

Investor Presentation

Q1, 2018

Content	Page No.
1. Macro Economic Overview & KSA Real Estate Market	4
2. Overview of Dar Al Arkan	7
3. Financial Performance Overview	10
4. Overview of Assets Portfolio	15
5. Appendix	19

Interest in diverse properties with rigorous approach to acquisition

DAAR has a diverse investments in lands. The carrying cost of such investments in lands is 10 bn.

Sale of such investments in lands is a key revenue driver for DAAR and the Management has a rigorous approach towards acquiring such investments in lands which have high return potential.

Proven ability to execute large scale projects

DAAR has 12.2 mn sqm under development which includes master-planned communities such as Shams Ar-Riyadh, Shams Al Arous & Juman in KSA and I Love Florence in Dubai.

Dar Al Arkan has also developed one of the largest shopping malls in Riyadh. Al Qasr Mall, provides 78,956 sqm of retail space and has brand names that cater to all market segments.

Diversification & International expansion

Key purpose of the strategy is to deliver revenue from a diversified portfolio of development projects, both locally & Internationally and also grow income producing assets.

DAAR recently announced the launch of its first international project in Dubai in collaboration with Roberto Cavalli. DAAR has an expansion plan that will be the main revenue driver over coming years.

Experienced Management with good corporate governance

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

Key Investment Highlights

Strong financial position

DAAR maintains a healthy balance sheet with SAR 5.2 bn cash, mainly driven by a strong Q1 2018 and FY 2017 performance in monetizing investments in lands in a volatile environment.

DAAR had quarterly revenues of c.SAR 2.8 bn, which represents an increase of 675% YoY & 4% QoQ.

Government support to develop local Real Estate Sector

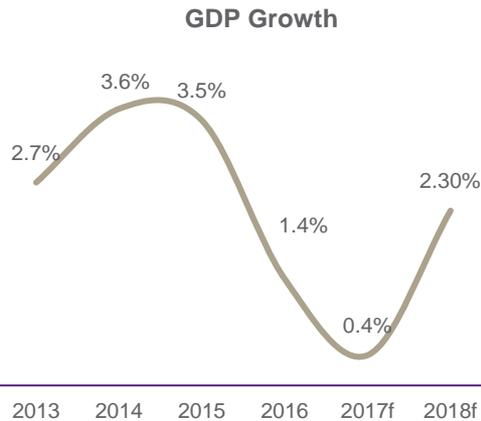
Real Estate sector remains a priority for the Saudi government, driven but multiple initiatives launched by MOH, support of SAMA by increasing LTV for housing and via PIF by initiating trophy mega real estate projects across Kingdom.

1. Macro Economic Overview & KSA Real Estate Market



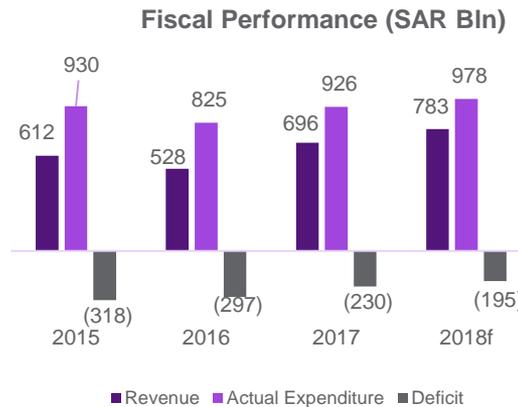
National Transformation Plan NTP (2020) aims to rebalance and diversify the economy through private sector inclusion. Stabilizing oil prices and NTP to spur the economic growth in 2018 and beyond

Oil Price Recovery and Economic Reforms to Drive Economy



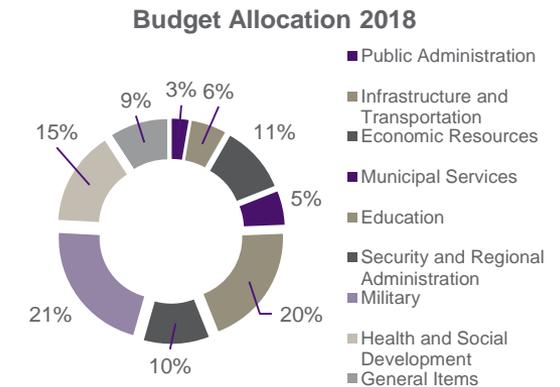
- Global oil prices retreated from three year highs in February as fear of a sharp rise in US crude oil production and a build in commercial oil stocks blunted sentiment.
- Brent oil prices averaged \$67 pb in Q1 2018, up 8% QoQ.
- Economic indicators were mixed in March. Whilst POS transactions rose by almost 20 percent YoY, the non-oil PMI index declined to a nine year low.

