

Investor Presentation

April 2014





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I. Investment Summary



Investment Summary

1

Solid macroeconomic fundamentals of the Kingdom of Saudi Arabia

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Healthy and growing real estate sector in Saudi Arabia driven by favourable demographics and a supportive legislative backdrop

3

Strong reputation for delivering quality affordable housing in the Kingdom

4

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

5

Substantial and geographically diverse land bank

6

Conservative financial profile with a strong balance sheet and healthy income generation

7

Experienced management team, clear and convincing vision for the business, and good corporate governance

8

Access to the international and domestic capital markets

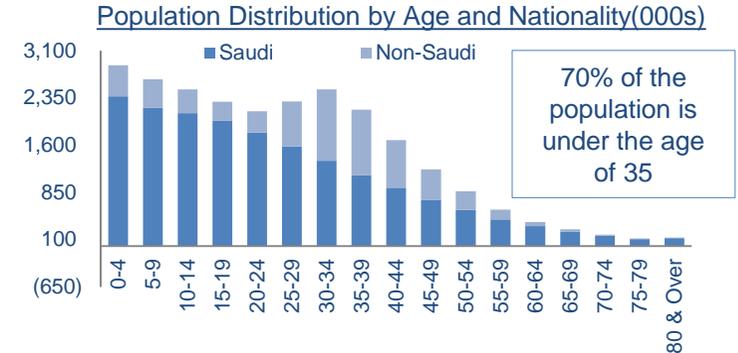
II. Macroeconomic & Sector Overview

Macroeconomic & Real Estate Sector Overview

The Saudi Real Estate Sector: Underpinned by a fast growing economy, vast wealth and attractive demographic fundamentals

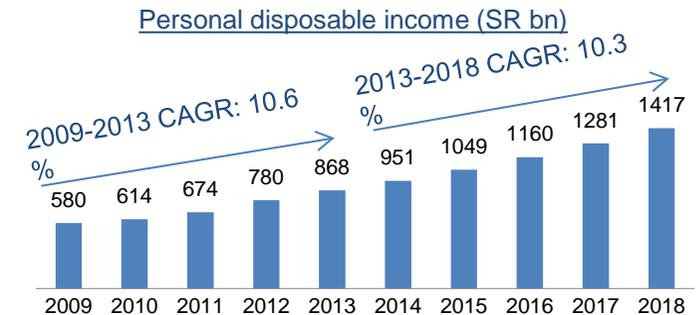
Attractive Demographics

- 70% of the population under the age of 35 and 32% is under the age of 15.
- Population CAGR of 3.0% between 2000 and 2012 with estimated population of 38.5m by 2030.
- Average household size is expected to continue to decline due to the changing family structure in the Kingdom.
- Strong housing demand of approximately 200,000 new homes per annum.



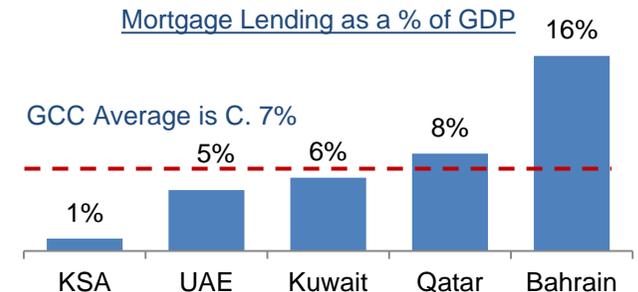
Fast Growing Economy and Disposable Income

- The country enjoys strong GDP growth and vast wealth resources.
- Personal disposable income has been steadily rising with 2013-2018 expected CAGR of 10.3%.
- Strong disposable income complemented with Government financing initiatives such as facilities extended by the Real Estate Development Fund ('REDF') are a key catalyst to the demand for housing.



