

Investor Presentation Q3, 2015





Disclaimer

THIS PRESENTATION IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, INTO AUSTRALIA, CANADA, JAPAN OR THE UNITED STATES.

THIS PRESENTATION IS NOT AN OFFER OR SOLICITATION OF AN OFFER TO BUY OR SELL SECURITIES. IT IS SOLELY FOR USE AT AN INVESTOR PRESENTATION AND IS PROVIDED AS INFORMATION ONLY. THIS PRESENTATION DOES NOT CONTAIN ALL OF THE INFORMATION THAT IS MATERIAL TO AN INVESTOR.

The securities mentioned herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) nor with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold in the United States or sold to, or for the account or benefit of U.S. persons (as such term is defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. No public offer of, or registration of any part of, the securities mentioned herein is being made in the United States.

This announcement is not being made, and this announcement has not been approved, by an authorised person for the purpose of section 21 of the Financial Services and Markets Act 2000 (the **FSMA**). Accordingly, this communication is not being distributed to, and must not be passed on to the general public in the United Kingdom. This communication is directed solely at (i) persons outside the United Kingdom, (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the **Order**), (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order and (iv) any other persons to whom it may otherwise be lawfully distributed in accordance with the Order (all such persons in (i)-(iv) above being **relevant persons**). Any investment activity to which this communication relates will only be available to and will only be engaged with relevant persons. Any person who is not a relevant person should not act or rely on this communication or any of its contents. This communication does not constitute an offer of securities to the public in the United Kingdom pursuant to an exception contained in the FSMA in connection with offers to a restricted category of qualified investors.

This presentation is provided for information purposes and is intended for your use only. The provision of information is not based on your individual circumstances and should not be relied upon as an assessment of suitability for you of a particular product or transaction. Even if we possess information as to your objectives in relation to any transaction or series of transactions, this will not be deemed sufficient for any assessment of suitability for you of any transaction or series of transactions. Any person considering the purchase of the securities described herein must inform himself independently based solely on the prospectus in relation to such securities (including any supplement thereto) available when orders are confirmed before taking any investment decision.

This presentation contains data compilations, writings and information that are proprietary and protected under copyright and other intellectual property laws, and may not be redistributed or otherwise transmitted by you to any other person for any purpose.

This presentation may contain "forward-looking" information. Such information may include, but is not limited to, projections, forecasts or estimates of cash flows, yields or return, scenario analyses and proposed or expected portfolio composition. Any forward-looking information is based upon certain assumptions about future events or conditions and is intended only to illustrate hypothetical results under those assumptions (not all of which are specified herein or can be ascertained at this time). When evaluating any forward looking information you should understand the assumptions used and, together with your independent advisors, consider whether they are appropriate for your purposes. Any estimates and opinions included herein constitute judgments as of the date hereof and are subject to change without any notice.

This presentation does not disclose all the risks and other significant issues related to an investment in any securities/transaction. Prior to transacting, potential investors should ensure that they fully understand the terms of any securities/transaction and any applicable risks. This document is not a prospectus for any securities and does not contain an offer to sell any securities. Investors should only subscribe for any securities on the basis of information in the relevant prospectus and term sheet, including (without limitation) the risks described in the relevant prospectus, and not on the basis of any information provided herein. The merits or suitability of any securities to any investor's particular situation should be independently determined by such investor. Any such determination should involve, inter alia, an assessment of the legal, tax, accounting, regulatory, financial, credit and other related aspects of any securities.

This presentation is strictly private and confidential and may not be taken away, reproduced or further distributed to any other person or published, in whole or in part, for any purpose.

By accepting this document you will be taken to have represented, warranted and undertaken that (i) you are a person to whom this presentation may be given (as described above); (ii) you have read and agree to comply with the contents of this notice; and (iii) you will treat and safeguard as strictly private and confidential all such information and take all reasonable steps to preserve such confidentiality.



Table of Contents

- I. Investment Summary
- II. Macroeconomic & Sector Overview
- III. Company Overview & Financial Performance
- IV. Company Activities