Continued Declining Deficit Projected in 2018

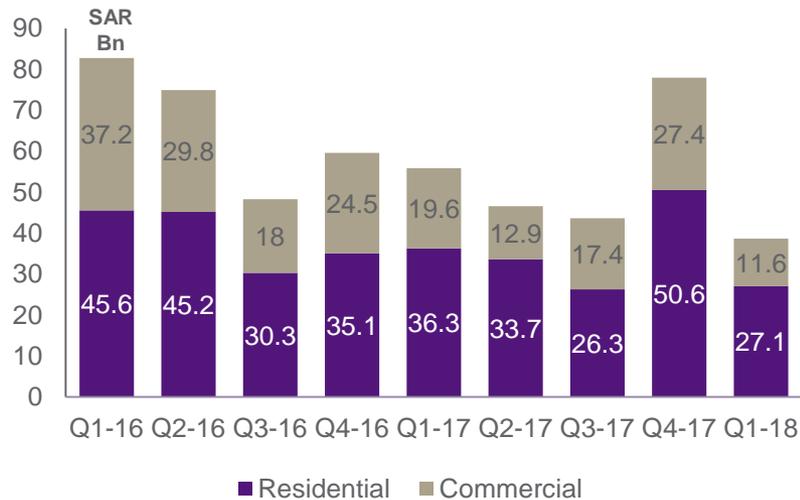


- Issuance of cinema license has commenced. AMC won the first cinema operating license in Saudi Arabia and opened its first theater in Riyadh Q1 2018.
- The King recently launched Qiddiya, the entertainment, sports and cultural destination that will be the first of its kind in the Kingdom.
- More than 811,000 expatriates have left Saudi Arabia on final exit visas over the past 18 months, according to the Government. This trend is likely to continue during 2018.
- REDF drops down payment from 10% to 5% for first time home buyers, to reduce the burden of the advance payment required by the financing parties.
- Saudi Refinance Company started to buy mortgage portfolios from commercial banks and mortgage providers.

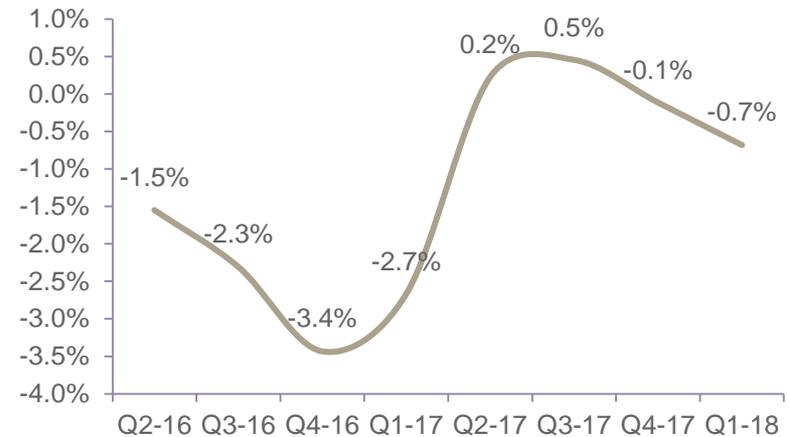
Over 5% Rise in Budget Expenditure Expected for 2018



Value of Real Estate Transactions in KSA



KSA Real Estate Price Index (QoQ)



- Market condition for residential properties continued to be affected by expat levy imposed during 2017 across the board.
- Land transaction volumes declined QoQ and YoY driven by introduction of VAT.
- Jeddah apartment** rentals witnessed a decline of 2.9% QoQ and 4.7% YoY. Apartment also witnessed a decline in sales price of 0.3% QoQ and 5.6% YoY.
- Jeddah villas** rentals witnessed a decline of 1.9% QoQ and 2.8% YoY. Villas also witnessed a decline in sales price of 0.9% QoQ and 4.0% YoY.
- Riyadh apartment** rentals witnessed a decline of 0.9% QoQ and 5.1% YoY. Apartment also witnessed a decline in sales price of 1.5% QoQ and 3.2% YoY.
- Riyadh villas** rentals witnessed a decline of 1.7% QoQ and 5.1% YoY. Villas also witnessed a decline in sales price of 2.2% QoQ and 6.0% YoY.

