the age of 30, entering their home making years.
- High per capita individuals per household, over 7.
- Social evolution leading younger generation to seek more independent living arrangements.

Supply Shortages



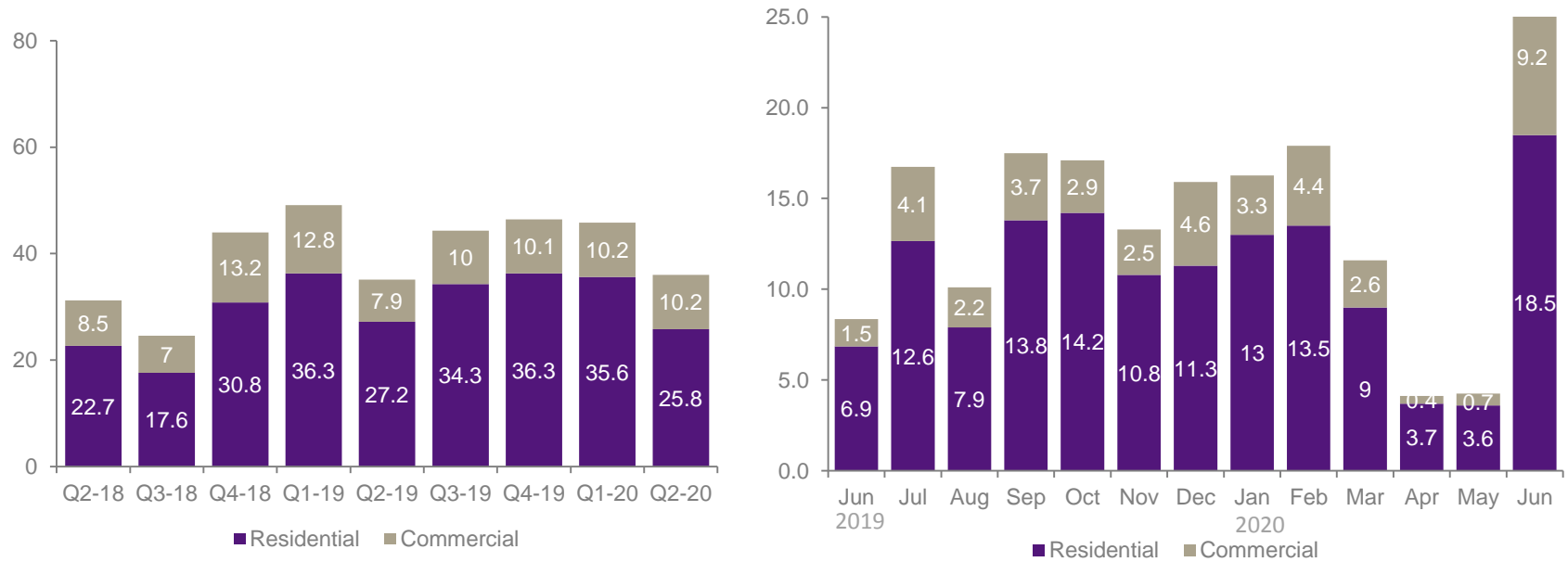
- Chronic under supply of residential housing.
- MOH estimates suggest that the residential market is under supplied by as many as 1.45 million units.
- Low home ownership penetration among Saudis, expected to be 50% in 2019..

Government Support



- Government support for the housing market has not yet wavered.
- On-going MOH Sakani program for low income households continues to honor existing participants, while new participation is suspended.
- REDF support through interest free mortgages.
- SRC adding liquidity to the mortgage market.
- Banks continue the support of mortgage provision.
- 70% target as part of Vision 2030 for home ownership penetration.

