



Entity Credit Rating Summary Report

Dar Al Arkan Real Estate Development Company

(Public Joint Stock Company)

January 2026

1. TASSNIEF's Opinion:

<i>Dar Al Arkan Real Estate Development Company – Entity Rating</i>	
<i>Domicile</i>	<i>Saudi Arabia</i>
<i>Long-Term Rating</i>	<i>A-</i>
<i>Outlook</i>	<i>Stable</i>
<i>Short-Term Rating</i>	<i>T-3</i>
<i>Rating Watch</i>	<i>No</i>
<i>Action Type</i>	<i>Maintained</i>
<i>Rating Type</i>	<i>Solicited</i>
<i>Initial Rating</i>	<i>November 2024</i>
<i>Methodology Deviation</i>	<i>None</i>

Tassnief has maintained long-term entity rating of **“A-” (Single A Minus)** and short-term entity rating of **“T-3”** to **Dar Al Arkan Real Estate Development Company**. The outlook on the rating is **“Stable”**. The risk profile is subject to significant variability in response to changes in economic or sector-specific conditions.

About the Company: Established in 1994 as an unlimited liability company by six prominent Saudi business families, Dar Al Arkan Real Estate Development Company ("Dar Al Arkan") is a Riyadh-headquartered Saudi joint stock company. The Company transitioned to a limited liability structure in 2002 before its public listing on the Saudi Stock Exchange (Tadawul) in 2007. Domestically, the Group maintains a robust operational presence across 13 cities in Saudi Arabia, with a strategic focus on primary urban hubs such as Riyadh, Jeddah, Madinah, Makkah, and Al Qassim. Its international footprint, through its closely held associate, extends to key global markets, including Dubai, Doha, Muscat, London, Madrid, Beijing, Sarajevo, and Costa Del Sol, where it engages in the development, sale, and leasing of diverse real estate projects.

2. TASSNIEF's Rating Rationale:

Dar Al Arkan Real Estate Development Company's ("Dar Al Arkan" or "the Company") rating is underpinned by its dominant market position as a leading real estate developer in Saudi Arabia, supported by an established 30-year operational track record and a high-quality land bank valued at approximately SAR 24.7 billion. The rating reflects the Company's unique and disciplined business model, which focuses on strategic land acquisition and phased monetization to optimize asset value. Dar Al Arkan's financial strength is anchored by resilient capitalization and a significant SAR 8.5 billion liquidity buffer. This strong position allows the Company to effectively navigate the sector's typical delivery cycles and longer-dated receivables, ensuring operational stability despite the non-linear timing of revenue. Going forward, the Company will continue to

leverage positive Saudi demographic tailwinds and government-supported housing initiatives to drive sustainable growth.

The Company maintains a sound governance framework characterized by effective board oversight and a seasoned management team with stable tenures. The six-member Board includes one-third independent representation, which aligns with local regulatory standards and supports adequate oversight. Governance is further strengthened by specialized committees—Audit, Executive, and Nomination & Remuneration—operating under formal terms of reference. An independent internal audit function and integrated ERP system supports comprehensive internal control environment.

Dar Al Arkan's business risk profile is underpinned by its entrenched position as a premier real estate developer in Saudi Arabia, supported by a thirty-year operational track record. A primary strength is the Company's sizeable, strategically located land bank, valued at SAR 24.7bn as of 9M 2025. Dar Al Arkan's business model creates significant barriers to entry by combining business acumen, large-scale land consolidation with infrastructure development. This competitive advantage is further strengthened by a disciplined acquisition strategy that targets low-entry-cost urban fringes with high appreciation potential.

The Company is currently executing a transition in its revenue mix, shifting away from a historical reliance on bulk land sales towards development-led income, signaling a pivot that improves the predictability and quality of earnings. This evolution provides Dar Al Arkan with financial flexibility to hold land for long-term appreciation. Business resilience is further bolstered by a marked reduction in client concentration, supported by a broadening buyer base. With over 50 million square meters of infrastructure delivered since inception, the Company maintains sufficient revenue visibility to sustain its large-scale operations through varying market cycles.