2. Overview of Dar Al Arkan



Dar Al Arkan has been in operation for over 20 years and has played a significant role in the development of the real estate sector in the KSA. DAAR was named under the National Transformation Program 2020 as a key player to drive growth in the real estate sector

- Dar Al Arkan (“DAAR”) is the largest listed real estate developer in the Kingdom of Saudi Arabia, with assets of over SAR 28 bn (US\$ 7.6 bn) at book value.
- In Q1, 2018, DAAR had turnover of SAR 2.8 bn (US\$ 745 mn) and closing cash balance was SAR 5.2 bn (US\$ 1.4 bn).
- DAAR has strengthened its Management team with a mandate to diversify revenue sources by launching local & international projects and increasing recurring income.
- DAAR recently launched its first project in Dubai, UAE, in collaboration with Roberto Cavalli. This project is expected to generate revenues in excess of US\$ 200 mn over the next three years.

STRATEGIC PRIORITIES

Strategic Land Acquisition

Revenue Diversification

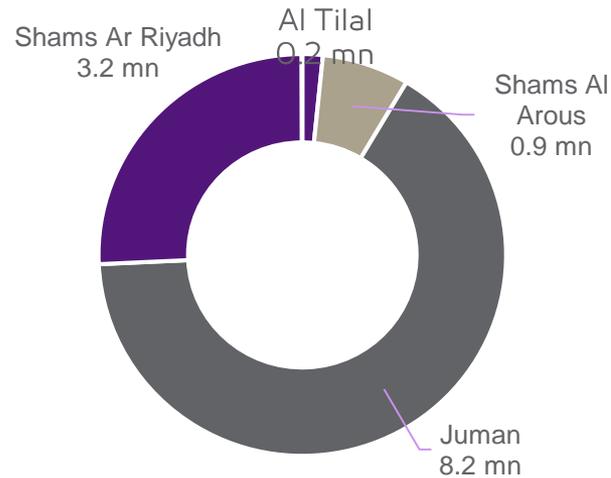
Focus on Development of Off-Plan Master
Communities

International Expansion

Focus on High Margin Products

Prudent Capital Management

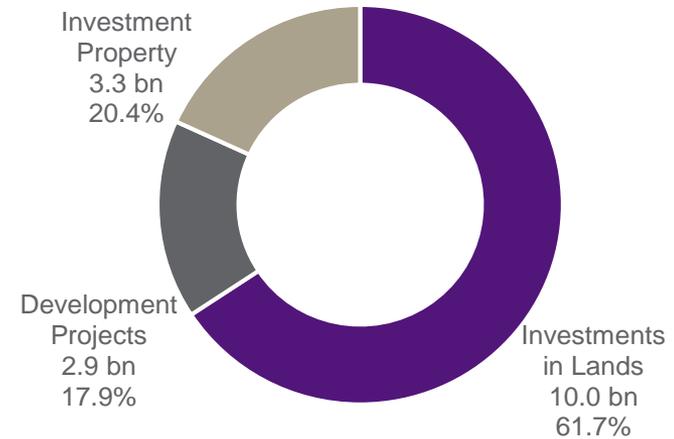
Projects Land Break up (Sqm)



**DAAR holds 18% share in Juman*

- DAAR has a strong pipeline of projects across the Kingdom totaling 12 mn sqm.
- DAAR is developing and selling residential villas and apartments off plan and commercial mix use properties.
- In line with current strategy and driven by a strong sales effort, DAAR aims to focus on delivering increased retail sales of project land plots generating superior margins.

Real Estate Properties Value Break up (SAR)

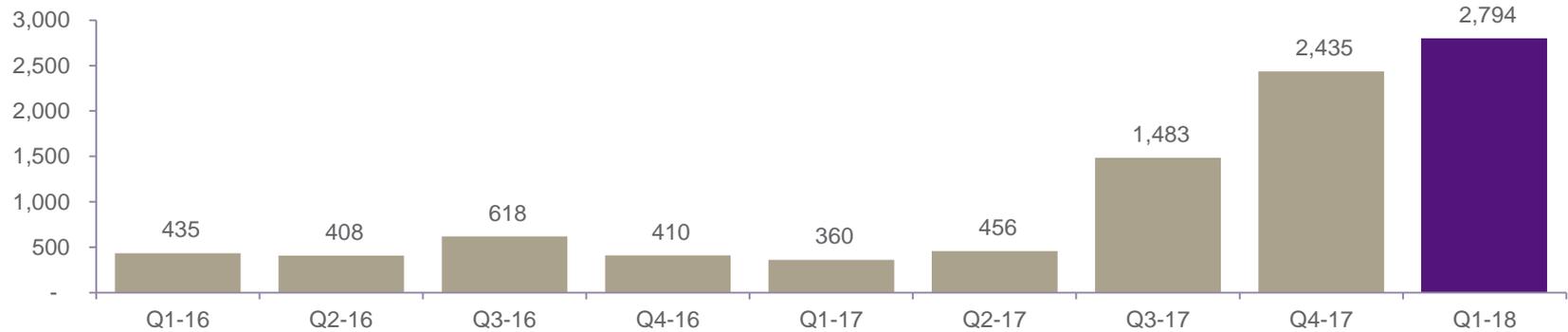


- DAAR has real estate properties of SAR 16.2 bn.
- Real estate properties are reflected in the books at historical cost.

