

Investor Presentation

Q4 2019

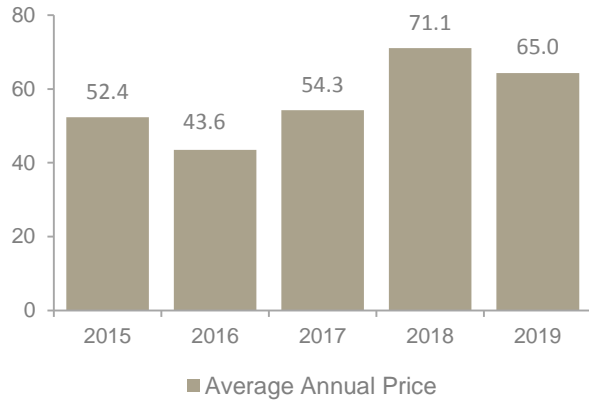
Content	Page No.
1. Macro Economic Overview & KSA Real Estate Market	3
2. Overview of Dar Al Arkan	6
3. Financial Performance Overview	10
4. Overview of Assets Portfolio	15
5. Appendix	19

1. Macro Economic Overview & KSA Real Estate Market



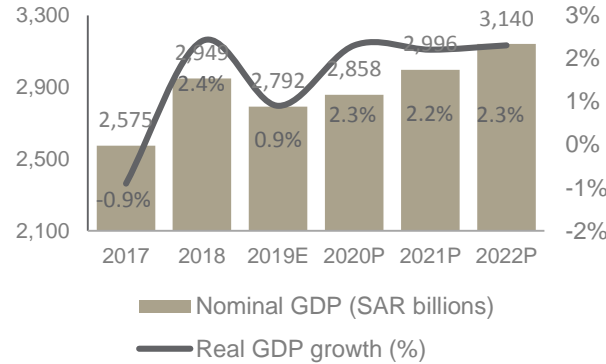
A growing and diversifying economy supported by stable oil price in 2018-19 is being pressured by Covid-19 and the oil price war

Brent Oil Prices



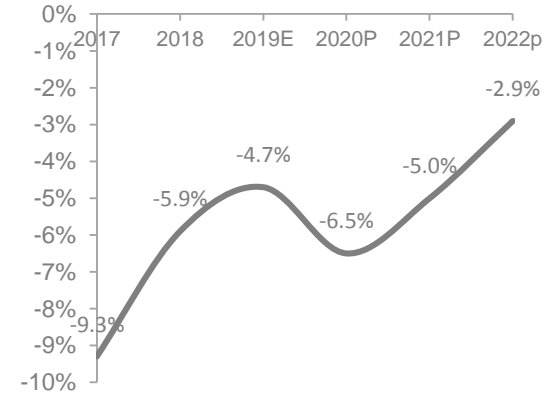
- Brent oil prices averaged \$65 per barrel for the full year 2019, a 9% drop versus the previous year.
- Full year 2019 saw a 930 thousand barrels per day uptick in demand the lowest since 2012. Expectations for 2020 are for a modest 1.20% demand growth.
- OPEC+ supply moderation agreement was suspended in March 2020 and KSA increased production target to 13 million bpd..
- Brent Oil price at \$23.15 as at March 30th 2020

GDP Growth Picking Up



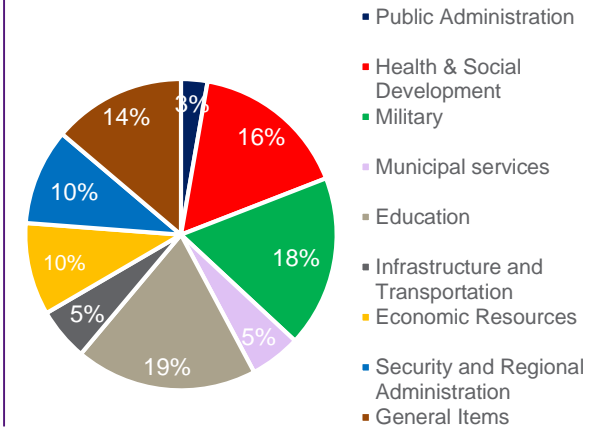
- Fiscal and structural reforms have contributed noticeably to the observed growth in non-oil revenues, which averaged about SAR 140 billion prior to the reforms implementation (2012-2016), increasing to aprx. SAR 288 billion (2017-2019).
- Gov. reforms and initiatives were continued in 2019 and have contributed to marked improvement in economic performance in the non-oil sector, these reforms includes:
 - Decreasing the VAT mandatory registration threshold to annual sales of less than SAR 187,500
 - Implementing the approved increase in the Expat Levy.
 - The Excise tax on sugar sweetened drinks BY 50%
 - Collection of banks' Zakat and telecom sector settlements.