The Company has demonstrated a strong top-line performance, driven by a favorable sales mix and a significant increase in contributions from major development projects. Profitability margins have expanded notably, reflecting the benefit of early low-cost land acquisitions and a shift toward retail-focused sales. While finance charges have scaled in line with increased borrowings to fund expansion, and associate earnings reflect the typical construction cycles of the industry, overall earnings remain robust. Operational consistency is further supported by internal performance benchmarks that ensure the Company maintains a steady trajectory in earnings profile.

Liquidity remains a key strength, characterized by substantial cash reserves that provide significant headroom for debt servicing and strategic investments. The Company has shown improved cash conversion discipline, evidenced by a compression in its working capital cycle and

more efficient receivable collections. While debt levels have increased to support growth initiatives, the maturity profile is well-staggered, and current liquidity is sufficient to cover obligations for several years. The Company's capital structure is underpinned by a robust and increasing equity base, further strengthened by a strategic focus on profit retention to fund internal growth. This policy of reinvesting earnings in lieu of dividend distributions has ensured that leverage indicators remain at conservative levels. Dar Al Arkan's credit profile is significantly bolstered by an established, multi-decade track record within international debt capital markets. Since 2007, the Company has demonstrated ability to navigate varying market cycles, successfully executing 14 Sukuk issuances to mobilize an aggregate of SAR 26.8 billion. This strategic access to diversified funding sources provides an important liquidity buffer that effectively mitigates refinancing risk and reinforces the Company's ability to maintain sizeable investments amidst tightening global credit conditions.

3. Rating Trigger:

The rating is contingent upon the Company's continued adherence to a conservative financial policy and the maintenance of a well-capitalized structure with manageable leverage. Key to future rating stability is the preservation of liquidity cushion to ensure the seamless servicing of debt obligations. Furthermore, the rating will depend on the Company's ability to drive top-line growth while simultaneously upholding its risk profile.

RELATED CRITERIA AND METHODOLOGY

Rating Methodology for Corporate 2024 can be found on the website: www.tassnief.com

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- Our assessment is based on certain assumptions and limitations, and we verify the information provided by the rated entity to the extent possible. Ratings are subject to change based on new information, assumptions, and judgements made at the time of the rating. No assurance is given regarding future performance or rating stability.
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- The analyses and forecasts in this rating report are inherently forward-looking and cannot be verified. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.
- This rating has not been amended following disclosure to the rated entity or its related party(ies). All analyses related to the rating report are merely opinions of TASSNIEF on the rating date.
- This credit rating herein was determined using the above-mentioned methodology which is available on our website at www.tassnief.com. This methodology, including any significant adjustments or deviations from standard procedures, was applied to arrive at the rating.
- The rating scale, meaning of each rating category, default or recovery definitions, and relevant risk warnings – including a sensitivity analysis of key assumptions – are also available on our website.
- TASSNIEF confirms that all rating activities related to this credit rating were not outsourced to any third party.