3. Financial Performance Overview

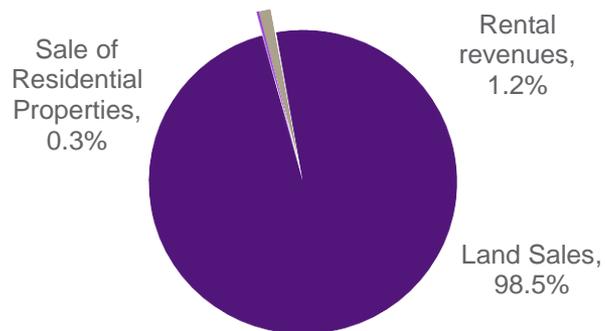


Historical Quarterly Revenue (SAR mn)

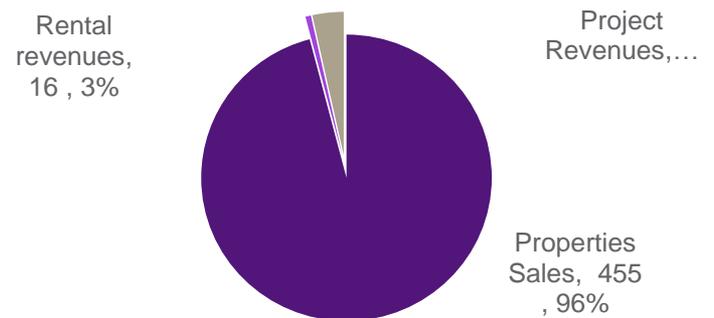


- Revenue in Q1 of SAR 2,794 m is the highest recorded in the last 8 quarters.
- Q1 2018 revenue increased by 675% to SAR 2,794 mn (2017, Q1 SAR 360 mn) due to higher sales of properties.

Revenue Mix

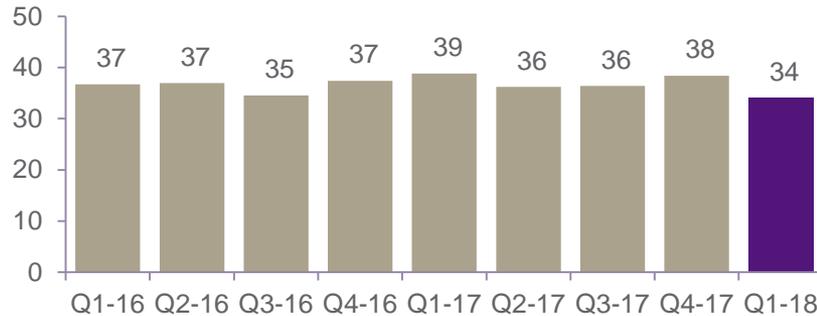


Gross Profit Mix (SAR mn) & Proportion to Total (%)



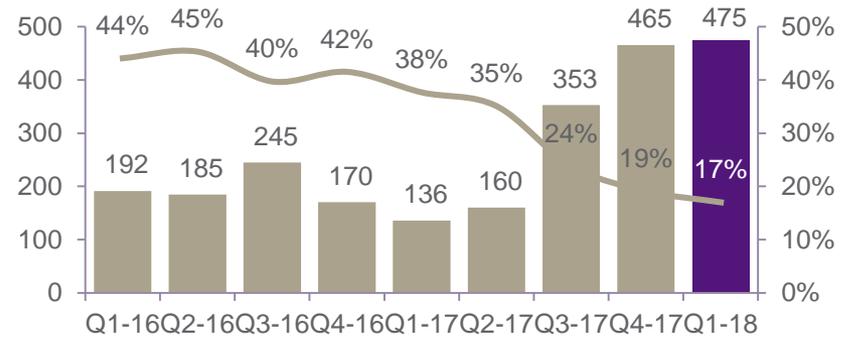
- Land sale revenue SAR 2,752 mn, up 8.6 times compared to Q1, 2017 (SAR 321 mn)

Recurring Revenue (SAR mn)