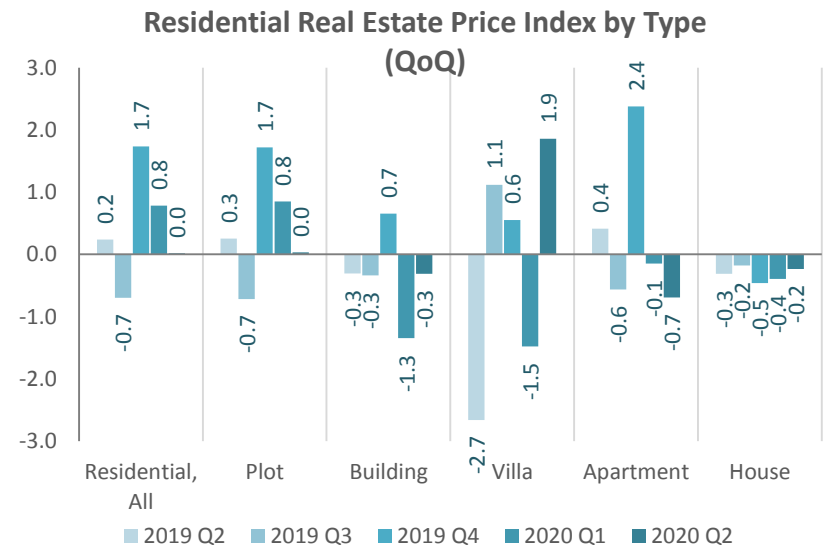
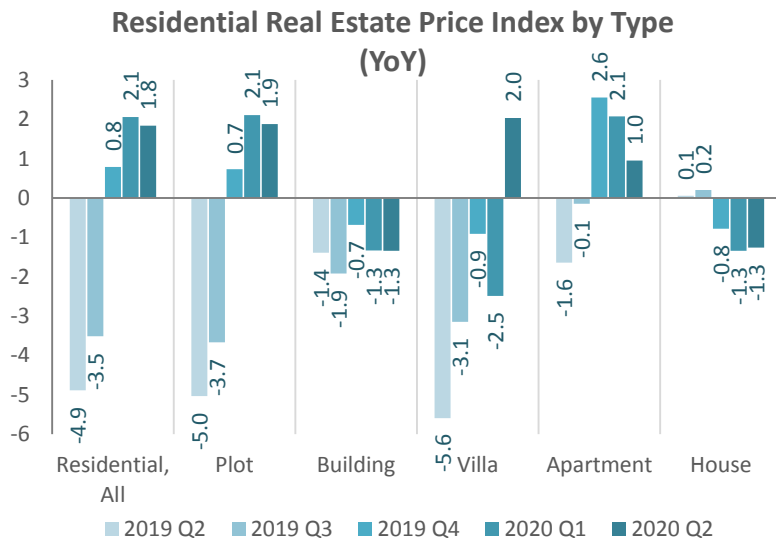
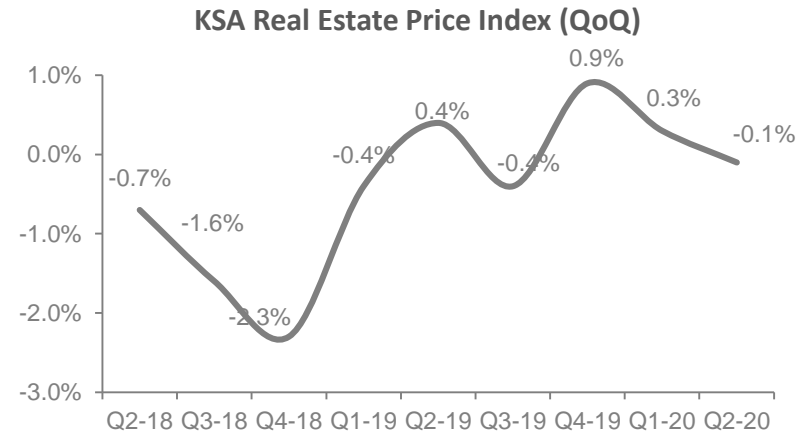
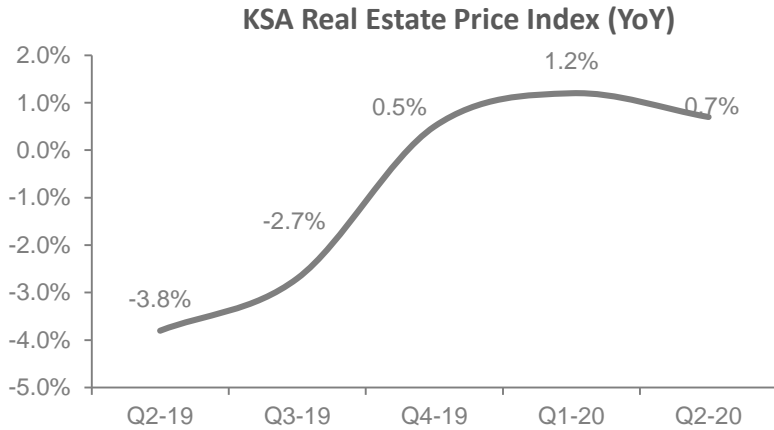
The June VAT rush compensated for the April and May Covid-19 lockdown



Value of Real Estate Transactions in KSA (SAR bn)

- Covid-19 impact was devastating in April and May with an average transaction value of SAR 4.2 billion per month, a fraction of the typical SAR 14 billion.
- The VAT increase to 15% effective July 1st drove a rush to close transaction delivering one of the highest months on record in total value of transactions for the month of June reaching SAR 27.7 billion.