I. Investment Summary





Investment Summary

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

2 Continued favourable trends in land price appreciation

3 Continued focus on premium margins

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

5 A substantial and geographically diverse land bank

6 A conservative financial profile with a strong balance sheet and healthy income generation

7 An experienced management team and good corporate governance

8 Access to the international and domestic capital markets

9 Progress with revenue diversification and increasing visibility

II. Macroeconomic & Sector Overview

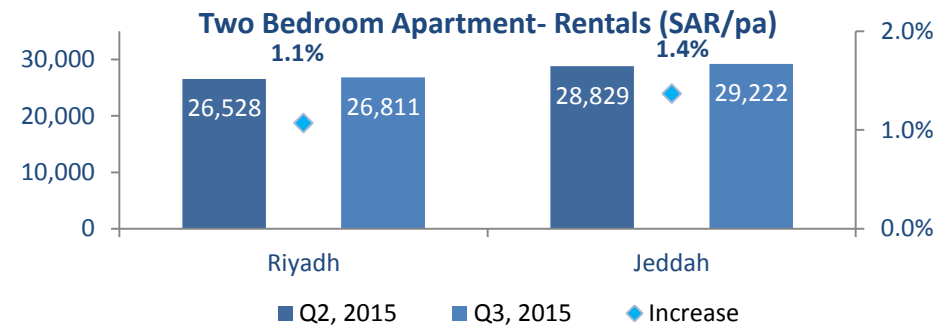
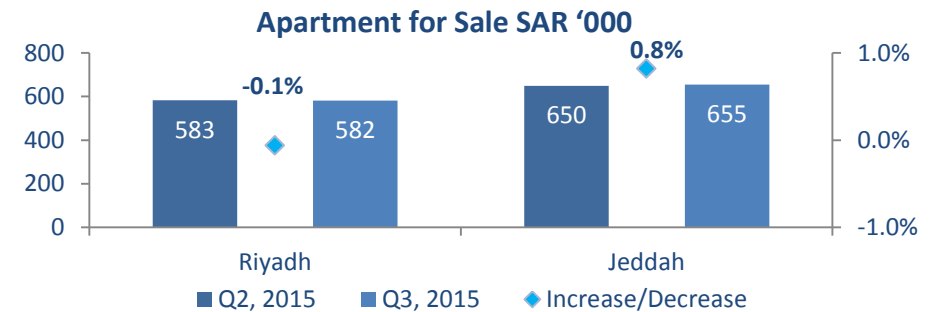
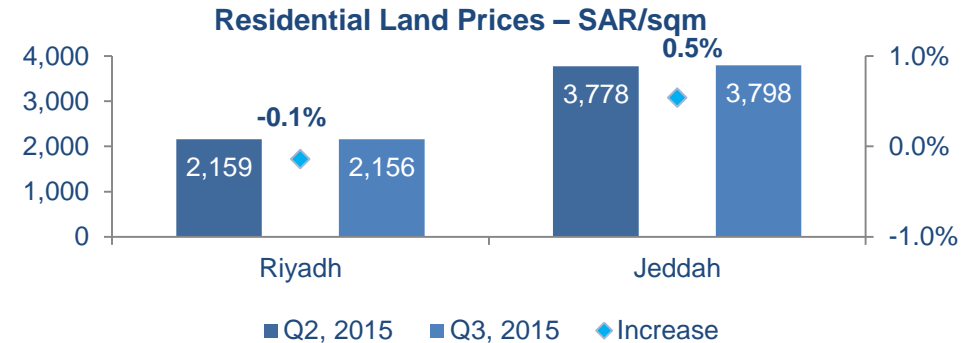


Market Outlook

The Long-term outlook of the Saudi Real Estate sector remains positive

Saudi Real Estate Market

- (1)According to research reports, the long-term outlook of the RE sector remains positive.
- Steady growth in Saudi housing segment continues to be driven by strong demand from a rising population, young demographic profile, urbanization, higher disposable incomes and better financing options despite recent changes in Oil price and the war on Yemen. Saudi Arabia with ample fiscal flexibility will continue to invest in the economy going forward.
- **Land transactions volume** shows an increase in Q2 to Q3. while YoY volume growth continues to be negative
- (2)**Residential selling prices of land and apartments** remained stagnant. The minor negative growth in Riyadh was only due to slight drop in prices in some localities in west & south districts of the city.
- (2)**Rental rates** showed an increasing trend which ranged between 1% to 2%.

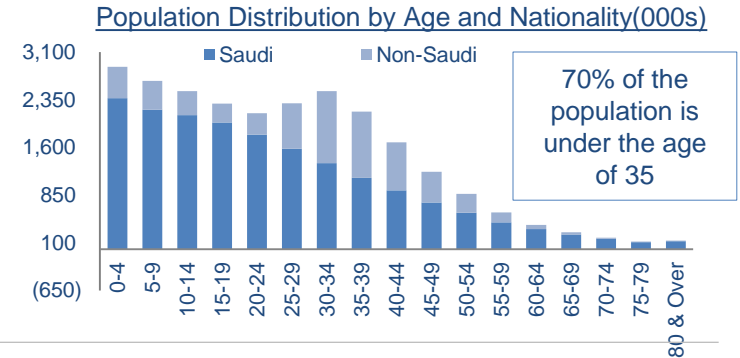


Macroeconomic & Real Estate Sector Overview

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

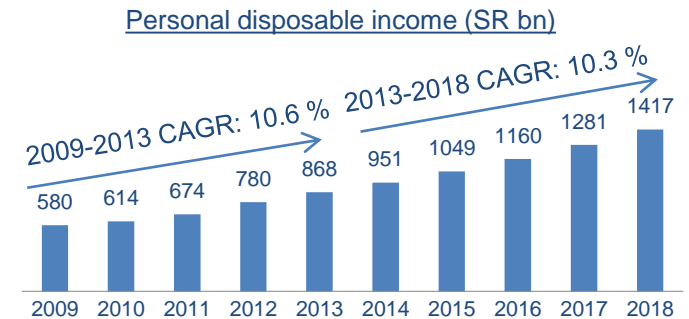
Attractive Demographics

- 70% of the population under the **age** of 35 and 32% is under the age of 15.
- **Population** grew 21.87% between 2005 and 2015 with estimated population of 37.6m by 2025.
- 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.



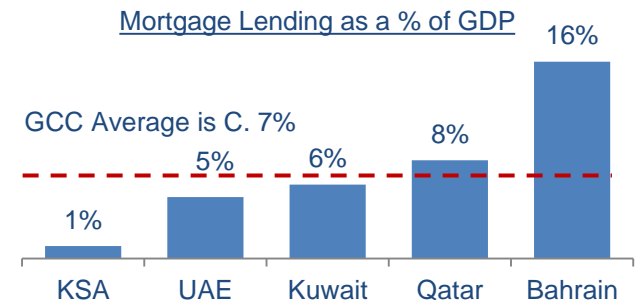
Growing Economy and Disposable Income

- **GDP growth** is slowing, with 3.2% growth forecast for 2015 and 1.9% in 2016
- Earlier in 2015, government spending was kept high through use of reserves and debt issuance
- **Government spending is now decreasing** owing to continued oil price weakness effecting capital projects and gov. institutions but employment and housing remains to be priority.
- **Inflation** in the Kingdom has been stable at 2.3% so far this year despite strong domestic demand.



