ESPACES SAADA
LE DROIT AU LOGEMENT DE QUALITÉ

فضاءات السعادة
الحق في جودة السكن

FULL YEAR FINANCIAL COMMUNICATION 2020

GROUPE RESIDENCES DAR SAÂDA S.A

Annual Financial communication
End Year 2020

The board of Directors met on March 30th, 2021, under the chairmanship of Mr. Hicham BERRADA SOUNNI to review the activity and approve the consolidated and social financial statements on December 31st, 2020.

Sound financial structure and promising prospects despite an operational performance negatively harmed by the health crisis

Like the national real estate industry, the activity of Résidences Dar Saada Group was negatively impacted by the health crisis and the consequences of the lockdown applied during the second quarter of the year. The delay in production and projects' achievement, accordingly, impacted the deliveries and the expected annual turnover. However, the recovery of the sector after the period of lockdown was particularly reflected on the level of presales. We can notice that 70% of the presold units come from the second half of the year. Balance sheet ratios remain under control, in particular through the improvement of the gearing and the stock of finished products .

CONSOLIDATED ACCOUNTS ON DECEMBER 31ST, 2020

Presales	Secured Turnover	Consolidated Turnover	Net Income	Gearing*
3 001 Units	MAD 1.2 Billion	MAD 618 Million	MAD -135 Million	40.1%

*Net debt/ (Equity+ net debt)

- Turnover down to MAD 618 million under the negative effect of the health crisis;
- Debt ratio improved to an optimal level of 40.1%;
- Stock of finished products decreased by 25%

Sales performance driven by the industry recovery during the second half of the year and by a marketing policy focused towards finished goods.

Thanks to a marketing policy focused on stock clearance of finished goods, Résidences Dar Saada Group was able to benefit from the general recovery of the real estate industry during the second half of the year. After a first half marked by households' panic and the general lockdown applied in the country, we noticed a real recovery in all the segments of the real estate sector during the second half of the year. Thus, our sales performance exceeded that of the same period of the previous year going from 1,842 units in the second half of 2019, to 2,131 units in the second half of 2020, representing a 16% increase.

The presales performance of the second half of the year was able to limit the negative consequences of the shutdown of almost all the real estate industry during the second quarter, since 71% of the annual presales were achieved during the second half of the year. The total number of presold units in 2020 was 3,001, whereas it stood around 4,344 in 2019. This performance comforts us about the prospects of the industry after the health crisis. The secured turnover was MAD 1.2 Billion at the end of 2020.

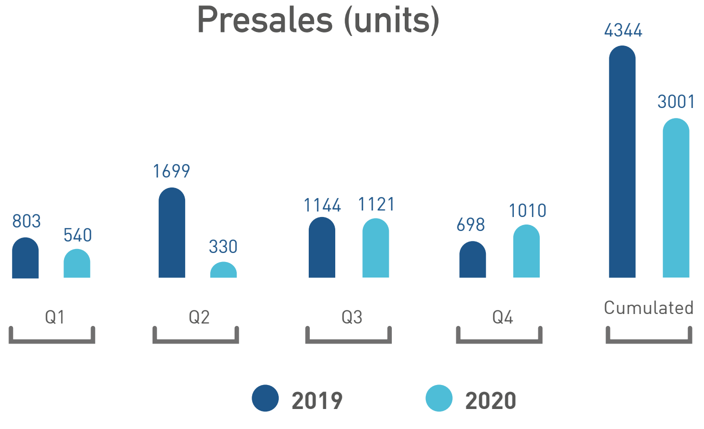
Levels of activity and profitability negatively impacted by the health crisis and the almost total shutdown of production in the sector

The health crisis resulted to an almost shutdown of production on all our sites. Unlike the presales, production activity recovered slightly after the end of the lockdown. This caused a significant shift of deliveries. Thus, the turnover comes entirely from the stock of finished units before 2020.

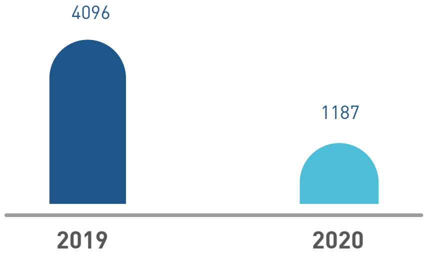
The turnover therefore fell from MAD 1 381 M at the end of 2019 to MAD 618 M in 2020, a decrease by almost 55%. This performance is reached following the delivery of 1,187 units in 2020, compared to 4,096 units in 2019.

Due to the negative consequences of the health crisis, the level of activity achieved did not generate a sufficient operating profit to cover all costs incurred by the Group. The year ended with a net loss of MAD 135 M against a net profit of MAD 304 M in 2019.