In Q2 2020 pricing remained robust particularly in residential plots and villas



2 | Key Business Indicators Overview



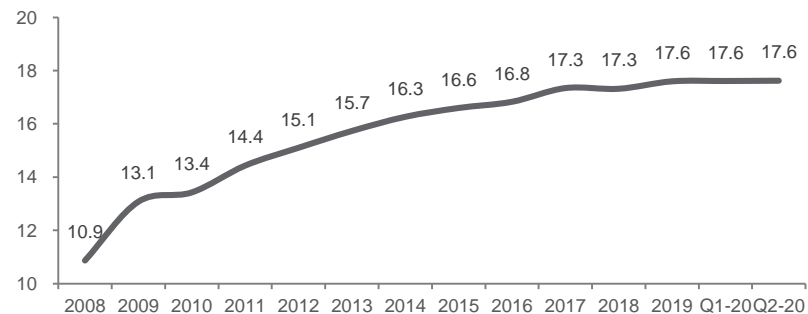
Revenues (LTM) -22% SAR 2,798 mn (Q2 2019 : SAR 3,585 mn)	EBITDA (LTM) +16% SAR 841 mn (Q2 2019 : SAR 724 mn)	Investment In Development Properties (LTM) -5% SAR 4,069 mn (Q2 2019 : SAR 4,278 m)
Cash And Bank SAR 5,486 mn (Q2 2019 : SAR 3,472 mn)	Gross Debt/ Capitalization 34% (Q2 2019 : 24%)	Book Value Per Share SAR 17.6 (Q2 2019 : SAR 17.4)

Strong Financial Position

DAAR maintains a strong balance sheet with SAR 9.4 bn in cash and receivables against gross debt of SAR 9.8 bn. Cash balance is sufficient to meet all operating expenses and debt maturities for the next three years.

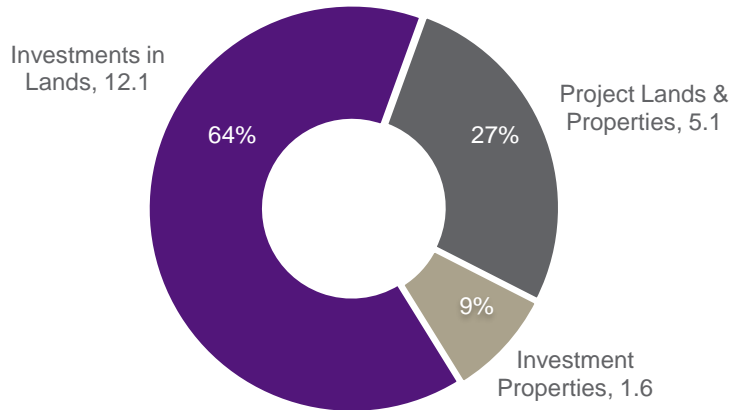
Despite carrying assets at cost, the 62% rise in book value of shares over last 12 years is reflective of the company's rising financial strength.

Book Value per share (SAR)



- DAAR's Real Estate assets portfolio at cost is SAR 18.8 bn.