Continued Reduction In Deficit (as% of GDP)

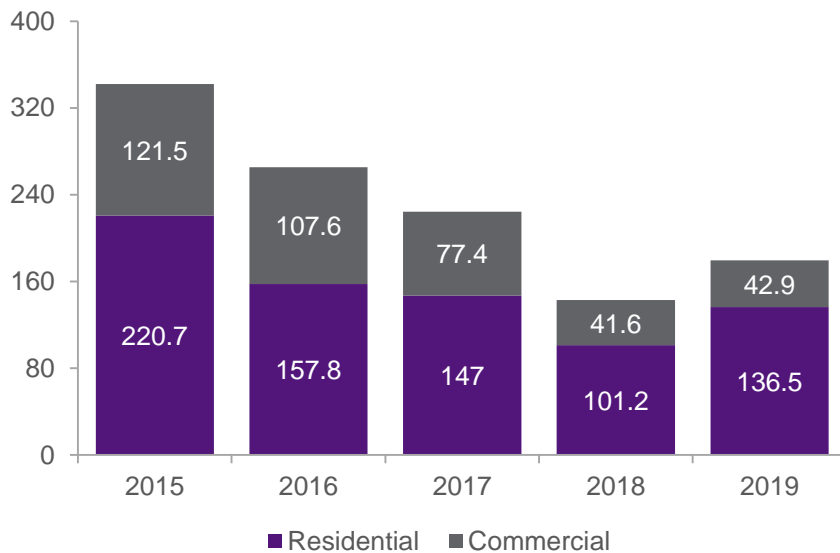


- Government undertook a restructuring of the fiscal regime starting in 2017, lifting subsidies, introducing expat levies and new taxation e.g.VAT

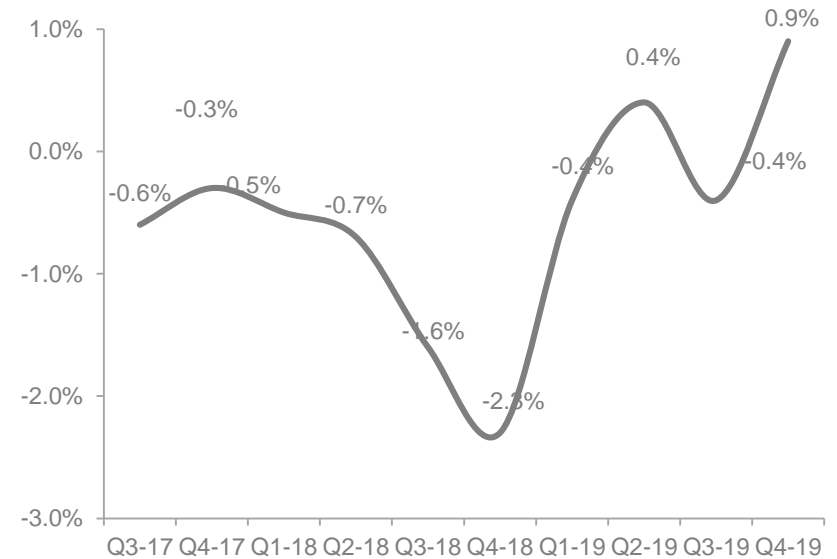
Budget Allocation 2020



Value of Real Estate Transactions in KSA (SAR bn)



KSA Real Estate Price Index (QoQ)



- Recovery of Real Estate market continues .Full year 2019 delivered 35% growth in the residential segment underscoring the strong fundamentals of the residential market while the commercial segment grew marginally by 2.9%.
- The Real Estate price Index continued its positive correction with 0.9% move in the 4th quarter underlying the improved pricing dynamics in the market.

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
- Improve margins (especially in light of shorter holding periods)

In 2019, DAAR generated revenues of SAR 3,492 mn and gross profits of SAR 824 mn.

Proven Ability To Execute Large Scale Projects

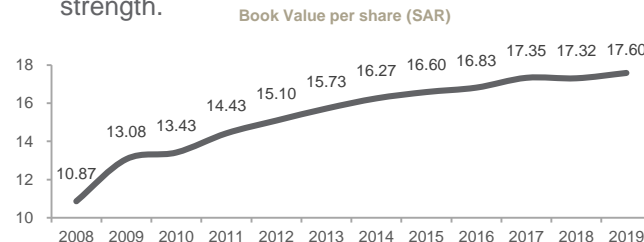
Dar Al Arkan has developed some of the largest communities in Saudi Arabia including Ishbilya and Parisiana. Its Al Qasr Mall is among the largest shopping malls in Riyadh. Cinema multiplex with 16 screens (largest in KSA) is scheduled to open in early March 2019.

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 7.2 bn in cash and receivables against gross debt of SAR 7.8 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 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

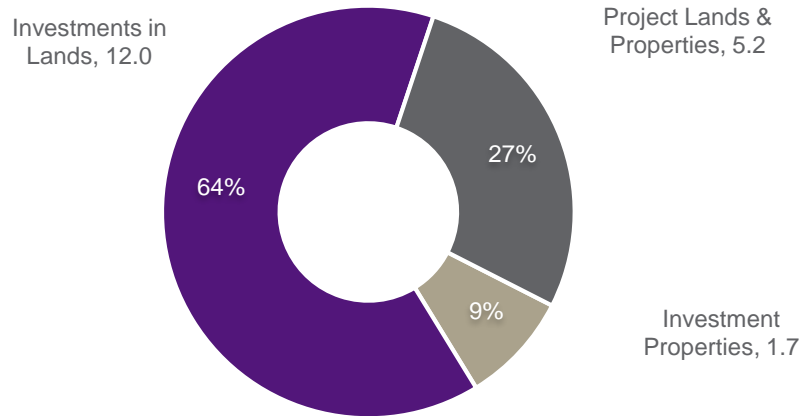
Real Estate sector remains a priority for the Saudi government, driven by multiple initiatives launched by MOH, the support of SAMA through increasing LTV for housing and via PIF which is initiating trophy mega real estate projects across the Kingdom.