Mortgage Law

- **Slowdown of lending** as 70% LTV is adversely impacting mortgage penetration currently.
- Top up/Additional loan schemes add to the means of real estate financing and support increased lending.
- SAMA, Banks, REDF and MCI are all working together to provide better solutions to the market such as off plan sale,
- **New regulations** allows REDF loan be paid directly to banks and can be considered as equity (30 %) for the mortgage

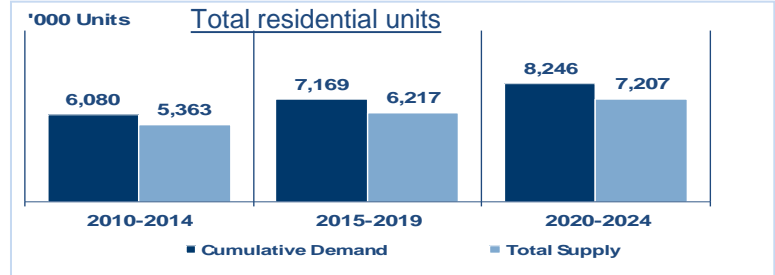


Ministry of Housing (MoH) & Real Estate Development Fund (REDF)

On-going supply shortfall forecast in residential units and overview on DAAR and white land tax

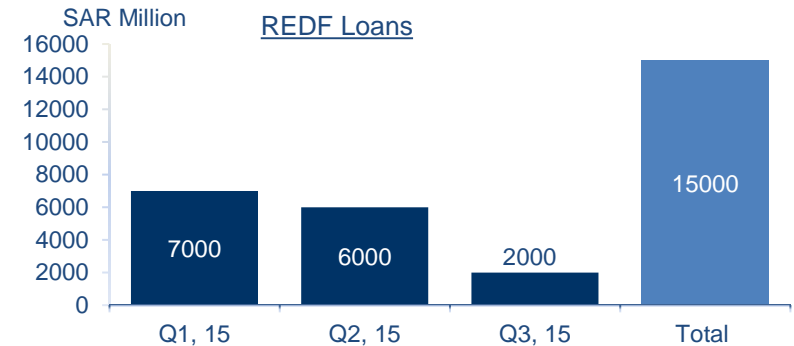
Long term Housing Demand

- Majority of homes are self built and financed from savings, personal loans or REDF loans. This creates growing demand for developed land.
- Due to **severe shortage** in housing, government has developed housing aid program to support low income Saudis.
- Despite this and other measures, there is likely to remain a shortage of affordable housing in Saudi Arabia for some time to come.



Ministry of Housing & REDF

- New Minister** was appointed during Q3..
- Minister of Housing announced that **housing projects will be executed in co-operation with Developers.**
- MoH has separated REDF to an independent financial body. This enables MoH to focus on housings solutions and strategy while REDF focuses on financing solutions.
- REDF has **approved 15 billion SR RE loans** up to Sep 2015.
- DAAR is well positioned to continue to supply developed land parcels to satisfy this growing demand.



White Land Tax

- Council of Ministers has approved in principle the levying of tax in relation to vacant land. This initiative could help MoH to meet the demands for KSA housing strategy.
- Criteria for taxation is unclear but form around following issues of concern:
 - Lands for residential use (no commercial) with in urban area
 - Lands not under development for longer period of time
 - Land that have municipal services available (utilities and roads)



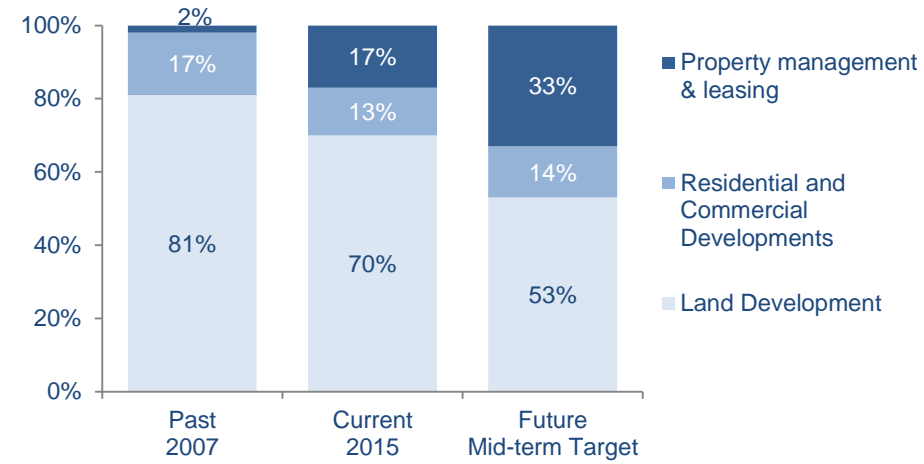
III. Company Overview & Financial Performance