Real Estate Properties Break up - SAR bn

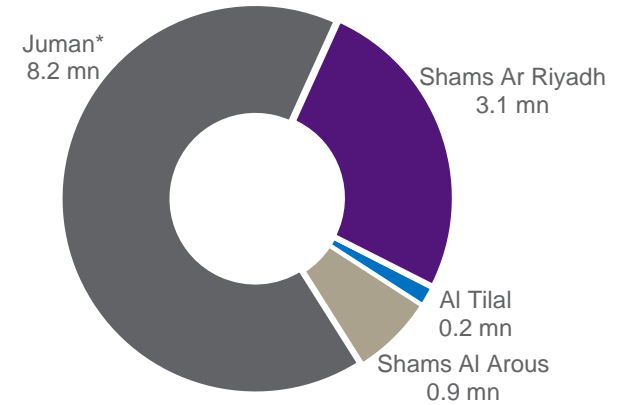


- Investment Properties
- Investments in Lands
- Project Lands & Properties

**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.



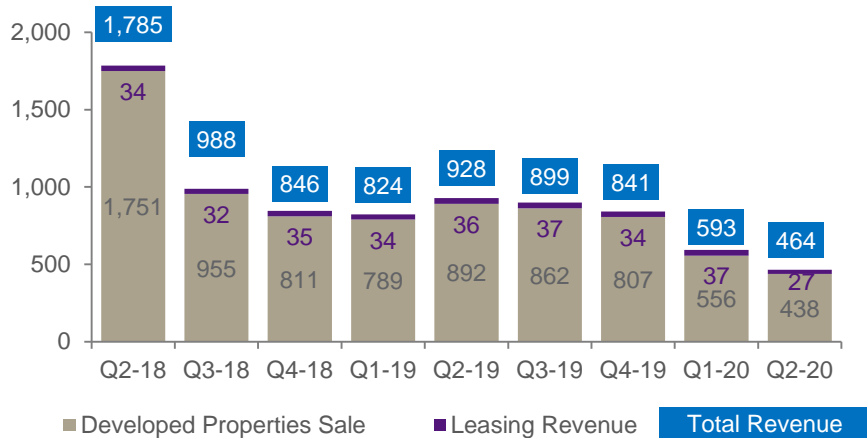
**DAAR holds 18% share in Juman*

- 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

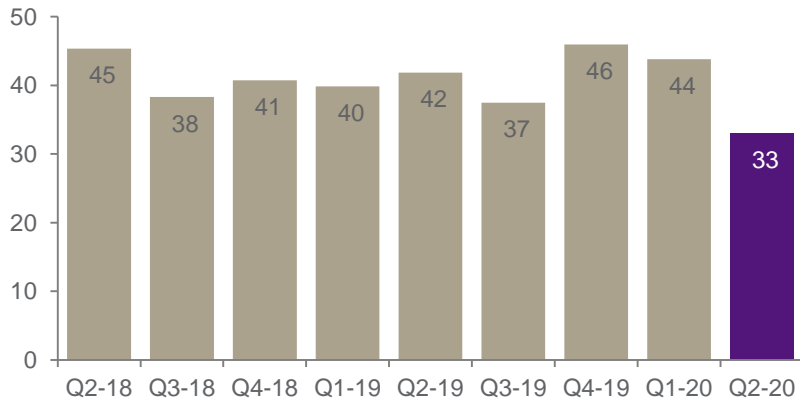


Quarterly Revenues (SAR mn)



- Q2 2020 revenues decreased by 22% QoQ and by 50% YoY.
- Leasing revenue averages 4% of total over the past two years and nearly 50% of leasing revenue came from residential sector.
- YTD Covid lockdown discount in commercial leasing is SAR 12.7 mn.

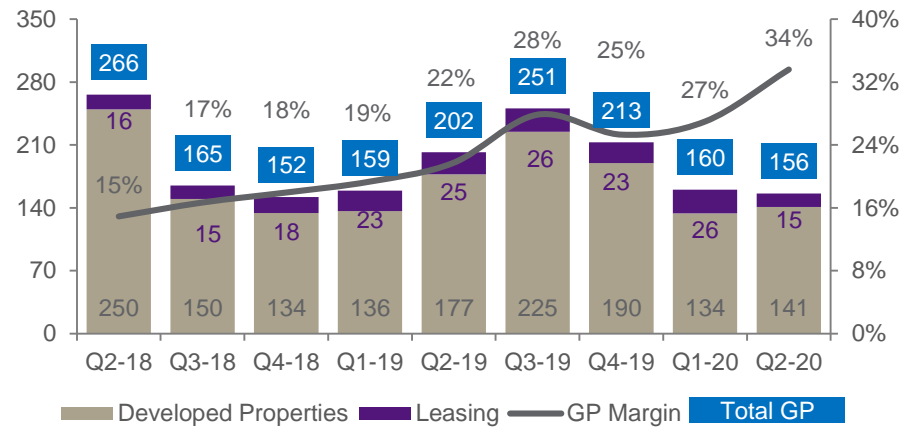
SG&A (SAR mn)



- Q2 2020 SG&A decreased by 25% QoQ and by 21% YoY.

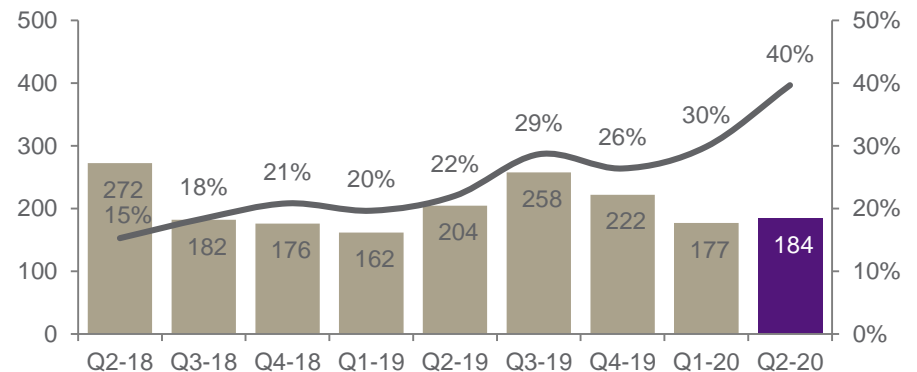
Financial Performance – Q2 2020 Profitability

Gross Profit (SAR mn) & Margin (%)