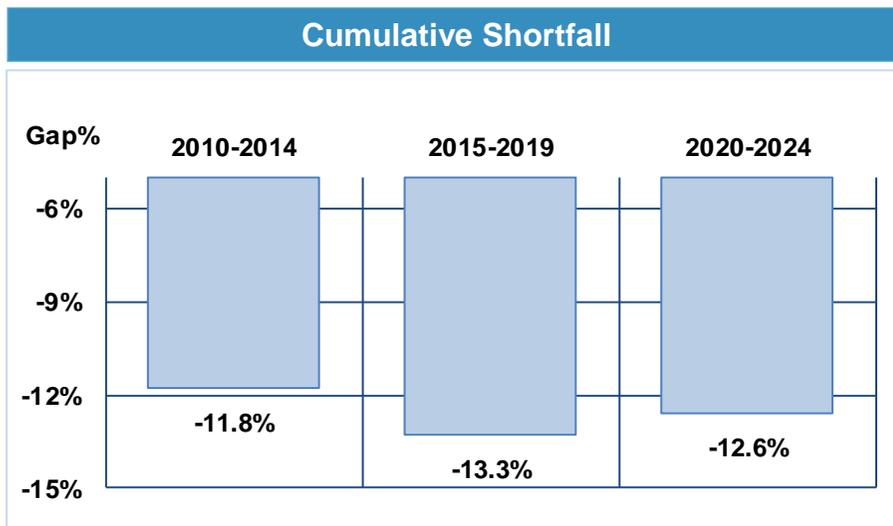
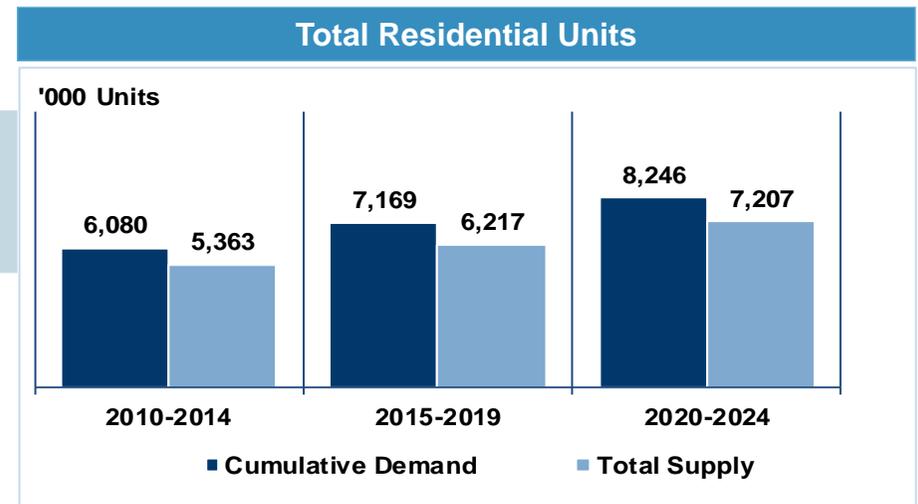
Initiatives to Improve Availability of Financing

- Saudi bank's total lending to real estate end users (mostly mortgages) has increased 2.5x in the past 5 years.
- REDF is not able to meet the demand (c.2,000,000 applications currently on the waiting list).
- SAMA's recent initiatives to increase access and availability of home financing options are a positive catalyst for the real estate sector. Specially the demand for affordable housing.
- SAMA had awarded 14 licenses to Saudi banks and financing companies to practise real estate financing according to the new laws. Further applications await approval.



Macroeconomic & Real Estate Sector Overview

On-going supply shortfall forecast in residential units



- Government's Real Estate Development Fund (REDF) is the main provider of home financing
- REDF is not able to meet demand (650,000 applications in waiting list as of end 2009, up from 450,000 in 2006), in 2012 the waiting list increased to 2.3 million.
- Majority of homes are self built and financed from savings, personal loans or REDF loans. This creates growing demand for developed land.
- DAAR is well positioned to continue to supply developed land parcels to satisfy this growing demand.

III. Company Overview



Company overview



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

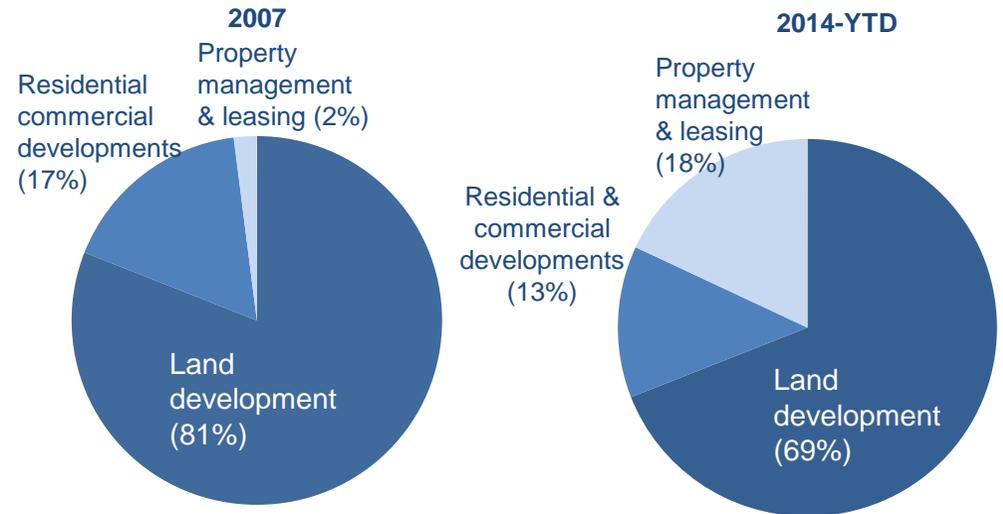
- Largest listed real estate developer in Saudi Arabia
- Market Capitalization as at 31 Mar 2014 was SR 13.5 bn (US\$ 3.6 bn)

As at 31 Mar 2014:

- **Total number of employees:** 326
- **Revenue:** FY2013 SR 2.9 bn (US\$ 772 mn)
2014YTD SR 924.1mn (US\$ 246 mn)
- **EBITDA:** LTM SR 1.2 bn (US\$320mn)
- **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