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.

<p>Revenues (-46%)</p>	<p>EBITDA (-24%)</p>	<p>Investment In Development Properties</p>
<p>SAR 3,492 mn (2018 : SAR 6,412 mn)</p>	<p>SAR 845 mn (2018 : SAR 1,112 mn)</p>	<p>SAR 5,355 mn (2018 : SAR 3,381 m)</p>
<p>Cash And Bank (-19%)</p>	<p>Gross Debt/ Capitalization</p>	<p>Book Value Per Share</p>
<p>SAR 3,950 mn (2018 : SAR 4,903 mn)</p>	<p>29% (2018 : 26%)</p>	<p>SAR 17.60 (2018 : SAR 17.32)</p>

- DAAR's total Real Estate Properties as per the financial statements is SAR 18.9 bn.

Real Estate Properties Break up - SAR bn

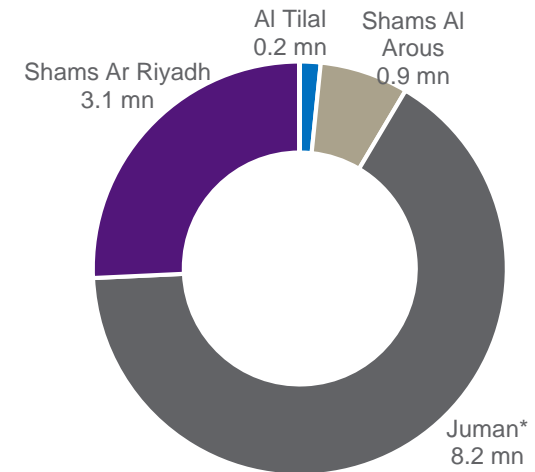


- Investment Properties
- Investments in Lands
- Project Lands & Properties

**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.

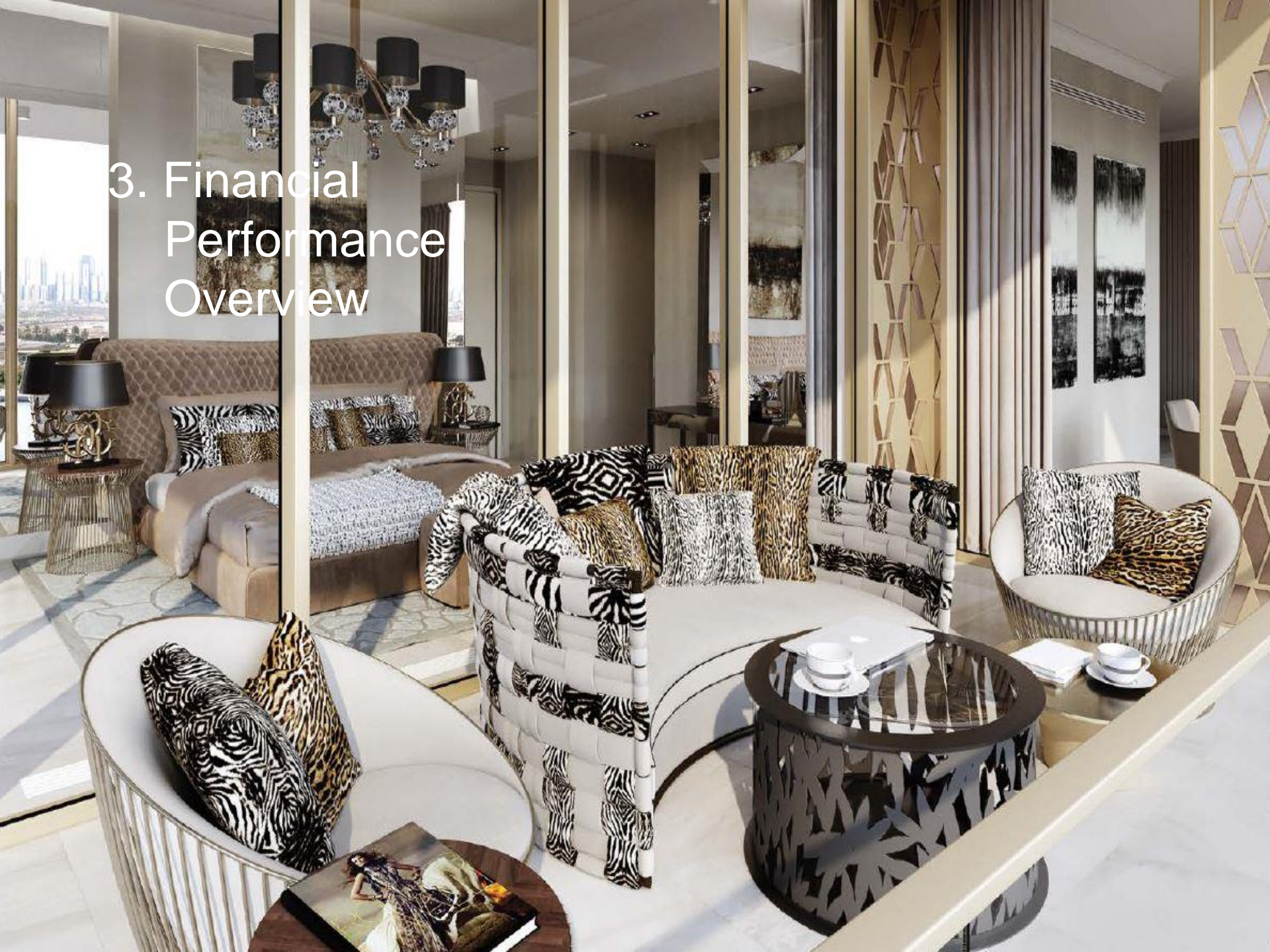
- DAAR has a strong pipeline of projects across the Kingdom totaling 12.4 mn sqm.