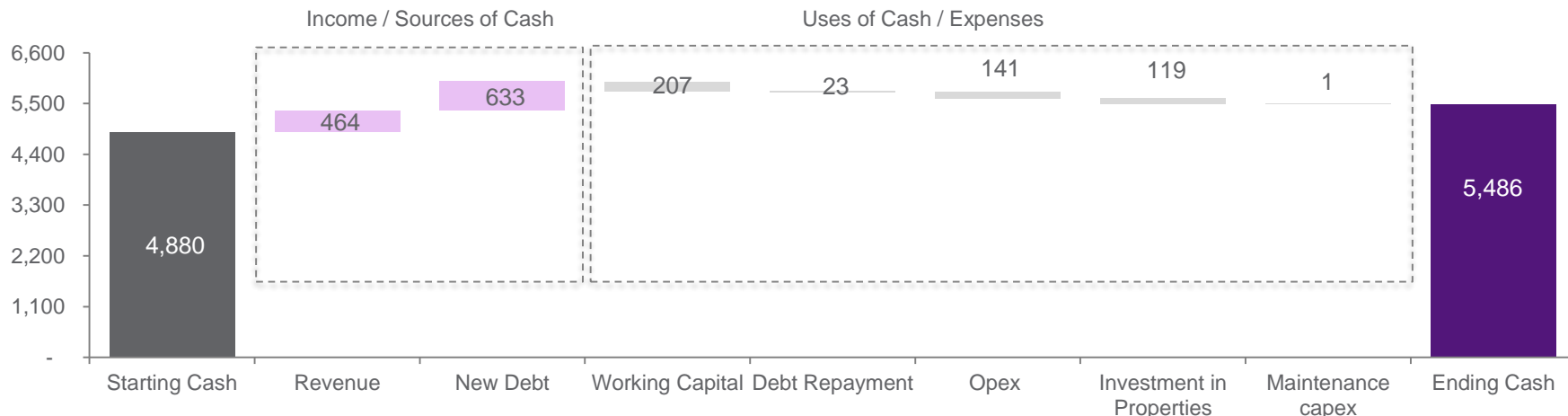
- Q2 2020 gross profit decreased by 2% QoQ and by 23% YoY.
- GP margins improved by 7% QoQ & by 12% YoY

EBITDA (SAR mn) & EBITDA Margin (%)



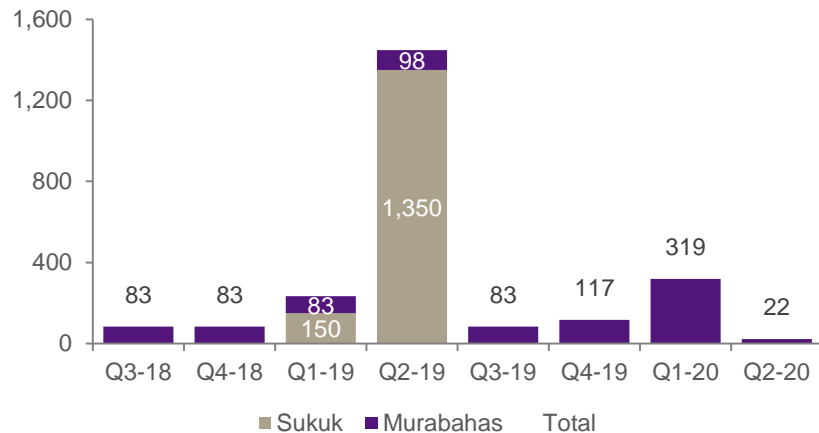
- Q2 2020 EBITDA increased by 4% QoQ and decreased by 10% YoY.

Cash Flow – Q2 2020 (SAR mn)

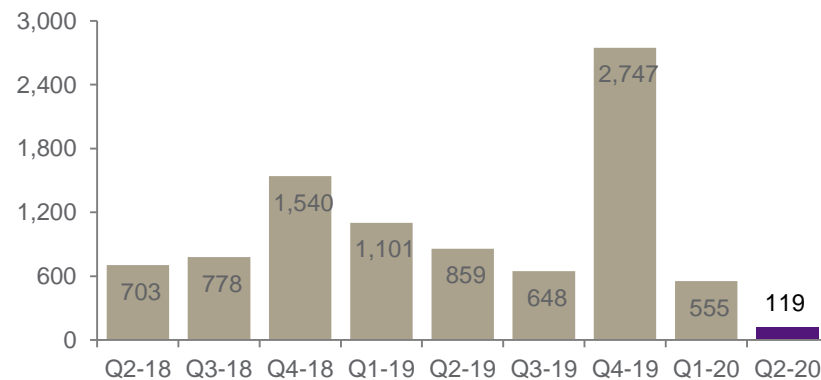


- DAAR's liquidity position remains robust with an ending cash balance of SAR 5.5 bn.
- DAAR remained a net seller during the period.