Land Development

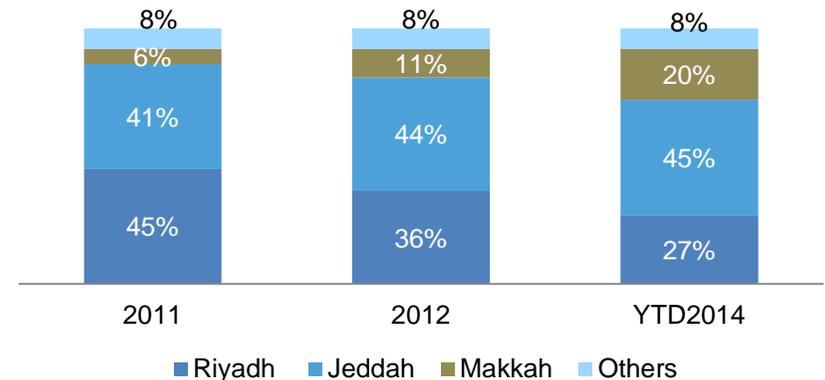
Substantial and Geographically Diverse Land Bank

- 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)



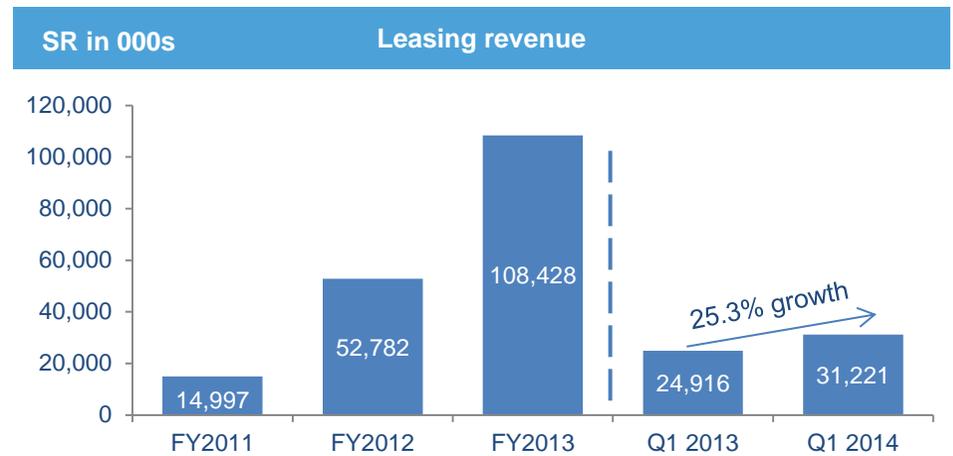
Geographical Split of Dar Al-Arkan's Land Bank Portfolio



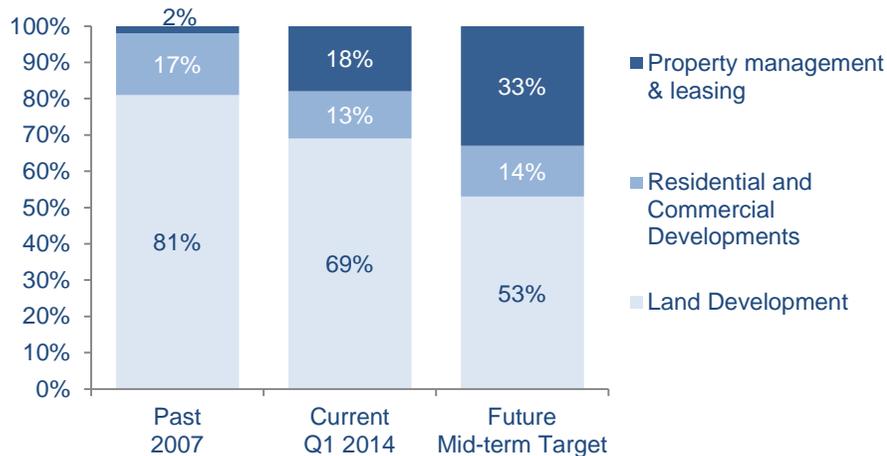
Leasing Portfolio

Growing Leasing Portfolio

Leasing property	Occupancy Q1 2014
Al Qasr Mall	87%
Al Qasr (Apartments & Shops)	37%
Al Qasr Office Building (in advanced stage of negotiation for leasing in whole to Govt. Agency.)	0%
Azizia Towers	100%
Al Qasr (Villas)	84%
Al Tital (Villas)	39%
Al Masif (Villas) (under renovation and releasing within 3 month)	0%