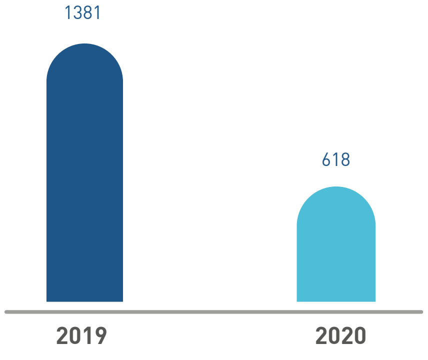
Presales (units)



Delivered units



Consolidated Turnover (in MAD million)



Despite the consequences of the health crisis, the Group still has a sound financial basis thanks to the maintenance of balance sheet ratios and a good control of the working capital and debt

Despite the negative consequences of the health crisis on its operational performance, Résidences Dar Saada continues to ensure control of its balance sheet ratios through controlling debt, stabilizing investment and improving the finished products inventory.

Land : The Group has a quality land reserve of approximately 1,077 ha, 45% of which is located in the Casablanca-Rabat axis. During the year, the Group bought-back the land plots located in Casablanca and Fez after the repayment of the first installment to the securitization fund "FT Olympe". The Group did not acquire any land during the year.

Gearing : Overall debt remains stable and under control despite an income cut off during six months, the maintenance of fixed expenses and the payment of our suppliers.

Also, as part of the pursuit of our debt control policy, the Group paid back more than MAD 430 million of bank debt (excluding interest). Consequently, the overall net debt stood at MAD 2.85 billion against MAD 2.99 billion at the end of 2019, a decrease of 5%. Net gearing thus improved from 40.5% to 40.1%.

In addition, the Group successfully restructured its bond loan and paid back the first installment of the securitization by issuing a new bond loan of MAD 133 million, which demonstrates the confidence it enjoys toward investors.

Receivables : The Group pursues its policy of controlling receivables despite the health crisis. Receivables fell from MAD 895 M in 2019 to MAD 624 M in 2020, a decrease of 30%.

However, the health crisis and the lockdown applied caused extension of time in administrative and banking procedures of delivering units, thus causing extension of the clients payment period. The average customer settlement time is around 10.4 the months in 2020 against 6.5 the months in 2019.

Finished products : Thanks to the massive clearance of finished products linked to our targeted marketing policy applied since 2018, the level of stock has dropped significantly since then. The finished goods inventory fell from 6,932 units in 2018, to 4,626 units in 2019, then to 3,467 in 2020.

Adaptation of development plan to face the current crisis

Despite the gradual recovery in real estate activity, the delay in completion impacted the schedule for deliveries. Thus, we have focused on the clearance of finished products for a faster generation of cash. However, the level of activity achieved did not cover the costs incurred by the Group, thus generating negative net income.

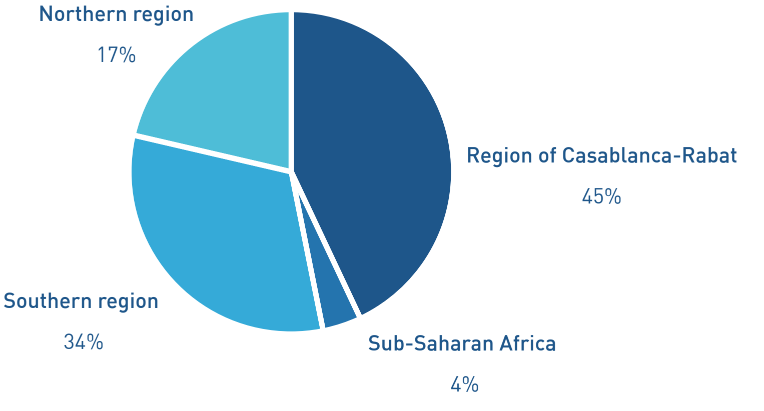
However, we are very confident about the recovery of the sector and the catching-up effect during 2021. Actually, the delay in achievement has impacted the planned deliveries, and these are recoverable from this year.

In order to deal with the current situation, we have adopted new priorities :

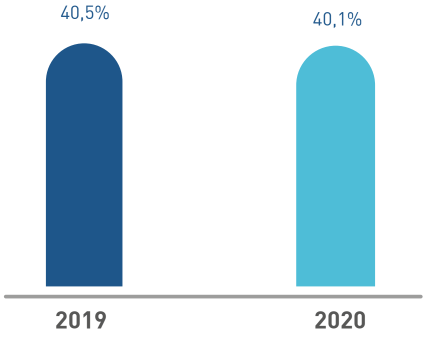
- Maintaining the sales policy of finished products;
- Focus on completion of projects under construction, , regardless of the segment, and development of projects with a high presale rate

Concerning the second priority, 4,249 units are under production at the end of 2020 and 3,636 additional units will be started in 2021. All of these goods will be produced and delivered from the current year.

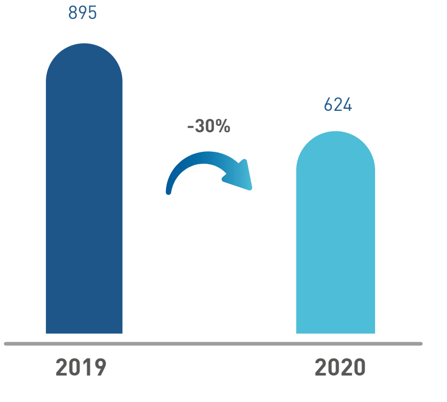
Land reserve by region



Gearing



Receivables (in MAD million)



Finished products inventory (in units)