Debt Repayment (SAR mn)

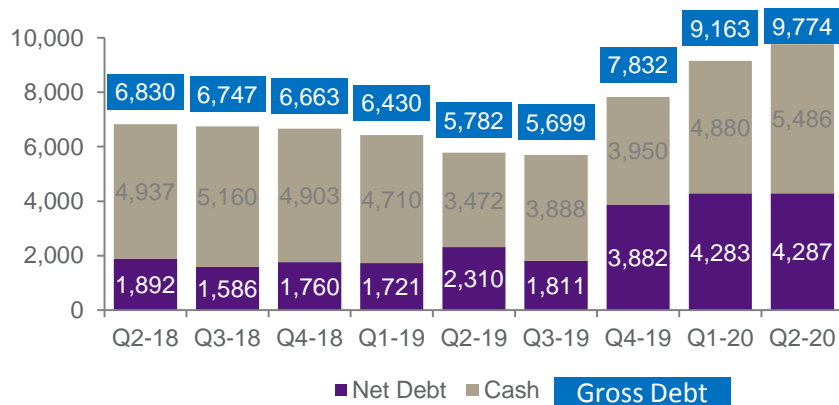


Investment In Development Properties – (SAR Mn)

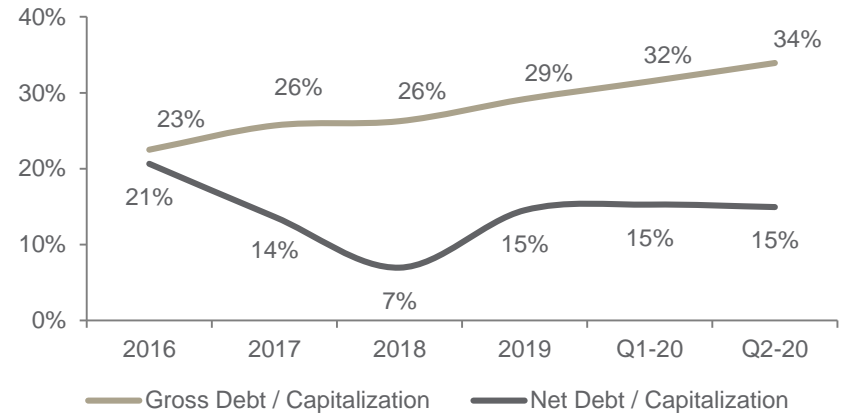


- Invested SAR 4.1 bn over last 12 months to replenish the Development Properties.

Gross Debt Vs Net Debt (SAR mn)



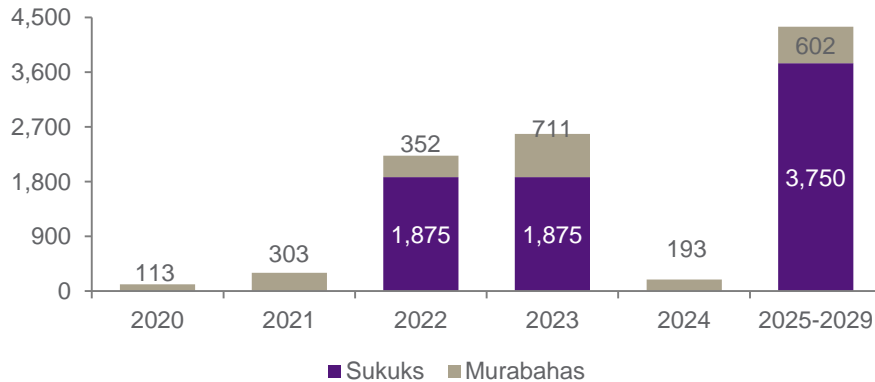
Debt* / Capitalization



- Gross debt increased by SAR 0.6 bn due to Murabaha facility availed in Q2 2020.

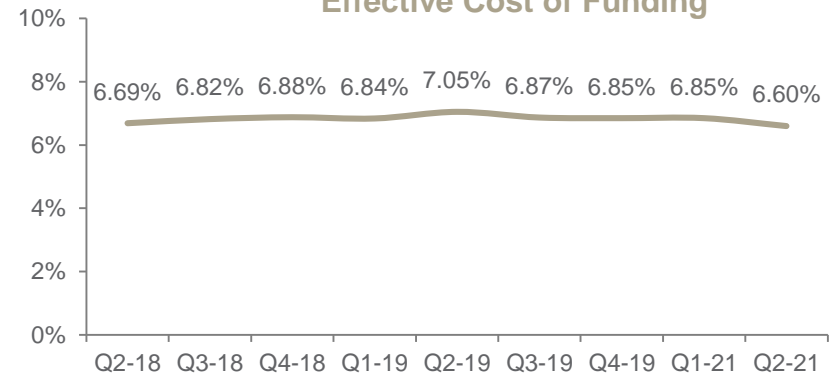
- Net debt ratio remains flat at 15%.