Planned evolution of increasing investments in leasing assets



Al Qasr Community Main Street

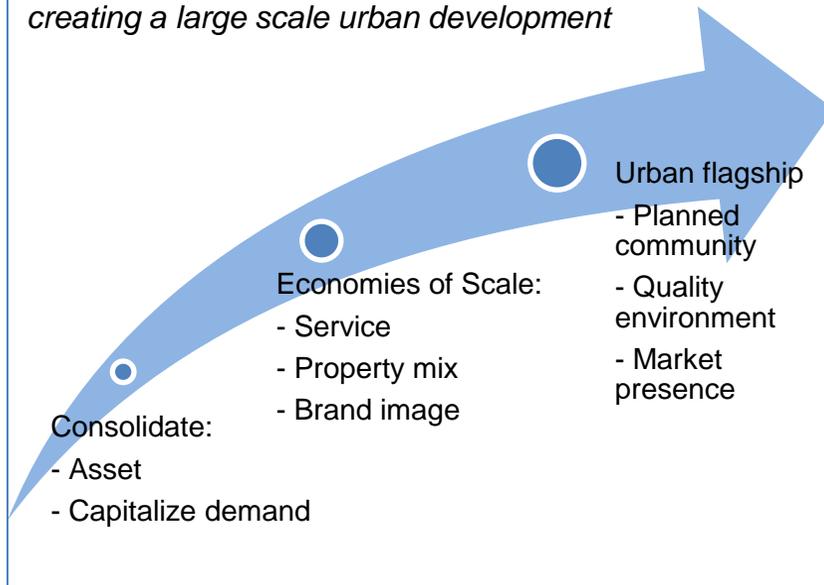
Strategy for Al Qasr and Al Tilal Focus on B-to-B leasing

Significant Increase of Lease Asset Base in Q1 2014 through acquisition

In-line with DAAR's Strategy to diversify income streams and increase recurring income assets. And 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 in Al Tilal and Al Qasr communities.

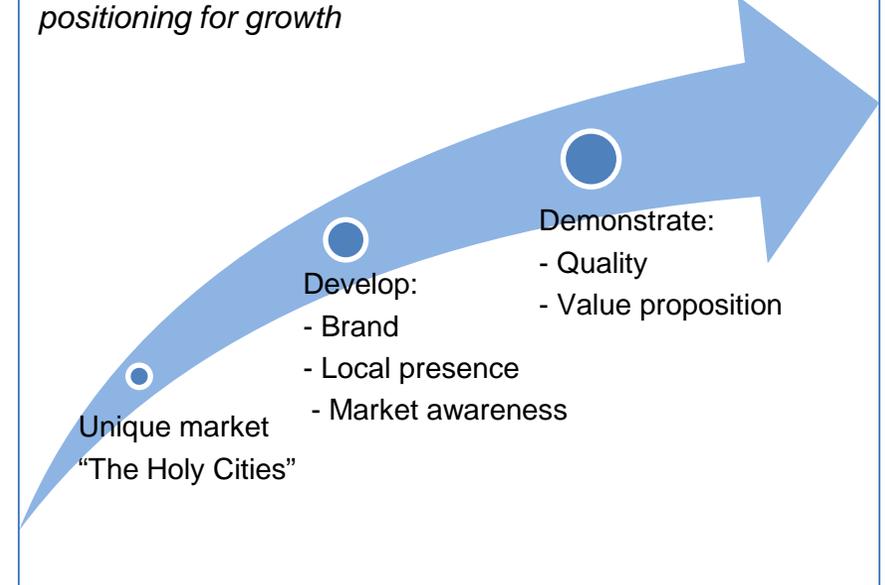
Al Qasr Community:

creating a large scale urban development



Al Tilal Community:

positioning for growth



- Acquisition of additional 1,071 apartments and 11 villas.
- Significant lease agreements for around 1,600 apartments with Government institutions. this is expected to take the community to be mostly leased out during 2014.

- 267 villas acquired in Al Tilal community.
- 109 units are currently leased.
- 80 units are under Negotiation with a Government agency. And discussion are on-going to lease the remaining.
- A retail/ service complex is currently under development.

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, GLA 403k sqm.



Villas, GLA 33k sqm.



Street Shops, GLA 56k sqm.



Office Building, GLA 20k sqm.



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		13,000
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)	38%*

* Expected to be mostly leased out during 2014

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.

Al-Qasr Mall by Numbers	
Built-up Area (sqm)	230k
GLA (sqm)	79k
# Shops	350
# Floors	4
Parking Capacity	1,800 cars
Leasing Ratio	87%