Company overview

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

- Largest listed real estate developer in Saudi Arabia
- As at 30 Sept 2015:**
- **Market Capitalization:** SAR 7.5 bn (US\$ 2.0 bn)
- **Total number of employees:** 327
- **Revenue:** Q3 2015 SAR 541mn (US\$ 144mn)
- **EBITDA:** Q3 2015 SAR 211 mn (US\$ 56mn)
- **Book value of assets : SAR 25.4 bn (US\$ 6.7bn)**
 - Land Bank: SAR 14.5 bn (US\$ 3.9 bn)
 - Leasing: SAR 3.5 bn (US\$ 933 mn)
 - Residential and commercial development projects: SAR 2.6 bn (US\$ 705 mn)
 - Other assets: SAR 4.7 bn (US\$ 1.3 bn)
- Headquarters:** Riyadh, Saudi Arabia

Increasing investments in leasing assets



- 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

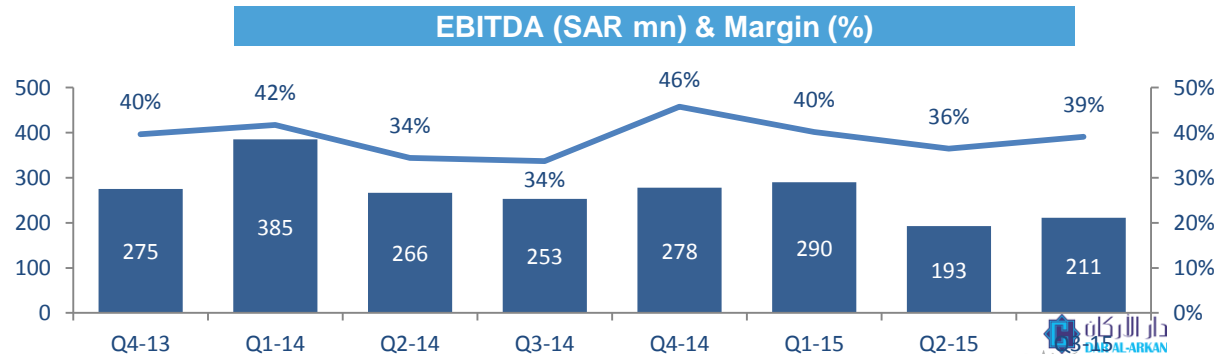
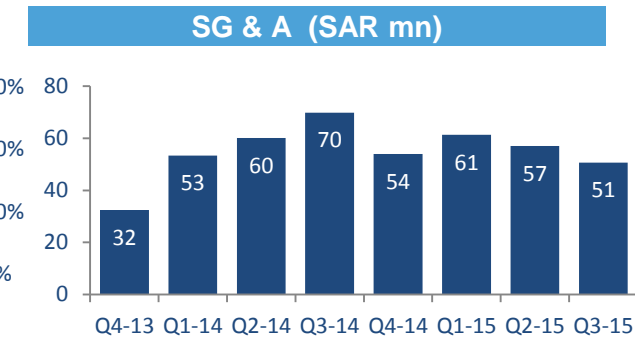
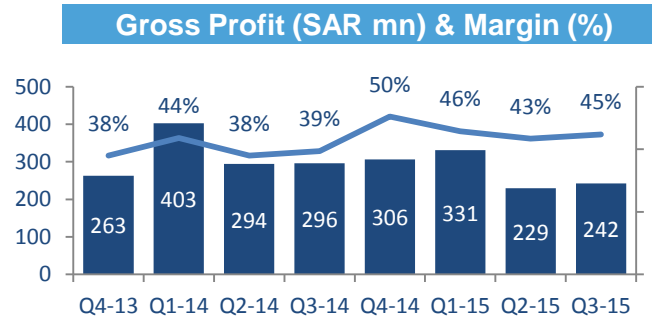
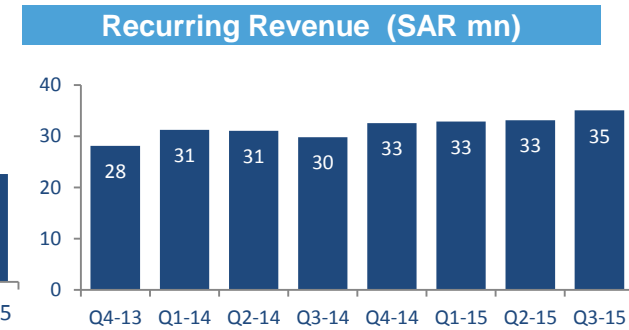
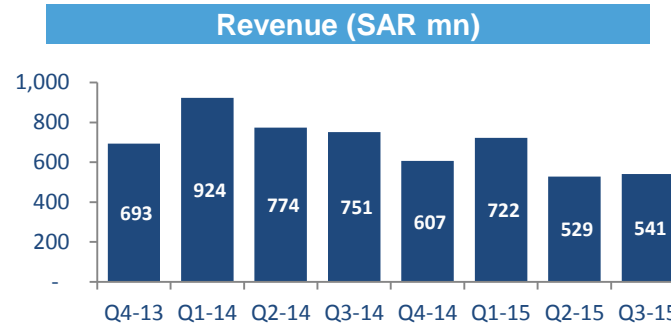
Property Management and Leasing