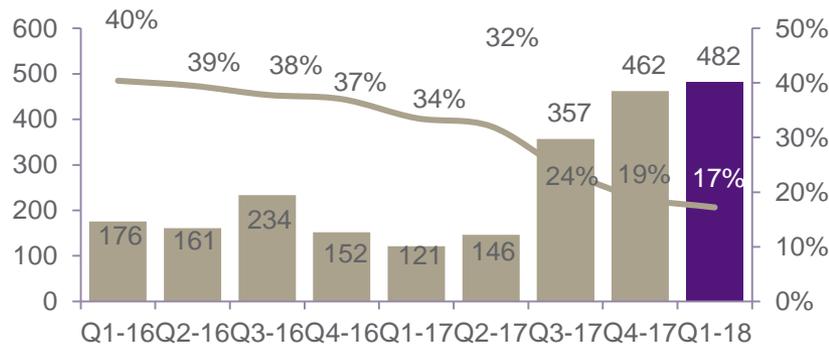
- Recurring revenues (leasing) QoQ dropped by SAR 4 mn.

Gross Profit (SAR mn) & Margin (%)



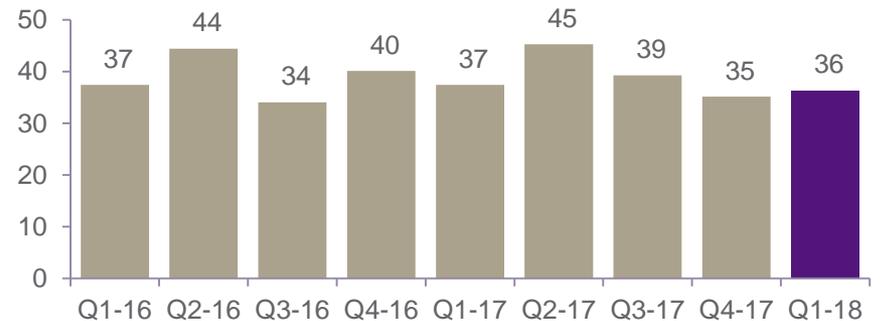
- Gross Profit QoQ increased marginally by 2% to to SAR 475 mn due to higher property sales.

EBITDA (SAR mn) & EBITDA Margin (%)



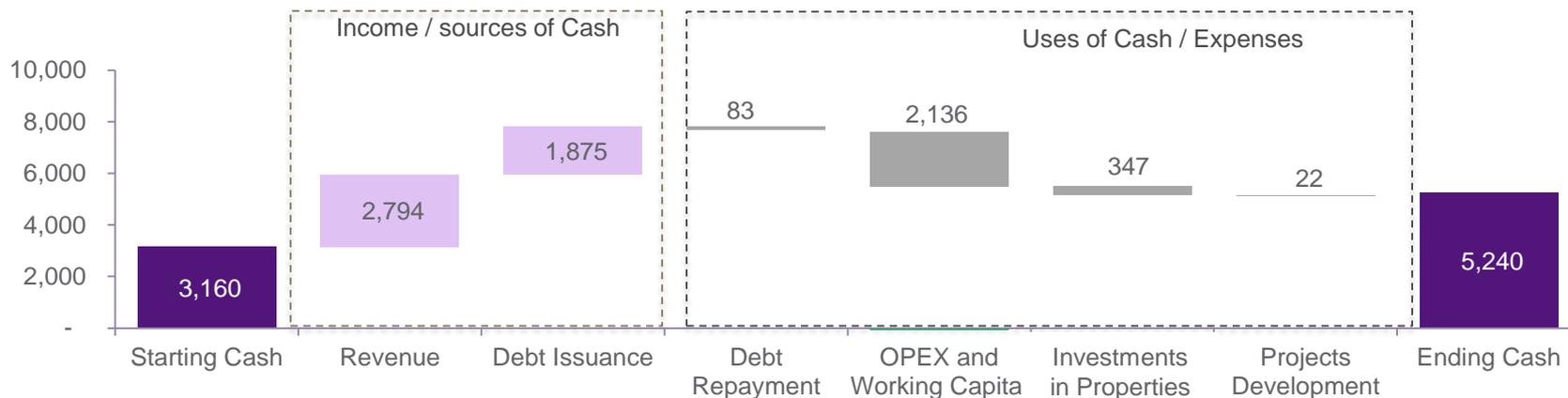
- EBITDA SAR 482 mn up marginally by 4% (2017 Q4 : SAR 462 mn). EBITDA margin decreased to 17% (2017 Q4 : 19%).