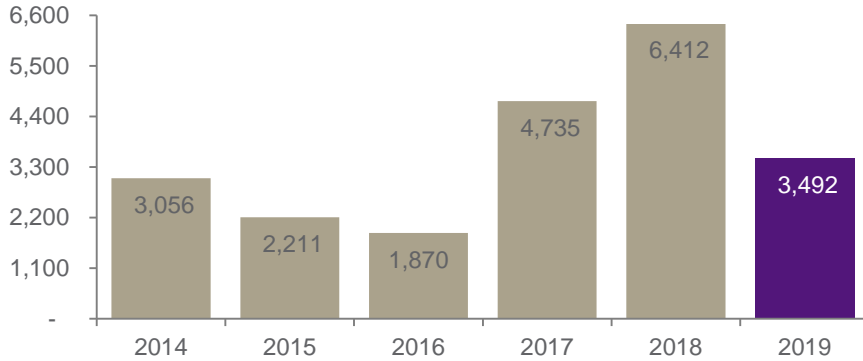
**DAAR holds 18% share in Juman*

- 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

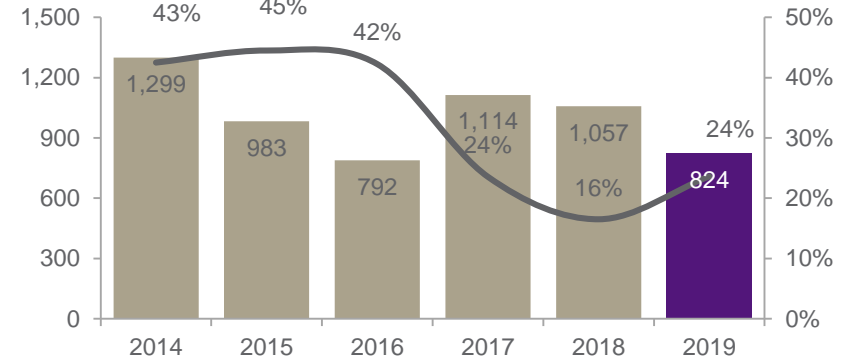


Yearly Revenues (SAR mn)



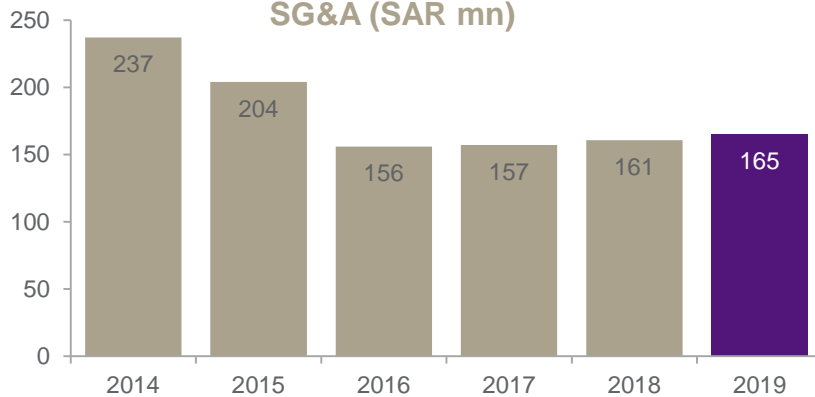
- 2019 revenues decreased by 46% and came back to average levels.

Gross Profit (SAR mn) & Margin (%)



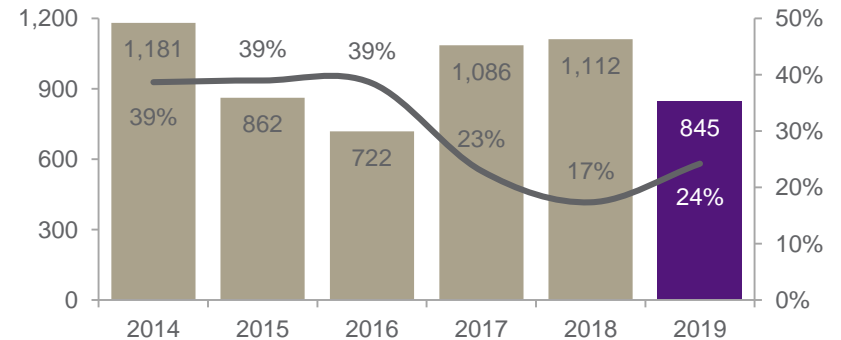
- 2019 gross margins have increased by 7.12% but decreased in absolute terms due to lower revenue levels.

SG&A (SAR mn)



- 2019 SG&A marginally increased due to slightly higher selling expenses.