Residential and Commercial Development

Financial Performance

Q3, 2015 Profitability

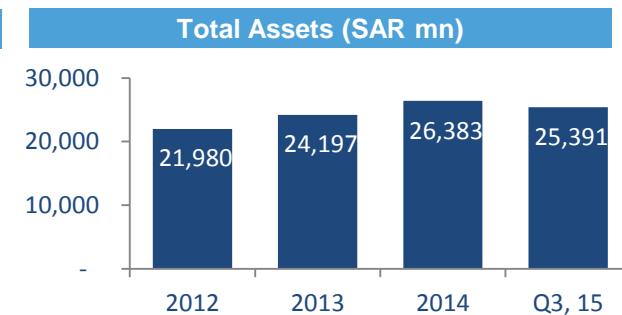
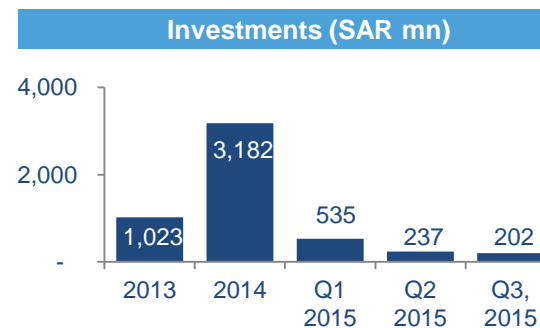
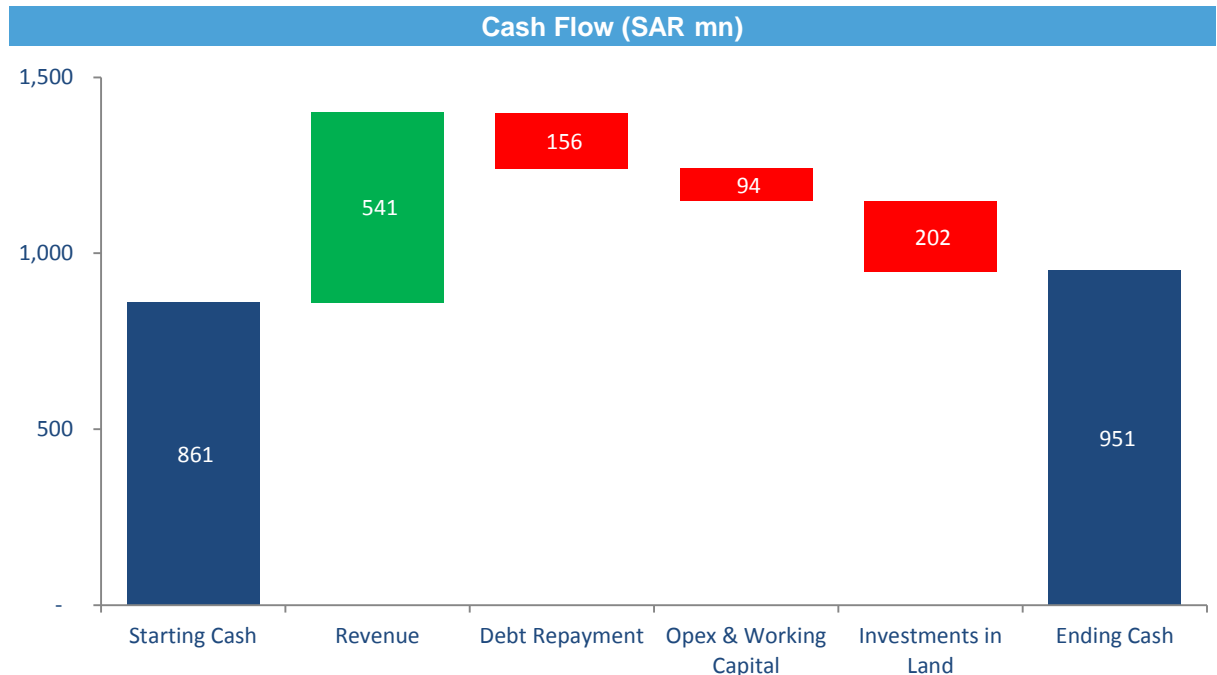
- **Revenue** decreased 28% to SAR 541 mn (2014, Q3 SAR 751 mn) driven by slower than expected land trading volumes in KSA.
- Land sales revenue SAR 506 mn (2014, Q3 : SAR 721 mn), down 30%.
- Property management and leasing revenue increased to SAR 35 mn (2014 Q3 : SAR 30 mn), up 17% primarily due to Hammadi hospital rental commencing in the quarter, and was 6% of total revenue.
- **Gross Margin** improved to 45% (2014 Q3 : 39%).
- **SG&A** was at SAR 51 mn (2014 Q3 : SAR 70 mn) primarily due to lower professional & consulting services.
- **EBITDA** SAR 211 mn down 17% (2014 Q3 : SAR 253 mn).
- **Finance expenses** were SAR 91 mn (2014 Q2 : SAR 136 mn) due to lower debt by SAR 1.5 bn and also lower average cost of borrowing).
- **Other income** SAR 0.4 mn was lower than SAR 9 mn in Q3 2014 due to lower average cash in deposit schemes.
- **Net profit** amounted to SAR 93 mn up 3% (2014 Q3 : SAR 90 mn).