Debt Maturity Profile (SAR mn)

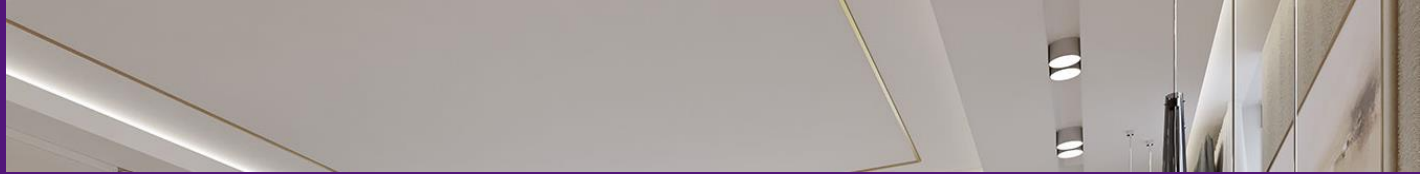


- Maturities are well spread over the next nine years and will allow for prudent investment & cash management.
- Cash balance of SAR 5.5 bn covers repayments till end 2023.

Effective Cost of Funding



- Cost of funding remains below 7%.



4 | Overview of Assets Portfolio



Shams Ar Riyadh – Key Facts



Location

- 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 and is located just 19 km from KKI Airport and 9 km from King Abdullah Financial Center.

Project Progress

- 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).
- Upon receiving approval from WAFI for off-plan sales, DAAR started launching various zones from Q2 2018. Currently all zones are approved and DAAR successfully launched sales for three zones.
- Infra works on all launched zones are progressing steadily and shall complete the milestones as per the commitment.

YTD Off-plan Sales Status

Particulars	Unit	Zone 1	Zone 3	Zone 4A	Zone 4B	Zone 5	Total
Salable Area	Sqm '000	510	270	502	257	383	1,921
Launch Date		-	Q2 2020	Q1 2020	Q2 2018	-	-
Total Number of Plots	Number	771	491	406	208	189	2,065
Number of Plots Sold	Number	-	227	318	195	-	740
Booked Sales	SAR mn	-	186	464	375	-	1,026
Revenue Recognized	SAR mn	NA	Nill	Nill	Nill	NA	-

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.
- Development of the road network around the site is in discussion with authorities.
- Options of the land development and sales strategies in light of the above discussion with the authorities are on going.

Key Facts:

Land Area	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. Juman 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 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 development value of SAR 800 mn.
- It is a 34 storied tower 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.
- 48% of launched units have been sold on off plan
- Vertical construction on site commenced during Q2-19 and going as per the development time schedule

Key Facts:

Saleable (GFA)	42,000 sqm
Project value	SAR 800 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.
 - 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	220,202m ²
Gross Leasable Area	78,958 m ²
No. of floors	3 Leasable Floors plus two parking
Parking	1,579 Parking Spaces

Latest Activity:

- 93% occupancy achieved
- Cinema multiplex with 15 screens opened in 2019.
- Bowling activity fully operational now.
- Extending retail bazar activities to increase footfall.



Al-Qasr Apartments, Riyadh

GLA	200,000 m ²
Apartments	815

Latest Activity:

- 93% leased.



Azizia Towers, Makkah

GLA	41,720 m ²
# Leasable Units	285
# Leasable Floors	12

Latest Activity:

- 100% leased to King Abdullah Medical City (Government)



5 | Appendix



SAR in 000s	FY 2018	FY 2019	H1 2019	H1 2020	Q2 2019	Q2 2020
Revenue	6,412,265	3,491,856	1,751,526	1,057,364	927,848	464,343
Cost of revenue	(5,355,114)	(2,667,416)	(1,390,522)	(741,285)	(726,128)	(308,296)
Gross profit	1,057,151	824,440	361,004	316,079	201,720	156,047
%	16.5%	23.6%	20.6%	29.9%	21.7%	33.6%
Operating expenses	(160,753)	(165,174)	(81,695)	(76,753)	(41,845)	(32,957)
Operating profit	896,396	659,266	279,309	239,326	159,875	123,090
%	14.0%	18.9%	15.9%	22.6%	17.2%	26.5%
Income from Associates	15,432	7,885	(698)	10,266	759	5,241
Depreciation & amortization	(8,189)	(9,613)	(4,424)	(5,011)	(2,232)	(2,503)
EBIT	903,639	657,538	274,187	244,581	158,402	125,828
%	14.1%	18.8%	15.7%	23.1%	17.1%	27.1%
Other income	129,866	133,269	64,960	88,980	32,367	44,524
Finance cost	(511,652)	(478,418)	(236,103)	(310,192)	(113,892)	(159,718)
PBT	521,855	312,389	103,044	23,369	76,877	10,634
%	8.1%	8.9%	5.9%	2.2%	8.3%	2.3%
Zakat	(13,046)	(7,799)	(2,576)	(585)	(1,922)	(266)
Net Income	508,809	304,590	100,468	22,784	74,955	10,368
%	7.9%	8.7%	5.7%	2.2%	8.1%	2.2%
EBITDA	1,111,861	845,450	366,058	361,139	204,267	184,137
%	17.3%	24.2%	20.9%	34.2%	22.0%	39.7%