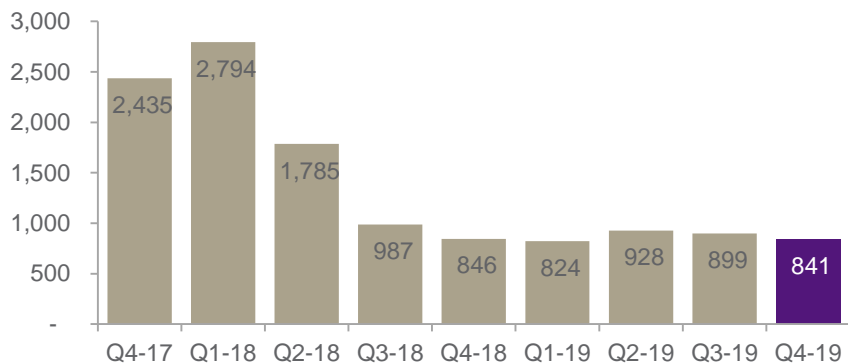
EBITDA (SAR mn) & EBITDA Margin (%)



- 2019 EBITDA margins increased by 6.87% but decreased in absolute terms due to lower revenue levels.

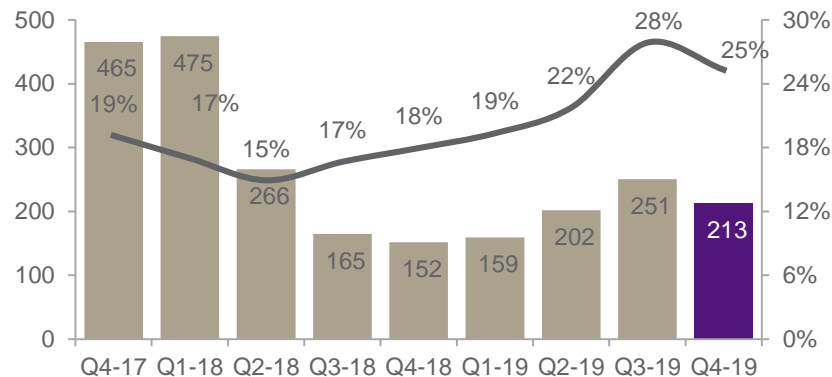
Financial Performance – Q4 2019 Profitability

Quarterly Revenues (SAR mn)



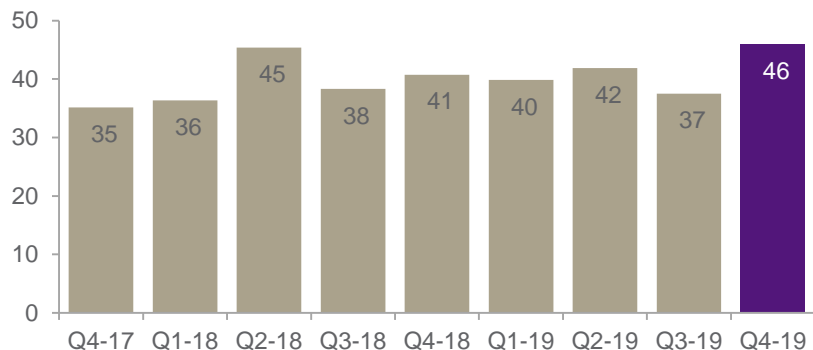
- Q4 2019 revenues decreased by 7% QoQ and by 1% YoY.

Gross Profit (SAR mn) & Margin (%)



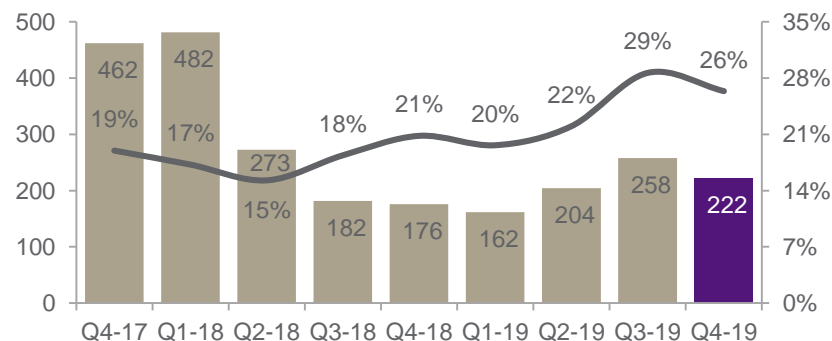
- Q4 2019 gross profit decreased by 15% QoQ and increased by 40% YoY.

SG&A (SAR mn)