Financial Performance ... cont'd

Q3, 2015 Balance Sheet

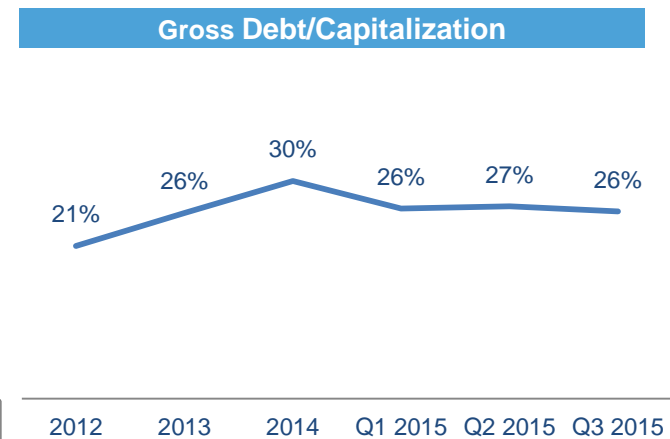
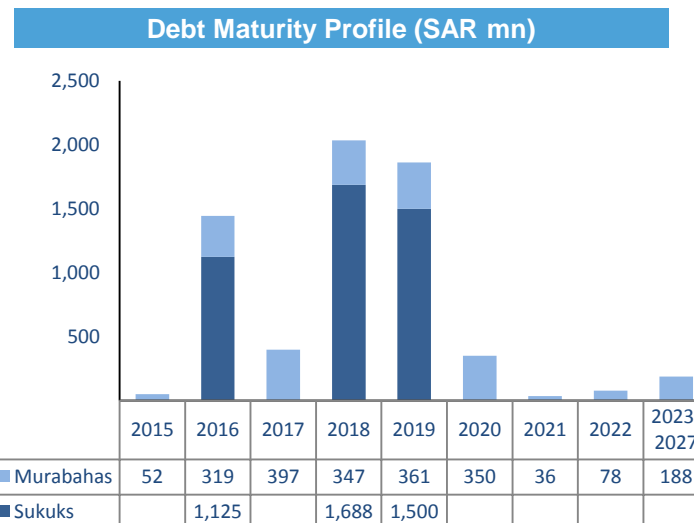
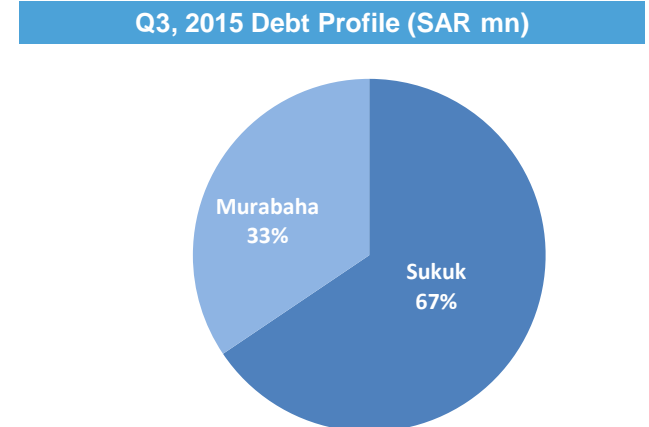
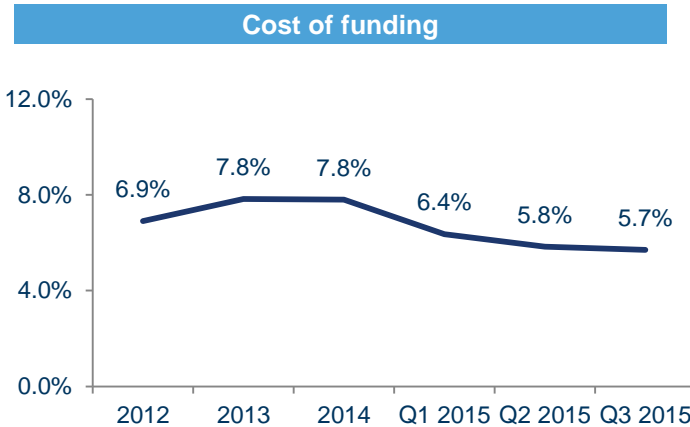
- **Liquidity Position:** Cash balance increased to SAR 951 mn (Q2, 2015: SAR 861 mn).
- **Debt repaid** SAR 156 mn as per installment due dates of existing Murabahas. No new debt was issued in the quarter
- **DAAR invested** SAR 202 mn in land developments in Q3, 2015 (Q2, 2015: SAR 237 mn), capitalizing on the opportunity to invest in developing of existing lands, with no major debt repayments becoming due in the near future.
- **Opex and WC** used up SAR 94 mn cash in Q3, 2015 (Q2, 2015, 255 mn) due to positive WC movement and lower opex by 13 mn



Financial Performance ... cont'd

Q3, 2015 Funding

- **Net debt** stands at SAR 5,385 mn (Q2, 2015 SAR 5,627 mn). Gross debt/Capitalization stands at 26%.
- **Maturities** are well spread and cash management is prudent. Maturity profile extends to 2023
- **Average cost of funding** reduced to 5.7% from 7.8% in 2014 driven by 2015 repayments and improving credit terms with local banking institutions on new debt.
- **DAAR maintains Ba3** credit rating from Moody's on review in Q3, 2015. This is driven by the strength in the operating and business environment, having significant value in assets, growing recurring income portfolio and demonstrating a more conservative financial policy by prefunding upcoming debt maturities. S&P rating of B+ maintained during the quarter.



