CORPORATE CREDIT RATING SUMMARY REPORT

Dar Al Arkan Real Estate Development Company

Saudi Joint Stock Company

October 2026

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Related Criteria and Methodology

The specific rating methodologies and criteria applied in this analysis are available on the Tassnief website. To view or download these documents, please visit www.tassnief.com.

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1. Tassnief's Rating Opinion

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 long-term rating is **"Stable"**.

About the Company:

Dar Al Arkan was established under Commercial Registration No. 1010160195 dated April 16, 1421 AH (July 18, 2000 AD). The company was converted into a joint-stock company by Ministerial Resolution No. 1021 dated June 10, 1426 AH (July 17, 2005 AD) with a capital of SAR 5.4 billion divided into 540 million shares with a par value of SAR 10 per share. The company's activities include purchasing and owning real estate and land, constructing buildings on them, and investing in them through sale or lease for the company's benefit. It also engages in general contracting for residential and commercial buildings (construction, repair, demolition, and renovation), and wholesale and retail trade in sanitary ware, building materials, plumbing and electrical supplies, paints, office supplies, and automobiles, both for cash and on installment plans. Globally, the group maintains a strong operational presence in 14 cities worldwide, including the operations of its subsidiary, Dar Global.

Dar Al Arkan Real Estate Development Company – Entity Rating	
Domicile	Saudi Arabia
Long-Term Rating	A-
Outlook	Stable
Short-Term Rating	T-3
Rating Watch	None
Rating Action	Maintained
Rating Type	Solicited
Date of Initial Rating	November 2024
Date of Last Review	January 2026
Methodologies Deviation	None

2. Rating Rationale

The rating assigned to Dar Al Arkan Real Estate Development Company ("Dar Al Arkan" or "the Company") reflects its standing as one of the Kingdom's most established property developers. The Company has accumulated decades of experience and holds a large land portfolio assembled at historically low cost. Its operating model, built on identifying, consolidating and gradually releasing land as urban demand matures, continues to generate value through the property cycle. A strong equity position and ample cash reserves give the Company the capacity to absorb the long gestation periods and approval-related delays inherent in large-scale development. Over the medium term, the Company stands to benefit from a young and expanding population, an ongoing shortfall in housing supply and sustained state support for

homeownership.

Governance framework is considered sound. The Board, refreshed during the review period, maintains independent membership consistent with regulatory requirements and is assisted by Audit, Executive, and Nomination & Remuneration Committees, each with documented mandates. Executive leadership is experienced and has remained largely unchanged, providing continuity in strategy and execution. The control environment benefits from an internal audit function that reports to the Audit Committee and from integrated enterprise systems. The absence of an independent chair on the Audit Committee is the main gap relative to best practice.

From a business risk perspective, Dar Al Arkan benefits from a well-recognized brand and a proven ability to develop large tracts of land, capabilities that few domestic competitors can replicate. The holdings are concentrated in Riyadh and Jeddah, the Kingdom's deepest property markets, and were expanded during the period through the purchase of a prime central Jeddah site, now launched as a master-planned destination. Land is typically secured at low entry prices on the edges of growing cities, positioning the portfolio for long-term appreciation. A substantial base of pre-sold off-plan contracts provides forward visibility, though its timing depends on the authorities releasing the outstanding zones at Shams Ar Riyadh.

Bulk land disposals have once again become the dominant source of revenue. This flexibility to sell land on demand without eroding margins has proved valuable, allowing the Company to keep revenue and earnings on a steady footing through the regulatory delay. It has, however, raised dependence on a small number of buyers and made the earnings base less predictable.

Operating results over the review period have been solid. Prior-year handovers and the subsequent pick-up in land sales both supported revenues, while margins have stayed healthy owing to the low carrying cost of the land bank. Rising finance costs and swings in associate earnings have weighed on the bottom line, yet overall profitability remains strong. Management's internal revenue and EBITDA thresholds continue to be met comfortably, reinforcing the consistency of performance.

The Company's liquidity position is robust, with large cash holdings providing ample cover for upcoming debt maturities and planned investment. Collection performance has improved, shortening the working capital cycle. Operating cash flow, on the other hand, has been absorbed by heavy land investment, and recent liquidity has been built largely through new borrowing. Gearing has risen as a result but stays within comfortable limits, helped by a well-spread maturity schedule. Retained earnings, with no dividends paid, have steadily enlarged the equity cushion. Financial flexibility is further enhanced by long-standing access to international Sukuk markets and strengthening ties with local banks, which together lower refinancing

risk. The Company's growing financial commitments to Dar Global remain a key area for monitoring.

3. Rating Triggers

The rating remains dependent on the Company maintaining a prudent financial policy and a strong capital base, with leverage contained at manageable levels. Rating stability will further hinge on the Company sustaining an adequate liquidity buffer to ensure the timely servicing of its debt obligations, particularly as the reliance on debt funding has increased. The ability to convert the contracted project pipeline into revenue, including the timely release of the remaining zones at Shams Ar Riyadh, will be important for improving the quality and predictability of earnings.

Tassnief's Long-Term and Short-Term Rating Scale

Classification	Risk Level	Long-Term Rating	Short-Term Mapping	
High Grade	Negligible Risk	AAA	T-1	
		AA+		T-2
		AA		
		AA-		
Investment Grade	Very Low Risk	A+		
		A	T-3	
		A-		
Investment Grade	Low Risk	BBB+		T-4
		BBB		
		BBB-		
Near Prime	Low to Moderate Risk	BB+	T-5	
		BB		
		BB-		
Sub Prime	High Risk	B+		T-6
		B		
		B-		
Credit Watch	Very High Risk	CCC+		
		CCC		
		CCC-		
Distressed	Extremely High Risk	CC		
		C		
	Default	D	T-7	

Tassnief's Long-Term Rating Definitions

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 or 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 ---