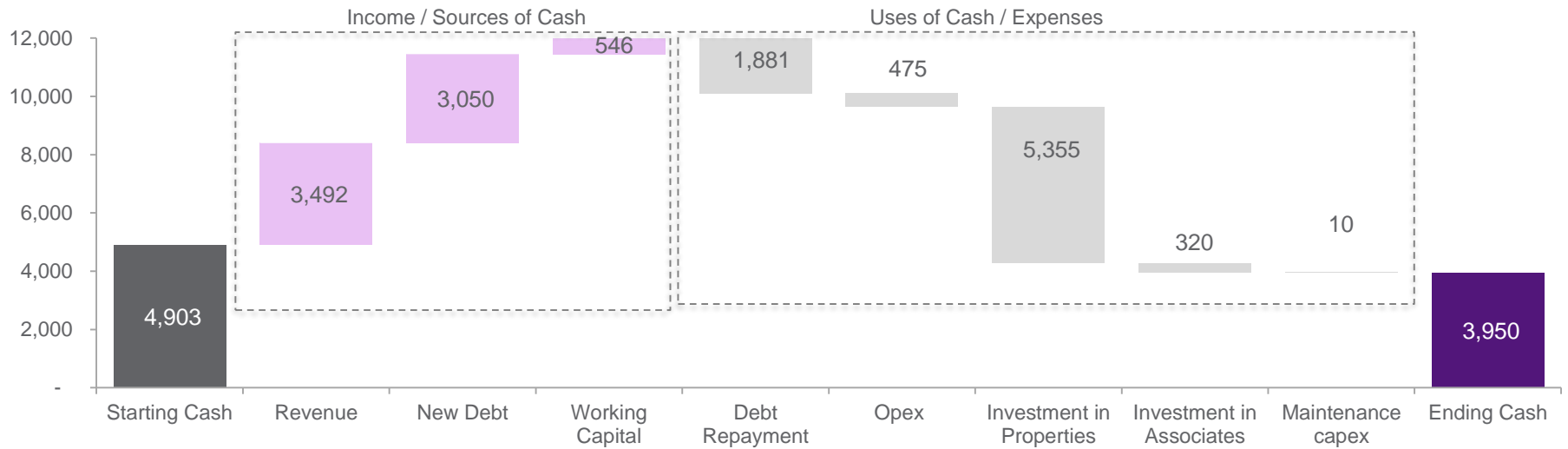
- Q4 2019 SG&A increased over QoQ and YoY.

EBITDA (SAR mn) & EBITDA Margin (%)



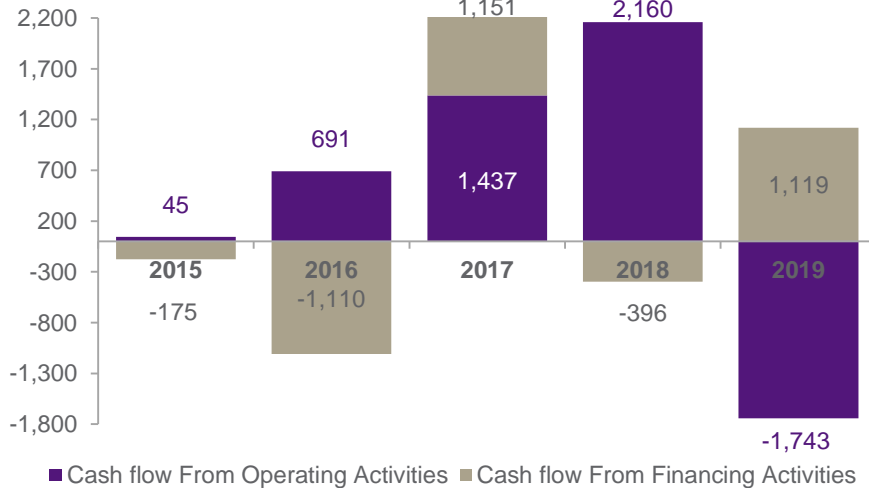
- Q4 2019 EBITDA decreased by 14% QoQ and increased by 26% YoY.

Cash Flow – 2019 (SAR mn)

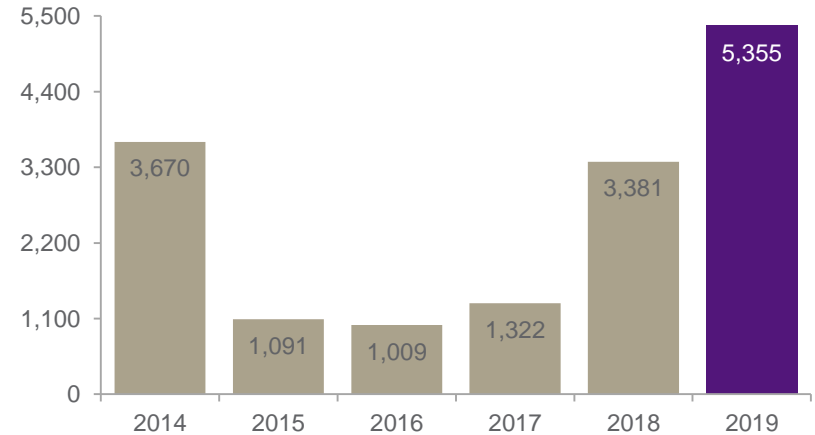


- DAAR end FY 2019 with a strong cash balance of SAR 3.95 bn.
- Strong cash position and revenues allowed DAAR to investment in properties of SAR 5.4 bn and remain a net investor.