Source: Reviewed Financial Statements as of 30 Sept 2015



Financial Performance... cont'd

Income Statements

SR in 000s	FY 2012	FY2013	FY 2014	Q3, 2014	Q3, 2015	2014 (9 months)	2015 (9 months)
Revenue	3,557,073	2,931,168	3,056,060	751,014	540,949	2,449,313	1,791,995
Cost of revenue	(2,163,367)	(1,778,097)	(1,756,805)	(454,880)	(298,790)	(1,456,170)	(989,550)
Gross profit	1,393,706	1,153,071	1,299,255	296,134	242,159	993,143	802,445
%	39.2%	39.3%	42.5%	39.4%	44.8%	40.5%	44.8%
Operating expenses	(153,898)	(151,027)	(237,453)	(69,898)	(50,716)	(183,496)	(169,147)
Operating profit	1,239,808	1,002,044	1,061,802	226,236	191,443	809,647	633,298
%	34.9%	34.2%	34.7%	30.1%	35.4%	33.1%	35.3%
Income from Associates	850	3,250	16,000	5,000	2,600	13,500	9,600
Depreciation & amortization	(55,381)	(31,665)	(41,888)	(11,453)	(9,211)	(30,363)	(30,341)
EBIT	1,185,277	973,629	1,035,914	219,783	184,832	792,784	612,557
%	33.3%	33.2%	33.9%	29.3%	34.2%	32.4%	34.2%
Other income	92,776	39,320	46,895	8,888	359	39,079	1,209
Finance cost	(264,086)	(313,959)	(493,294)	(136,177)	(90,585)	(360,445)	(295,106)
PBT	1,013,967	698,990	589,515	92,494	94,606	471,418	318,660
%	28.5%	23.8%	19.3%	12.3%	17.5%	19.2%	17.8%
Zakat	(25,430)	(17,528)	(14,820)	(2,592)	(1,879)	(12,320)	(8,162)
Net Income	988,537	681,462	574,695	89,902	92,727	459,098	310,498
%	27.8%	23.2%	18.8%	12.0%	17.1%	18.7%	17.3%
EBITDA	1,354,758	1,091,102	1,181,498	252,804	211,261	903,947	693,757
%	38.1%	37.2%	38.7%	33.7%	39.1%	36.9%	38.7%

KPIs

GM%	39.2%	39.3%	42.5%	39.4%	44.8%	40.5%	44.8%
Operating Profit %	34.9%	34.2%	34.7%	30.1%	35.4%	33.1%	35.3%
EBITDA %	38.1%	37.2%	38.7%	33.7%	39.1%	36.9%	38.7%
PBT%	28.5%	23.8%	19.3%	12.3%	17.5%	19.2%	17.8%
Net Income%	27.8%	23.2%	18.8%	12.0%	17.1%	18.7%	17.3%

Source: Reviewed Financial Statements as of 30 Sept 2015



Financial Performance... cont'd

Balance Sheet

SR in 000s	FY 2012	FY2013	FY 2014	Q3, 2014	Q3, 2015
Cash	535,771	2,279,132	2,310,196	3,079,267	950,997
Accounts Receivables	1,492,749	1,364,297	1,747,778	1,905,263	1,954,339
Pre-paid Expenses	632,781	484,201	816,697	900,216	987,481
Project in Progress-ST	46,702	44,529	-	-	-
Developed Land -ST	844,332	927,110	794,145	932,304	437,185
Others	143	143	143	193	-
Total Current Assets	3,552,478	5,099,412	5,668,959	6,817,242	4,330,002
Investment in Land	5,605,630	4,864,302	5,445,630	5,081,130	5,918,252
Project in Progress-LT	7,138,585	8,780,457	8,916,056	8,204,862	8,815,605
Developed Land -LT	2,124,441	1,936,614	1,949,764	1,949,764	1,963,764
Investment Properties	2,737,060	2,694,638	3,567,451	3,582,532	3,521,155
Investment in Associates	744,157	747,407	763,407	760,907	773,007
Other Assets	77,938	74,502	71,279	72,001	69,090
Total Non-Current Assets	18,427,811	19,097,920	20,713,587	19,651,196	21,060,873
Total Assets	21,980,289	24,197,332	26,382,546	26,468,438	25,390,875
Payables & Accruals	1,267,876	1,283,586	1,189,858	1,189,967	1,152,491
Murabahas & Sukuks-ST	1,095,120	744,308	2,148,064	1,989,488	276,398
Total Current Liabilities	2,362,996	2,027,894	3,337,922	3,179,455	1,428,889
Murabahas & Sukuks-LT	3,289,359	5,159,269	5,458,564	5,819,204	6,060,026
Others	16,575	17,348	18,544	17,861	23,946
Total Non-Current Liabilities	3,305,934	5,176,617	5,477,108	5,837,065	6,083,972
Total Equity	16,311,359	16,992,821	17,567,516	17,451,919	17,878,014
Total Liabilities & Equity	21,980,289	24,197,332	26,382,546	26,468,438	25,390,875
Land development	15,712,988	16,508,483	17,105,595	16,168,060	17,134,806
Property management & leasing	2,737,060	2,694,638	3,567,451	3,582,532	3,521,155