Kids Entertainment Activities



Saudi Culture and Heritage Festival



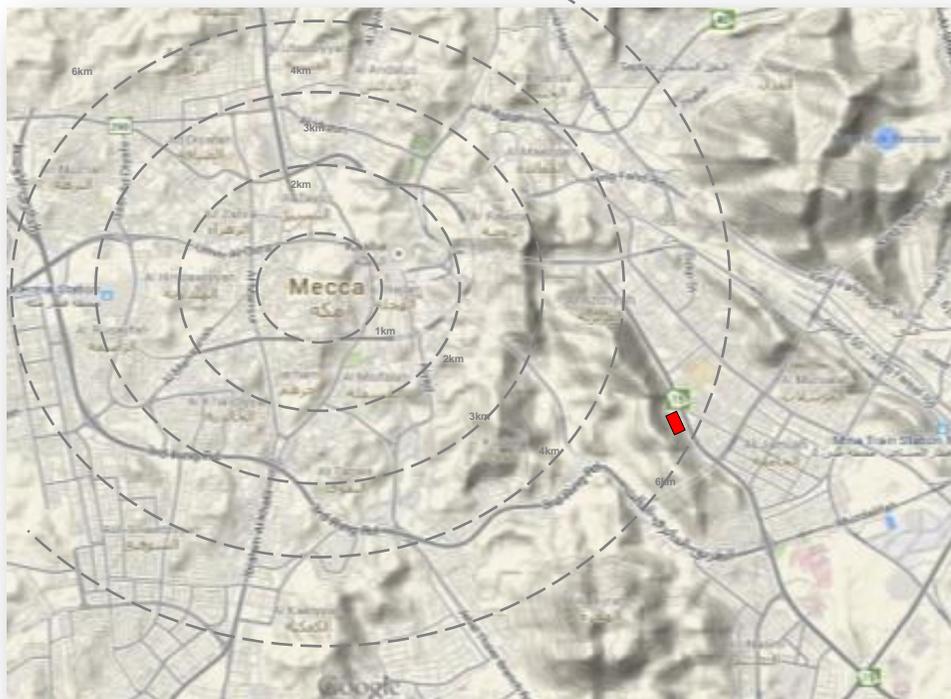
Blue Chip Tenant Mix



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 Overview

Horizontal Development

- DAAR's development strategy leverages the company's strengths to take advantage of the opportunities presented by the market.
- These opportunities consist in the growing demand in the middle and upper middle income segments in Saudi Arabia.



- Competitive advantage in the development of large master planned communities.
- Dar Al Arkan increases land value by:
 - Controlling desirable land by acquisition, or management agreements.
 - Preparing the development plan with the optimal component and unit mix, designing the master plan and obtaining regulatory approvals.
 - Building key infrastructure.
 - Developing and building anchor projects that not only bring direct revenue, but also have the greatest impact on the value of the surrounding community.
 - Seeking strategic alliances with third party developers that will collaborate with the maximization of value.
 - Selling land to third party developers, investors and end consumers.

Vertical Development

- Dar Al Arkan goes "vertical" in order to:
 - Anchor the larger master plan and thus to increase the value of surrounding land.
 - Manage the Cash Flow by generating up-front revenue.
 - Support long term strategy of increasing recurrent revenues.



- With 3.9 m sqm of current master planned developments (Estimated value of SR10.4 bn) in Shams ArRiyadh, Shams Al Arous and Al-Tilal, we target increasing the delivery of units for sale or for lease development assets.
- We are exploring in the short term new development opportunities to strengthen our project portfolio.

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%

*Based on current development plan

** Excluding land cost

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

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

Activity in Q1 2014

- 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
Residential Space GLA (sqm)	87k
# Villas for Leasing	267
Commercial space to be built for leasing (sq m)	4k
% Infrastructure completion	100%
% Superstructure completion	0%
Leasing Ratio	39%

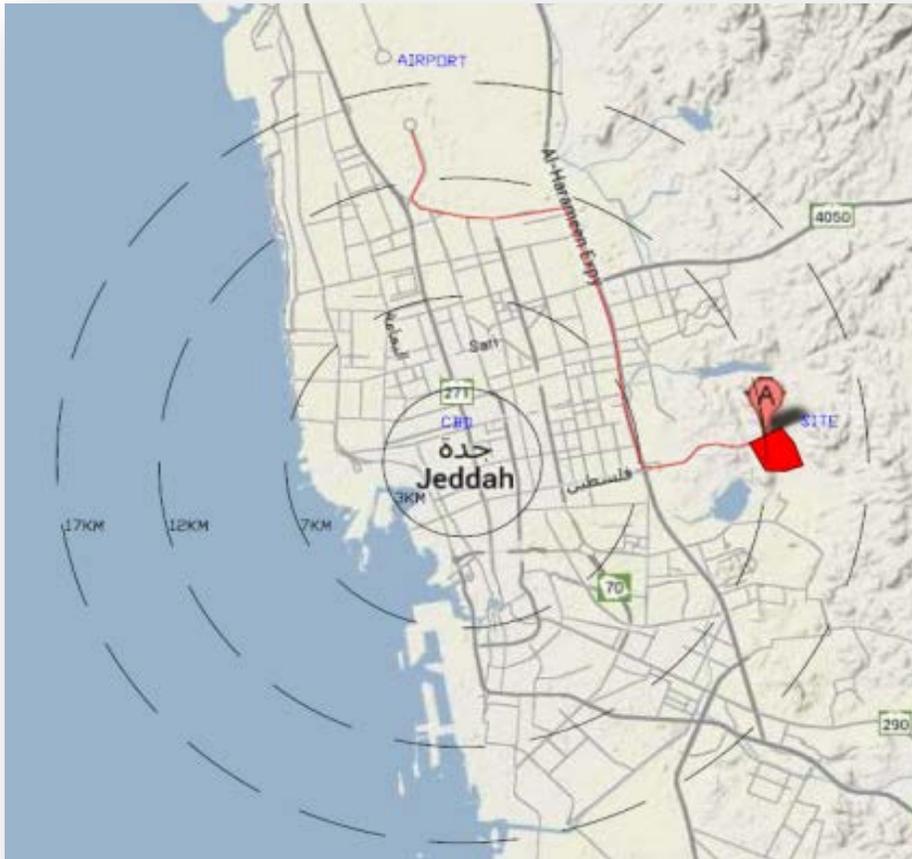
*Based on current development plan

Residential & Commercial Developments



Shams Al-Arous

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%



*Based on current development plan

** Excluding land cost

Residential & Commercial Developments

Eastern Province Project - Located between Dammam and Ras Tanura



DAAR is the master plan developer for this project and owns 1.5 mn sqm of the total 8.2 mn sqm. The project will be an integrated community providing to its residents and visitors with modern waterfront living. This project will be considered as a leisure and conference destination providing the following facilities and services;