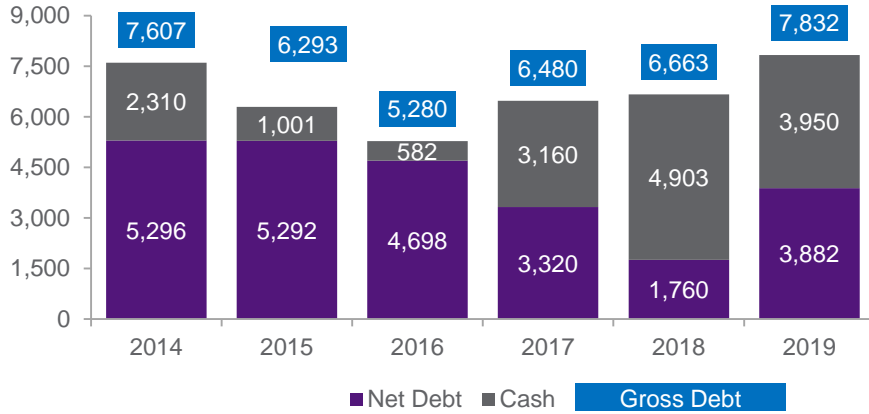
Activity Wise Cash Flow



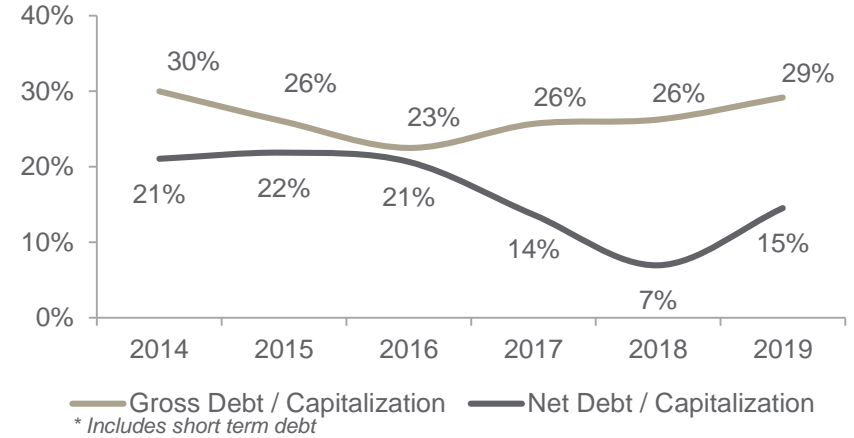
Investment In Development Properties – (SAR Mn)



Gross Debt Vs Net Debt (SAR mn)



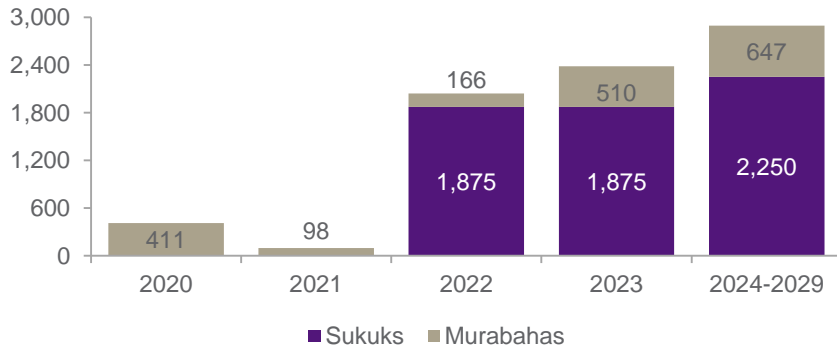
Debt* / Capitalization



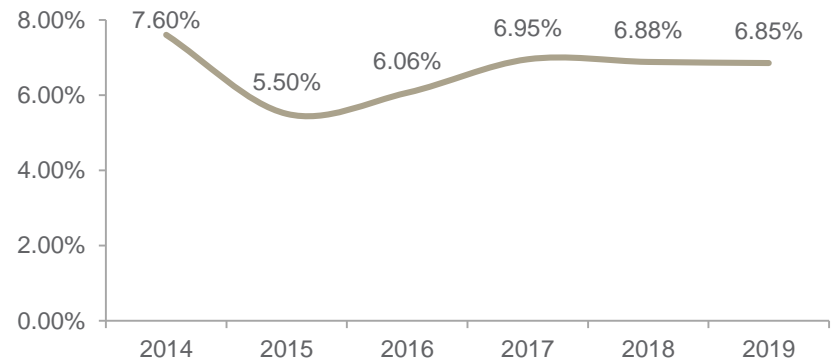
- Gross debt increased by SAR 1.2 bn due to \$600 Sukuk issued in Q4 2019.

- Gross debt ratio remains below 30%.

Debt Maturity Profile (SAR mn)



Effective Cost of Funding



- Maturities are well spread over the next nine years and will allow for prudent investment & cash management.
- Cash balance of SAR 3.95 bn covers repayments till end 2022.

- Cost of funding remains below 7%.

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, 90 plots are sold which includes bookings.
- Infra works on Zone 4 started in November 2019.
- Preparations underway for imminent launch of Shams Ar Riyadh Zone 3, 5 & 4-A.

Key Facts – Zone 4B:

Gross Land	550k sqm
Saleable Plots	257k sqm
Residential Plots	208 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.
- 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 Plots for Sale (Gross Land)	862k sqm
Retail Strip Development:	
Lot Size	55,000 sqm
GLA	31,000 sqm

Residential & Commercial Development Projects

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 value of US\$ 215 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	US\$ 215 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 lush landscape.
- Water feature installation surrounded by cafes, restaurants and shops.
- Private gym for men and women.
- Hand over of MOH Apartments initiated.
- 24% of apartments marked for sale have been sold.

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.
- 86% of the villas have been sold.

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.
- 69% of the villas have been sold.