SG&A (SAR mn)



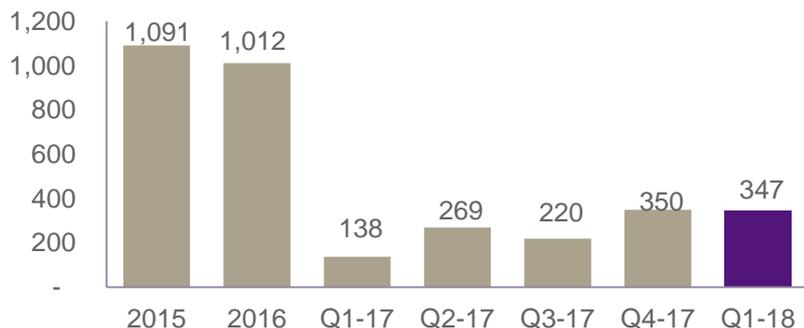
- SG&A QoQ and YoY remained flat.

Cash Flow – Q1 2018 (SAR mn)

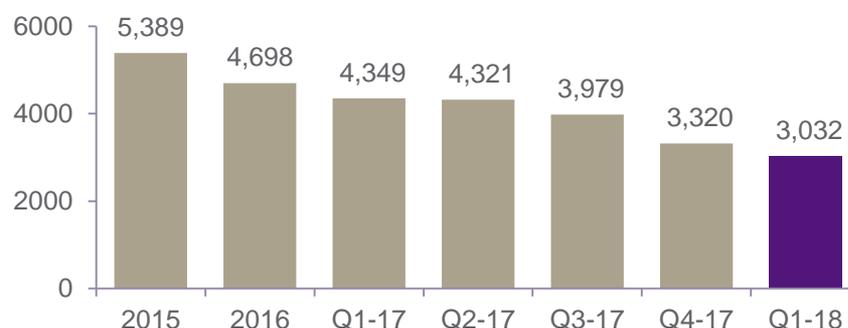


- DAAR's liquidity position remains robust. Cash balance increased to SAR 5.2 Bn including proceeds from successful issuance of Sukuk for USD 500 mn. Debt repayments were nominal. Opex & WC increased primarily due to receivables increase on account of high revenue. Capex on properties & projects accounted for SAR 369 million.

Investments (SAR mn)



Net Debt (SAR mn)

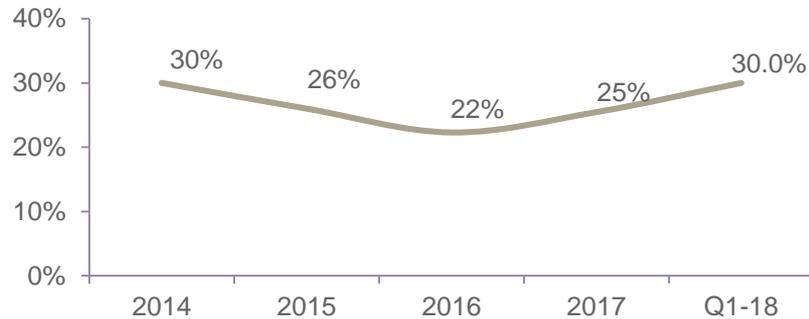


- DAAR invested SAR 347 mn in properties and SAR 10 mn in project development.
- Net Debt has decreased to SAR 3 bn due to robust cash generation from sales.

Source: Reviewed Financial Statements as of 31 March, 2018

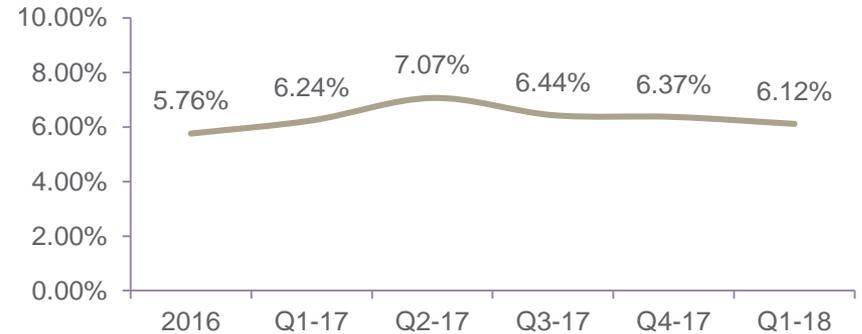
Moody's revised DAAR's outlook to positive on B1 in Q1, 2018