- Hospitality projects catering for High quality segments;
- Higher education area with an international-standard institutions;
- State of the art medical city;
- Business and technology hub; and
- High end quality retail

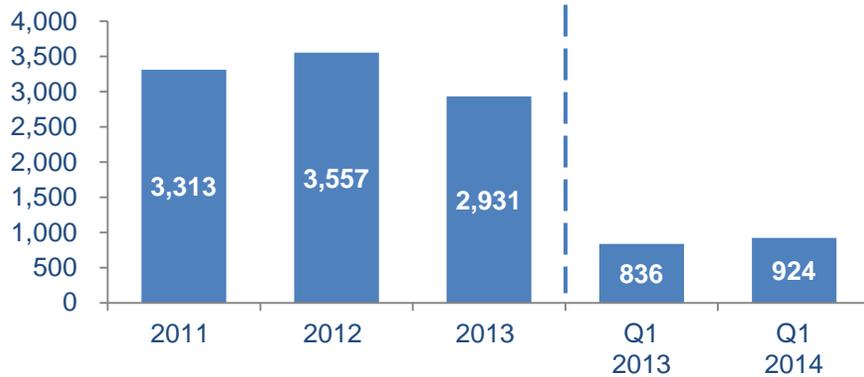


IV. Financial Performance

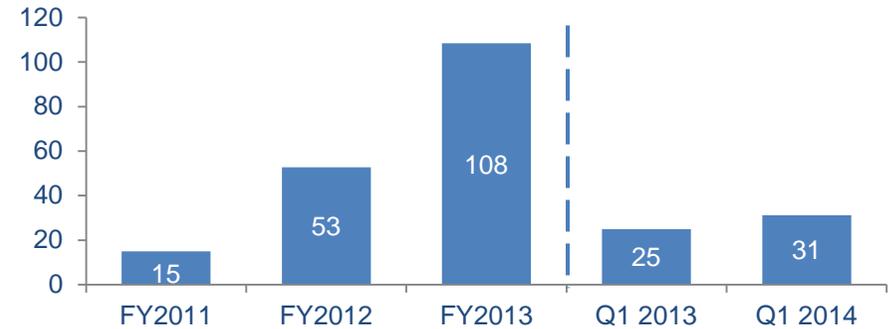


Historical Performance

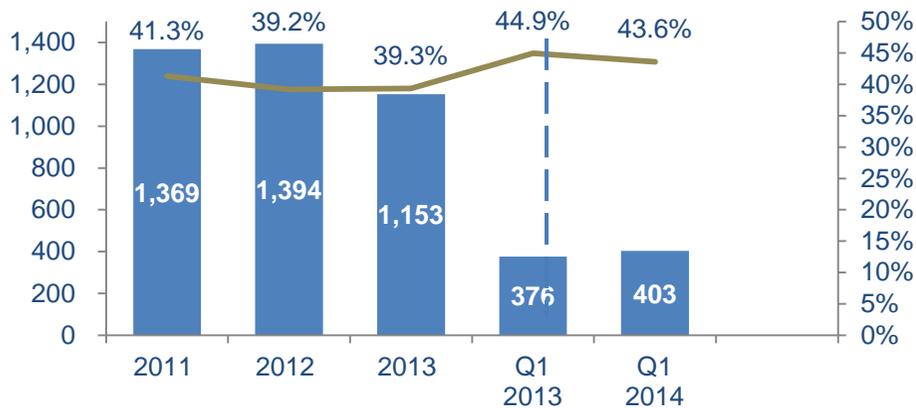
Revenue (SR mn)



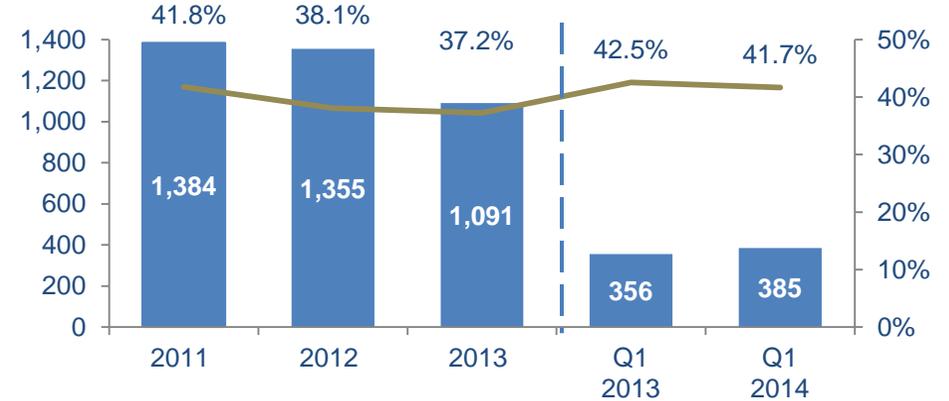
Recurring Revenue (SR mn)