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:

- 91% occupancy achieved
- Cinema multiplex with 15 screens opened in March 2019.
- Bowling activity fully operational now.
- Extending retail bazar activities to increase footfall.



Al-Qasr Apartments and Villas, 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 2017	FY 2018	Q4 - 2018	Q4 - 2019	FY 2019
Revenue	4,734,682	6,412,265	846,094	840,922	3,491,856
Cost of revenue	(3,620,672)	(5,355,114)	(694,233)	(628,050)	(2,667,416)
Gross profit	1,114,010	1,057,151	151,861	212,872	824,440
%	23.5%	16.5%	17.9%	25.3%	23.6%
Operating expenses	(157,106)	(160,753)	(40,747)	(45,981)	(165,174)
Operating profit	956,906	896,396	111,114	166,891	659,266
%	20.2%	14.0%	13.1%	19.8%	18.9%
Income from Associates	20,604	15,432	9,373	5,363	7,885
Depreciation & amortization	(4,896)	(8,189)	(2,225)	(3,508)	(9,613)
EBIT	972,614	903,639	118,262	168,746	657,538
%	20.5%	14.1%	14.0%	20.1%	18.8%
Other income	36,722	129,866	38,080	38,245	133,269
Finance cost	(441,523)	(511,652)	(122,981)	(135,971)	(478,418)
PBT	567,811	521,855	33,362	71,020	312,389
%	12.0%	8.1%	3.9%	8.4%	8.9%
Zakat	(14,443)	(13,046)	(831)	(1,765)	(7,799)
Net Income	553,368	508,809	32,531	69,255	304,590
%	11.7%	7.9%	3.8%	8.2%	8.7%
EBITDA	1,086,112	1,111,861	176,111	221,771	845,450
%	22.9%	17.3%	20.8%	26.4%	24.2%

Source: Audited or Reviewed Financial Statements

SAR in 000s	FY 2017	FY 2018	FY 2019
Investment properties, net	3,290,010	1,693,141	1,651,357
Long-term development properties	14,751,565	14,148,262	16,895,604
Property and equipment, net	70,925	83,085	79,765
Investment in associates and joint ventures	811,189	826,621	1,154,506
Other assets	1,950	2,511	1,501
Total non-current assets	18,925,639	16,753,620	19,782,733
Short-term development properties	122,675	349,329	334,950
Trade receivables and others	4,033,325	4,740,877	3,981,526
Cash and cash equivalents	3,159,666	4,903,491	3,950,020
Total current assets	7,315,666	9,993,697	8,266,496
TOTAL ASSETS	26,241,305	26,747,317	28,049,229
Borrowing-long-term maturity portion	4,720,334	4,731,167	7,326,740
End of service indemnities	21,961	19,011	21,614
Total non-current liabilities	4,742,295	4,750,178	7,348,354
Borrowing-Short-term maturity portion	1,678,648	1,849,623	405,943
Trade payables and others	537,142	885,355	798,779
Zakat provision	549,670	556,828	486,665
Total current liabilities	2,765,460	3,291,806	1,691,387
Total liabilities	7,507,755	8,041,984	9,039,741
Share capital	10,800,000	10,800,000	10,800,000
Statutory reserve	1,058,720	1,109,601	1,140,016
Retained earnings	6,874,830	6,795,732	7,069,472
Total shareholders' equity	18,733,550	18,705,333	19,009,488
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	26,241,305	26,747,317	28,049,229

SAR in 000s	FY 2017	FY 2018	FY 2019
Profit before Zakat	567,811	521,855	312,389
Adjustments for:			
Depreciation & Amortization	76,775	78,355	55,653
Provision for expected credit losses	0	0	2,000
End of service indemnities	5,129	4,122	4,313
Finance costs	441,523	511,652	478,418
Share of net profit from associates and joint ventures	(20,604)	(15,432)	(7,885)
Operating cash flow before WC movements	1,070,634	1,100,552	844,888
Development properties - net	2,227,035	1,903,999	(2,732,963)
Trade receivables and others	(1,450,347)	(707,552)	757,351
Other assets	(1,122)	(561)	0
Trade payables and others	7,421	347,330	(86,576)
Cash from operations	1,853,621	2,643,768	(1,217,300)
Finance costs	(408,673)	(474,207)	(445,309)
Zakat paid	(2,267)	(5,888)	(77,962)
End of service indemnities paid	(6,175)	(4,098)	(2,145)
Cash flow from operating activities	1,436,506	2,159,575	(1,742,716)
Investment in associates	0	0	(320,000)
Investment properties	0	(648)	(3,246)
Purchase of property and equipment (net)	(9,690)	(19,465)	(6,293)
Net cash flow from investing activities	(9,690)	(20,113)	(329,539)
Long term borrowings	1,150,762	144,363	1,118,784
Dividend	0	(540,000)	0
Net cash flow from financing activities	1,150,762	(395,637)	1,118,784
Increase / (decrease) in cash and cash equivalents	2,577,578	1,743,825	(953,471)
Cash and cash equivalents, beginning of the period	582,088	3,159,666	4,903,491
Cash and cash equivalents, end of the period	3,159,666	4,903,491	3,950,020

Source: Audited or Reviewed Financial Statements

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AL ARKAN
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Investor Relations
Riyadh – Saudi Arabia
Tel: +966 11 206 9888 Ext:1670
ir@alarkan.com