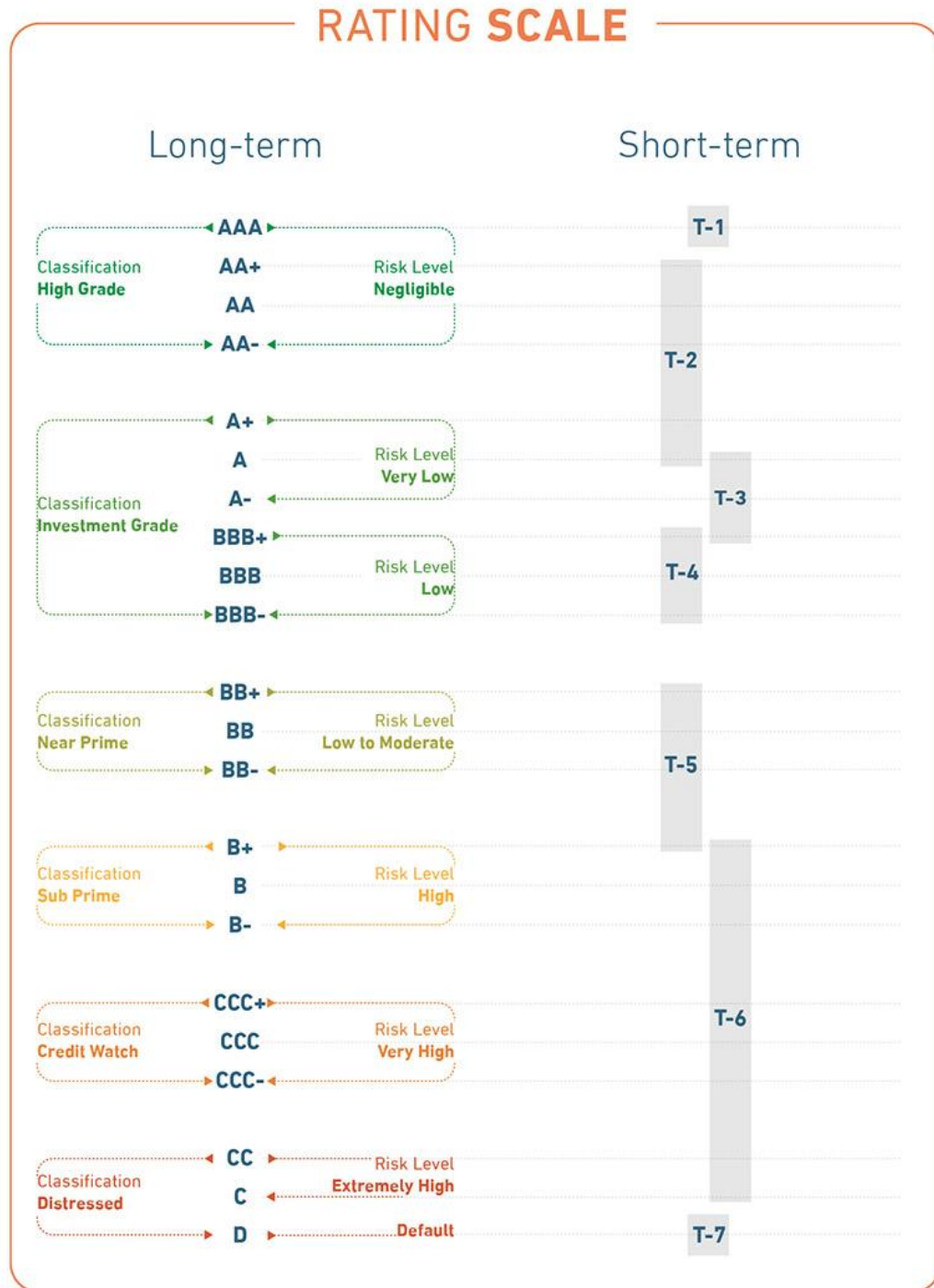
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TASSNIEF's Long-term & Short-term Rating Scale



Long-Term Rating Scale	Definitions
AAA	Extremely Robust ; Tassnief considers the rated issuer or issuance hold the highest creditworthiness , thus negligible credit risk
AA+ AA AA-	Very Robust ; Tassnief considers the rated issuer or issuance to hold very high creditworthiness , thus minimal credit risk . Risk profile may vary slightly with changes in economic / sector conditions
A+ A A-	Robust ; Tassnief considers the rated issuer or issuance to hold high creditworthiness , thus very low credit risk . Risk profile may vary with changes in economic / sector conditions
BBB+ BBB BBB-	Moderate ; Tassnief considers the rated issuer or issuance hold adequate creditworthiness , thus low credit risk . Risk profile may exhibit moderately high variation with changes in economic / sector conditions
BB+ BB BB-	Tassnief considers the rated issuer or issuance hold low to moderate credit risk . Risk profile may exhibit wide variation with changes in economic / sector conditions.
B+ B B-	Tassnief considers the rated issuer or issuance hold very low creditworthiness , thus high credit risk
CCC+ CCC CCC-	Tassnief considers the rated issuer or issuance hold extremely low creditworthiness , thus very high credit risk
CC C	Highly speculative credit profile , and the default is imminent
D	Tassnief considers the rated issuer or issuance have defaulted or may default soon .

****End of Report****