Gross Profit (SR mn) & Margin (%)



EBITDA (SR mn) & Margin (%)





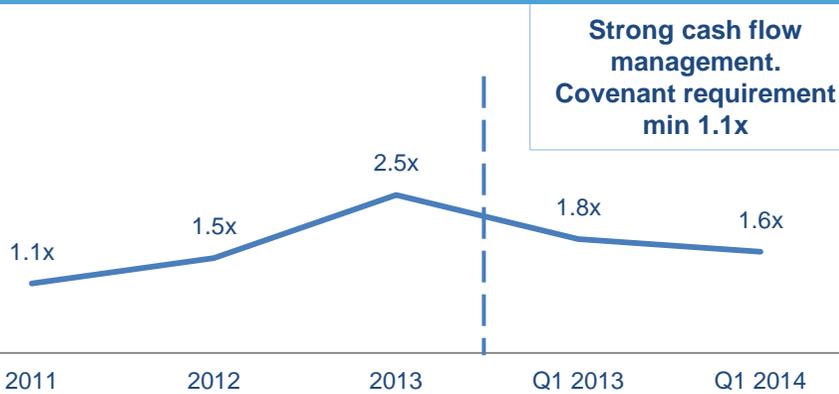
Financial Performance

Income Statements

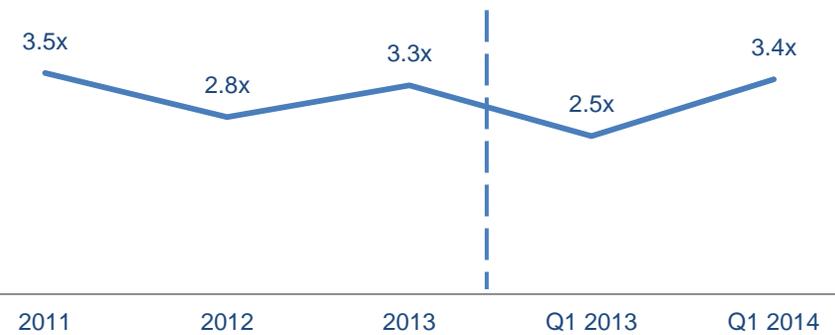
SR in 000s	FY 2011	FY 2012	FY 2013	Q1 2013	Q1 2014
Revenue	3,312,510	3,557,072	2,931,168	835,821	924,089
Cost of sales	-1,943,497	-2,163,366	-1,778,097	-460,240	-521,320
Gross profit	1,369,013	1,393,706	1,153,071	375,581	402,769
Operating expenses	-91,793	-154,601	-151,027	-51,304	-53,418
Operating profit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