Gross Debt / Capitalization



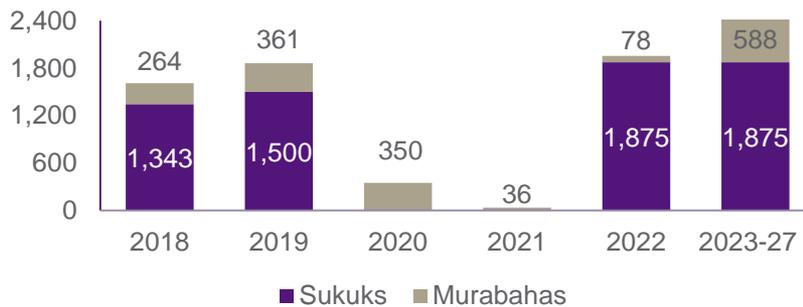
- On repayment of Sukuk V in May (SAR 1.3 bn), from Q2 2018 the ratio would improve further to mid 20s level.

Effective Cost of Funding



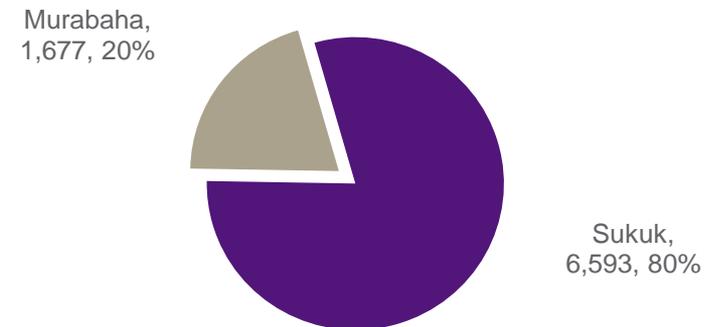
- Q1 2018 effective cost is lower as only partial cost for new Sukuk issuance has been considered in the quarter.

Debt Maturity Profile (SAR mn)



- Maturities are well spread and will allow for prudent cash management. Debt maturity profile extends to 2027.
- Cash balance of SAR 5.2 bn is more than adequate for repayments till end 2022.

Debt Profile (SAR mn)



- Murabaha contribution to total debt decreased by 7% due to issuance of new Sukuk in the quarter.

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 3.2 mn sqm and is located just 19 km from KKI Airport and 9 km from King Abdullah Financial Center.
- Zone 4 is under municipality approval. Infrastructure for masterplan & retail strip development will start in 2018.
- Off plan land plot sales is planned to start in Q2 2018 on obtaining WAFI approval.

Phase 1:

Residential Land	0.6 mn sqm
Luxury Branded Villas	325 units
Retails Strip Lot Size	104,000 sqm
GLA	55,000 sqm

Phase 2:

Residential Land	1.3 mn sqm
Commercial Land	550,000 sqm BUA 3 mn sqm

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.
- The neighborhood of Retail Strip Jeddah development consists of Shams Al Arous residential area
- Concept design for Retail strip mall has been completed & development is planned to start in 2018. Master plan approvals are under process.

Key Facts:

Land Plots for Sale	0.8 mn 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.
- Once completed, the island will be an integrated community with waterfront living. 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 of very shallow reclamation development for a resort is planned to start in 2020

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 817 mn (US\$ 218 mn)
- The tower reaches 34 stories and fully designed by Roberto Cavalli's heritage and love for Florence.
- Launch of sales of the project started in Q4 in Dubai, followed by January launch in KSA.
- Drilling & foundation works was awarded to GFG Group.

Key Facts:

Saleable (GFA)	42,000 sqm
Project value	SAR 817 mn
Number of Units	400
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.
- Built a private gym for men and women.
- Retail shops (Parisiana Boulevard) are available for sale.

Parisiana Living



- Located in Riyadh city and easily accessed through King Fahad Road, Parisiana Living is a central investment location with access to all destinations; government departments, schools, big hospitals, and major shopping centers.
- Renovation of villas and the surroundings has been completed.
- Supply & Installation of Access Gates.

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 Maseef Complex



- The complex is located in Al Maseef neighborhood, north of Riyadh. Close proximity to the Service Road that connects to the Northern Ring Road.
- Gated community that respects the privacy of its residents.
- Villas are spacious and the windows of the front hall present a view of the garden outdoors.
- A common swimming pool
- 23 villas sold in the last 2 quarters and balance inventory is 3 units only.

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: 14 theater multiplex cinema agreement signed. Ground floor expansion of 10,242 sqm awaiting approval from municipality soon.



Al-Qasr Apartments and villas, Riyadh

GLA	419,000 m ²
Apartments	2,350
Villas	66
Commercial space	75,963 m ²

Latest Activity: Continue to focus on targeting and approaching large retailers.