SAR in 000s	FY 2018	FY 2019	Q2 - 2019	Q2 - 2020
Investment properties, net	1,693,141	1,651,357	1,673,459	1,630,050
Long-term development properties	14,148,262	16,895,604	14,749,018	16,849,299
Property and equipment, net	83,085	79,765	80,714	76,280
Investment in associates and joint ventures	826,621	1,154,506	1,145,923	1,164,772
Other assets	2,511	1,501	2,006	997
Total non-current assets	16,753,620	19,782,733	17,651,120	19,721,398
Short-term development properties	349,329	334,950	340,618	336,557
Trade receivables and others	4,740,877	3,981,526	4,489,985	4,758,128
Cash and cash equivalents	4,903,491	3,950,020	3,471,855	5,486,311
Total current assets	9,993,697	8,266,496	8,302,458	10,580,996
TOTAL ASSETS	26,747,317	28,049,229	25,953,578	30,302,394
Borrowing-long-term maturity portion	4,731,167	7,326,740	5,283,556	9,382,529
End of service indemnities	19,011	21,614	20,125	22,561
Total non-current liabilities	4,750,178	7,348,354	5,303,681	9,405,090
Borrowing-Short-term maturity portion	1,849,623	405,943	432,814	288,771
Trade payables and others	885,355	798,779	879,840	1,139,067
Zakat provision	556,828	486,665	531,442	437,194
Total current liabilities	3,291,806	1,691,387	1,844,096	1,865,032
Total liabilities	8,041,984	9,039,741	7,147,777	11,270,122
Share capital	10,800,000	10,800,000	10,800,000	10,800,000
Statutory reserve	1,109,601	1,140,016	1,109,601	1,140,016
Retained earnings	6,795,732	7,069,472	6,896,200	7,092,256
Total shareholders' equity	18,705,333	19,009,488	18,805,801	19,032,272
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	26,747,317	28,049,229	25,953,578	30,302,394

SAR in 000s	FY 2018	FY 2019	Q2 – 2019	Q2 - 2020
Profit before Zakat	521,855	312,389	103,044	23,369
Adjustments for:				
Depreciation & Amortization	78,355	55,653	27,416	28,082
Provision for expected credit losses	0	2,000	0	0
End of service indemnities	4,122	4,313	1,933	2,253
Finance costs	511,652	478,418	236,103	310,192
Share of net profit from associates and joint ventures	(15,432)	(7,885)	698	(10,266)
Operating cash flow before WC movements	1,100,552	844,888	369,194	353,630
Development properties - net	1,903,999	(2,732,963)	(592,045)	44,698
Trade receivables and others	(707,552)	757,351	250,892	(776,602)
Other assets	(561)	0	0	0
Trade payables and others	347,330	(86,576)	(5,515)	340,288
Cash from operations	2,643,768	(1,217,300)	22,526	(37,986)
Finance costs	(474,207)	(445,309)	(219,267)	(289,132)
Zakat paid	(5,888)	(77,962)	(27,962)	(50,056)
End of service indemnities paid	(4,098)	(2,145)	(819)	(1,306)
Cash flow from operating activities	2,159,575	(1,742,716)	(225,522)	(378,480)
Investment in associates	0	(320,000)	(320,000)	0
Investment properties	(648)	(3,246)	(2,805)	(1,260)
Purchase of property and equipment (net)	(19,465)	(6,293)	(2,053)	(1,526)
Net cash flow from investing activities	(20,113)	(329,539)	(324,858)	(2,786)
Long term borrowings	144,363	1,118,784	(881,256)	1,917,557
Dividend	(540,000)	0	0	0
Net cash flow from financing activities	(395,637)	1,118,784	(881,256)	1,917,557
Increase / (decrease) in cash and cash equivalents	1,743,825	(953,471)	(1,431,636)	1,536,291
Cash and cash equivalents, beginning of the period	3,159,666	4,903,491	4,903,491	3,950,020
Cash and cash equivalents, end of the period	4,903,491	3,950,020	3,471,855	5,486,311

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