Source: Reviewed Financial Statements as of 30 Sept 2015

IV. Company Activities

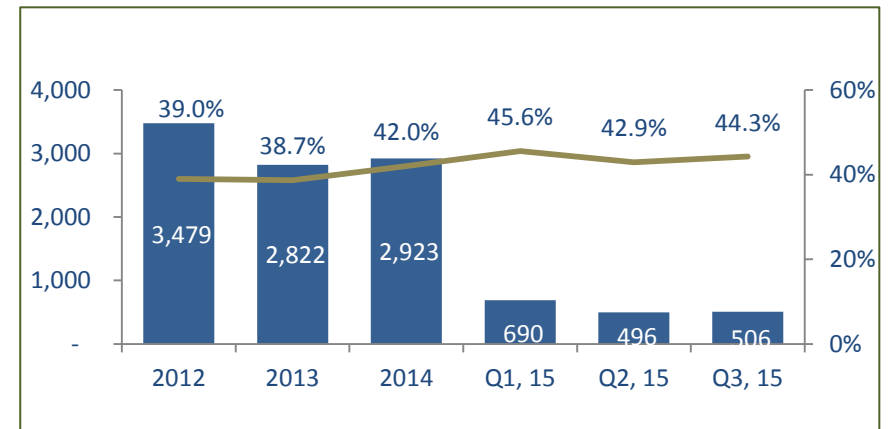
Land Development

Substantial and Geographically Diverse Land Bank

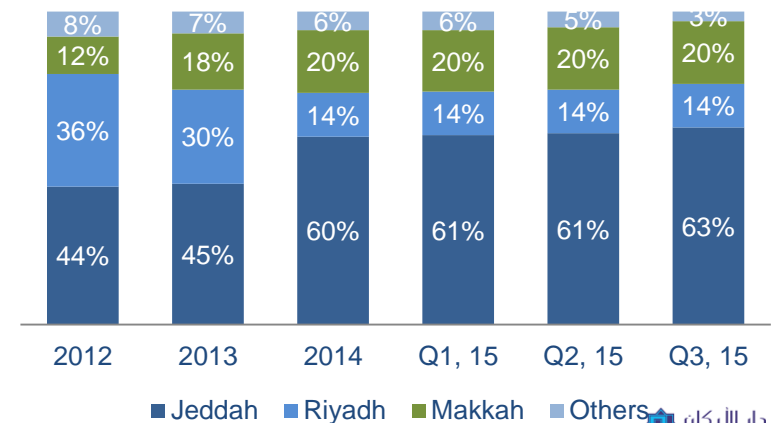
- Land plots are purchased based on thorough analysis :
 - Target large cities with supply / demand gap
 - Follow expansion trends from the city centre to the newer suburban areas
 - Follow historical prices and capitalize on potential for appreciation
 - Account for accessibility, particularly connections 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.
- Q3 Activities**
 - There were no land purchases in Q3
 - The total revenue from land sold during Q3 was SAR 506 million for the square meters shown below:

Location	Size (sqm)
1. Eastern Region	682,365
2. Madinah	250,118
Total	932,483

Land revenue & gross margin (SAR Millions)



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



Property Management and Leasing

Al Qasr Community

Al Qasr Mall

Others



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	102
# Apartments for Leasing	2,447*
Street Shops GLA sqm.	56k
Office Building GLA sqm.	20k
Occupancy Ratio %	51%

Activity in Q3 2015

- Leasing revenue commenced from Amanah for the commercial building and also from Al Hammadi hospital for 29 apartments.
- 4 shops were also leased out in the quarter.
- Active negotiations with MOFA for leasing significant number of residential units is ongoing.
- Strategies to improve the quality of community living and customer care, is ongoing.



Al-Qasr Mall by Numbers

Built-up Area (sqm)	230k
GLA (sqm)	76k
# Leasable Units*	429
# Floors	4
Parking Capacity	1,800 cars
Leasing Ratio	88%

Activity in Q3 2015.

- C. 5,000 sqm of lease agreed with Jamoli. for educational entertainment. Component expected to be operational in Q2 2016.
- Additional entertainment features for the 3rd floor is ongoing with lease arrangements and customer attractions.
- A series of events took place in Q3 including Adha Eid Festival.



Azizia Tower (Mecca)

- Build up area is 40,746 sqm
- Leased 100% to KAMC

Al Tital Villas (Medina)

- Build up 87,025sqm leasing ratio 36%
- Total of 279 villas.
- 89 Villas should be leased soon.

Al Masif Compound (Riyadh)

- Build up area 6,838 sqm of 26 Villas
- Leased 100% to NESMA

Residential and Commercial Development

Shams Al Riyadh



Shams Ar-Riyadh is Dar Al-Arkan's second Master Planned Community and is located in Riyadh's Al-Dariya district.

Activity in Q3 2015

- Mock up villas construction is currently ongoing.
- The gated community concept design issued by DWP.
- Tendering for infrastructure construction is ongoing.

Shams Ar-Riyadh by Numbers

Total area (sqm)	2.4m
No of Residential units to be leased	1,160
No of Residential units to be sold	325
Commercial land (sqm)	489k
Commercial development BUA	3.2 m
% Infrastructure completion	50%
% Superstructure completion	0%

Juman



Juman project located in Dammam will be an integrated community providing to its residents and visitors modern waterfront living.

Status Q3 2015

- Master plan concept completed.
- Bathymetric survey was completed which showed that the land is less than a meter in depth.
- Market and feasibility study is completed.
- Evaluation of design bids completed.

Juman Project by Numbers

Total Area (sqm)	8.2 m
DAAR's Holdings on the Project's SPV	18%
DAAR's role	Master developer

Shams Al Arous and Al Tital



Shams Al Arous is company's third Master Planned Community and is located in Jeddah.

- All the land has been fully developed.
- Connecting the project to Palestine Road led to significant value appreciation. Subsequently, land parcels are being sold to sub developers and brokers.

Al Tital Land Development (Medina) is 438k sqm. It is fully developed and 50%+ of residential and commercial plots have been sold.

Shams Al-Arous by Numbers

Total net area (sq m)	938K
Residential area to be sold (sqm)	733K
No. of Residential units to be leased	3,304
Commercial BUA to be leased (sqm)	190k
Infrastructure completion (%)	100%
Superstructure completion (%)	0%