Historical Performance

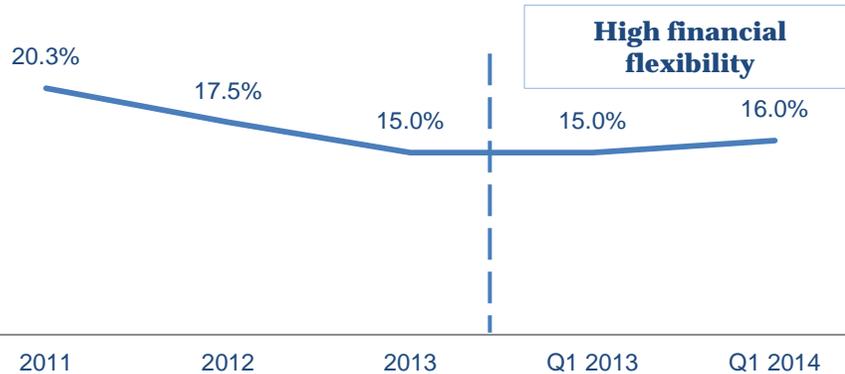
Current Ratio



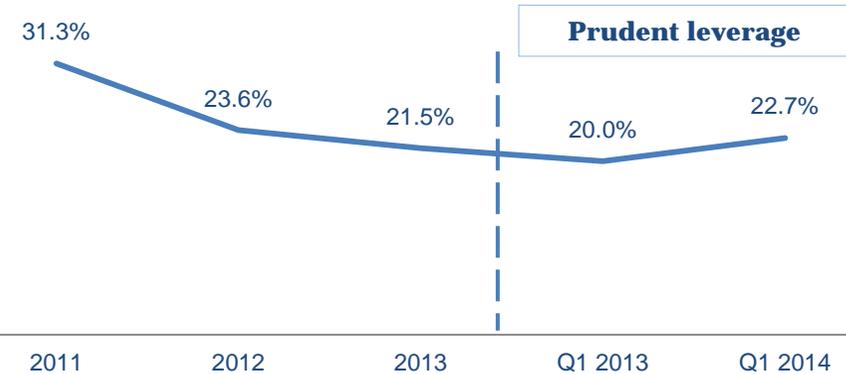
Net Debt/EBITDA



Net Debt/Total Assets



Net Debt/Equity

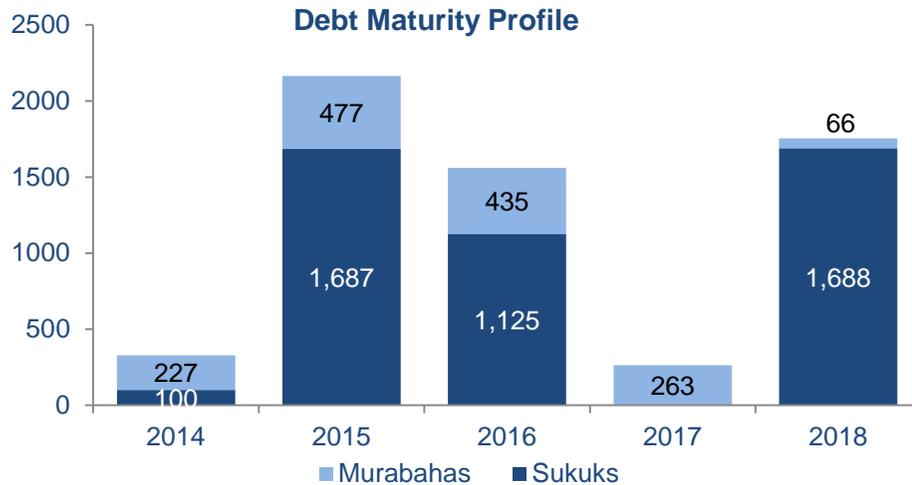
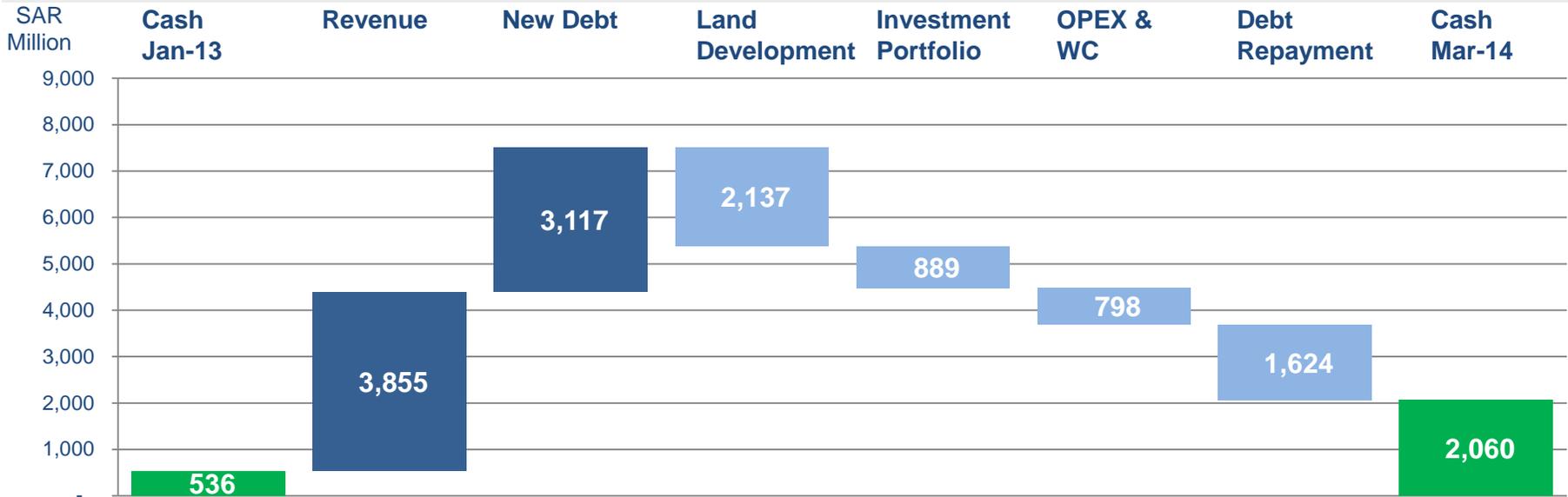


Source: Audited and Reviewed Financial Statements

Note: Current Ratio is defined as Current Assets divided by Current Liabilities. EBITDA is defined as Net Income plus tax/zakat expenses, finance costs, depreciation, amortization, and other income. Net debt is defined as Long Term Borrowings plus Short Term Borrowings less Cash and Cash Equivalents



DAAR Cashflow and Debt Maturity Profile



- International Sukuks:**
 - USD denominated \$450 m (SR 1.7bn) Sukuk maturing in 2015
 - USD denominated \$450 m (SR 1.7bn) Sukuk maturing in 2018
 - USD denominated \$300 m (SR 1.1bn) Sukuk maturing in 2016

DAAR has a valid Sukuk Programme for USD1.2bn, so far only USD750m has been issued under this programme.
- Domestic Sukuk:** SR 100 m (\$27 m) the remaining part of Local Sukuk maturing in 2014. Fully paid on 14th of April
- Murabaha & Ijara:** As at 31 Mar 2014, Dar Al Arkan had SR 1.5 bn (\$391 m) of local and regional facilities

Financial Performance... cont'd)

Balance Sheet

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



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