Azizia Towers, Makkah

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

Latest Activity: Property fully leased to King Abdullah Medical City (Government)



Al Tilal villas, Medina

GLA	87,000 m ²
# Leasable villas	279

Latest Activity: Property leased to individuals and in process to be fully converted for sale



5. Appendix



SAR in 000s	FY 2015	FY 2016	FY 2017	Q1, 2017	Q1 2018
Revenue	2,211,349	1,870,229	4,734,687	360,329	2,793,913
Cost of revenue	(1,228,117)	(1,078,286)	(3,620,675)	(224,636)	(2,319,302)
Gross profit	983,232	791,943	1,114,012	135,693	474,611
%	44.5%	42.3%	23.5%	37.7%	17.0%
Operating expenses	(204,238)	(156,005)	(157,106)	(37,425)	(36,348)
Operating profit	778,994	635,938	956,906	98,268	438,263
%	35.2%	34.0%	20.2%	27.3%	15.7%
Income from Associates	12,800	12,878	20,604	3,824	1,623
Depreciation & amortization	(39,586)	(36,471)	(37,733)	(7,533)	(11,566)
EBIT	752,208	612,345	939,777	94,559	428,320
%	34.0%	32.7%	19.8%	26.2%	15.3%
Other income	1,075	(32)	39,397	22	24,083
Finance cost	(384,801)	(353,536)	(408,688)	(81,948)	(112,795)
PBT	368,482	258,777	570,486	12,633	339,608
%	16.7%	13.8%	12.0%	3.5%	12.2%
Zakat	(9,325)	(7,943)	(14,443)	(500)	(8,490)
Net Income	359,157	250,834	556,043	12,133	331,118
%	16.2%	13.4%	11.7%	3.4%	11.9%
EBITDA	862,094	722,261	1,086,112	120,958	481,510
%	39.0%	38.6%	22.9%	33.6%	17.2%
KPIs					
Gross Margin%	44.5%	42.3%	23.5%	37.7%	17.0%
Operating Profit %	35.2%	34.0%	20.2%	27.3%	15.7%
EBITDA %	39.0%	38.6%	22.9%	33.6%	17.2%
PBT%	16.7%	13.8%	12.0%	3.5%	12.2%
Net Income%	16.2%	13.4%	11.7%	3.4%	11.9%

SAR in 000s	FY 2015	FY 2016	FY 2017	Q1 - 2017	Q1 - 2018
Cash	1,001,061	582,087	3,159,666	874,571	5,240,499
Accounts Receivables	1,948,687	1,839,470	3,338,618	1,662,279	5,391,871
Pre-paid Expenses	974,809	743,508	694,707	736,727	705,117
Project in Progress-ST	-	-	49,227	-	44,624
Developed Land -ST	437,185	317,325	73,448	322,757	73,448
Total Current Assets	4,361,743	3,482,390	7,315,666	3,596,334	11,455,559
Project in Progress-LT	8,651,076	8,878,157	8,264,767	8,455,726	8,277,261
Investment in Land	5,982,401	6,261,462	5,711,770	6,694,500	3,761,889
Developed Land -LT	1,963,764	1,581,442	775,030	1,496,100	775,030
Investment Properties	3,501,637	3,424,778	3,290,010	3,405,934	3,272,469
Investment in Associates	776,207	790,585	811,189	794,409	812,812
Other Assets	68,416	66,959	72,875	67,634	81,224
Total Non-Current Assets	20,943,501	21,003,384	18,925,641	20,914,303	16,980,685
Total Assets	25,305,244	24,485,775	26,241,307	24,510,637	28,436,244
Payables & Accruals	1,065,035	1,067,215	1,086,812	1,129,903	1,184,154
Murabahas & Sukuks-ST	1,531,945	324,995	1,691,363	350,995	1,680,961
Total Current Liabilities	2,596,980	1,392,210	2,778,175	1,480,898	2,865,115
Murabahas & Sukuks-LT	4,760,617	4,890,375	4,707,620	4,814,256	6,484,759
Others	20,973	25,682	21,961	25,842	21,702
Total Non-Current Liabilities	4,781,590	4,916,057	4,729,581	4,840,098	6,506,461
Total Equity	17,926,674	18,177,508	18,733,551	18,189,641	19,064,668
Total Liabilities & Equity	25,305,244	24,485,775	26,241,307	24,510,637	28,436,244
Development Properties	17,034,426	17,038,387	14,825,015	16,969,083	12,887,628
Investment Properties	3,501,637	3,424,778	3,290,010	3,405,934	3,272,469

Source: Reviewed Financial Statements as of 31 March, 2018

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