



FULL YEAR FINANCIAL COMMUNICATION 2019 SOCIAL AND CONSOLIDATED ACCOUNTS



ANNUAL FINANCIAL COMMUNICATION END YEAR 2019

The Board of Directors met on March 30th, 2020, under the chairmanship of Mr. Hicham BERRADA SOUNNI to review the activity and approve the Consolidated and social financial statements on December 31st, 2019.

Persistent and steady activity despite difficult economic and sector conditions

Once again, Résidences Dar Saada proves resilience towards a difficult real estate context.

During 2019, the activity of the group was characterized by a 7% increase in the presales level, a sustained turnover around MAD

1.38 billion, and a better control of overall debt.

CONSOLIDATED ACCOUNTS ON DECEMBER 31ST, 2019

PRESALES +7% 4 344 SECURED TURNOVER 1,3

CONSOLIDATED TURNOVER

1,38

MAD BILLION

OPERATING INCOME

394

MAD MILLION

NET INCOME
304
MAD MILLION

GEARING*
40,5%

THE DEBT / (EQUITY + NET DEBT

TURNOVER PRESERVED AT MAD 1.38 BILLION;

GEARING MAINTAINED AT AN OPTIMAL LEVEL OF 40.5%;

RECEIVABLES OF 6.5 MONTHS OF TURNOVER;

A 33% DECREASE IN FINISHED GOODS INVENTORY.

Sales performance driven by innovation and a Marketing policy geared towards finished goods.

Résidences Dar Saada continues to perform, and improves its presales level by 7% compared to 2018, following the presale of 4,344 units. The performance is particularly due to the innovative concept of "social duplex", representing 25% of the presales level for the period, and to sales orientation towards finished goods inventory as a result of an effective sales force management.

Sales performance shows the Group's resilience and its agility in dealing with such difficult economic context, and proves the deep trust in our products. Thus, the secured turnover at the end of 2019, corresponding to the stock value of presold units, not yet delivered, reached MAD 1.3 billion.

Persistent and regular activity despite difficult economic conditions

• Sustained business performance despite real estate constraints

Résidences Dar Saada maintained practically the same activity level achieved in 2018, despite a declining demand context. The turnover reached MAD 1.38 billion, against MAD 1.44 billion in 2018, following the delivery of 4,096 units against 4,179 units in 2018. The product mix improved by the medium standing and land plots segments, which contributed to around 40% of turnover in 2019.

Resilience of profitability indicators

In 2019, the current operating income reached MAD 309 million, generating an operating margin of 22% compared to 27% in 2018. This is explained by the clearance sales strategy of the finished goods.

The operating income settles around MAD 394 million, representing a steady operating margin of 29%, which is equivalent to that of 2018. By the end of this period, the group sold one of its subsidiaries, Al Borj Al Ali, developing a project located in northern Morocco.

The Group preserves its beneficiary capacity by achieving a consolidated net income of MAD 304 million, which represents a 22% net margin compared to 23% on the previous year.



2018

2019

2018

2019

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Continued development of the medium standing segment and projects in Africa

• Medium standing segment

Résidences Dar Saada continues to develop the medium-standing segment, of which the first deliveries date back to the end of 2018. The year 2019 was marked by the achievement of three additional tranches of one of the projects. In the meantime, construction work on the other projects continues as planned.

• Sub-Saharan Africa

As a reminder, Saada Côte d'Ivoire subsidiary manages a real estate project containing 2,200 units on a 41ha property base in Ivory Coast. The first tranche of the project was marketed in 2019, whereas the first deliveries are scheduled for 2020.

New projects are under study for the acquisition of land plots in Rwanda, Djibouti and Ghana.

Saada Gabon subsidiary was dissolved during 2019. The exit of the subsidiary from the scope of consolidation has no significant impact on the group, since Saada Gabon had no project to develop.

The group still shows a sound financial basis through an effective management of the balance sheet and a good control of working capital and debt.

Résidences Dar Saada ensures a better management of the balance sheet by controlling debt, stabilization of investment and implementing a policy of fast recovery of receivables.

Land: The company has a high quality land reserve of approximately 1 077 ha, 45% of it is located on the Casa-Rabat region. During 2019, the company did not acquire any land. However, land acquisitions are ongoing to be finalized.

Gearing: In 2019, the company repaid MAD 531 million including bank debts and the bond issue. The gearing remains under control at around 40.5%, against 39% in 2018, taking into account the net cash, securitization transactions, bond issue, leasing contracts and the application of IFRS 16 on operating leases.

Receivables: Always under control, trade receivables reached MAD 895 million at the end of 2019, which represent 6.5 months of annual turnover, thus translating a policy of fast recovery of receivables for better cash generation.

Finished products: Thanks to our clearance sales policy, our finished product inventory decreased by 33%, moving from 6,932 units to 4,626 units at the end of 2019. Two-thirds of this stock have an average age less than 14 months.

Future prospects

Since the start of the global health crisis linked to coronavirus pandemic, we have observed a significant drop in sales and an important decline in production on our sites. This is mainly due to the sanitary lockdown, and the measures practiced by our partners to decrease the number of employees on-site.

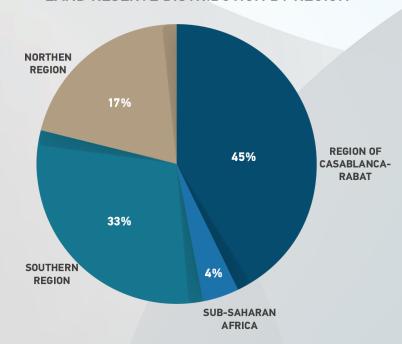
While prioritizing and committing to preserving the health and safety of its employees as well as that of all its stakeholders (customers, suppliers, administrations, etc.), Résidences Dar Saada Group has taken all the necessary measures to business continuity under the conditions of the current state of health emergency: teleworking, reducing the presence of employees ensuring permanence, compulsory wearing of protective tools for front office staff, disinfection of premises, etc.

By committing to the country's efforts to control the negative effects of the pandemic both at the health and socioeconomic levels, the group draws stakeholders' attention to the fact that the current health situation will have a significant impact on the activity of the group on 2020, but there are no uncertainties over the continuity of the company's operations. Simultaneously, The current situation has no impact on 2019 financial statements.

We are currently working closely with all stakeholders in the sector (Ministry of Housing, federations, CGEM, banks, etc.) to find solutions in order to limit the negative impacts of the crisis, particularly in terms of job preservation and sector recovery. Thus, a business plan will be communicated to the market as soon as we have more visibility regarding the prospects.

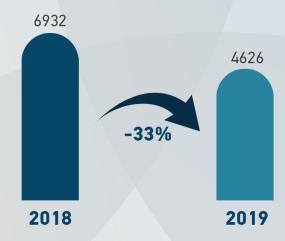
Due to the significant drop in the group's revenues, the board of directors suggested not to distribute dividends for the 2019 financial year.

LAND RESERVE DISTRIBUTION BY REGION





FINISHED GOODS INVENTORY (units)





ANNUAL FINANCIAL COMMUNICATION END YEAR 2019

IFRS CONSOLIDATED ACCOUNTS

ASSETS	31/12/2019	31/12/2018
k MAD		
Goodwill		
Intangible Assets	7.518	7.964
Tangible Assets	95.586	83.603
Investment Property		
Long term loan	-	-
Shares in net assets of equity affiliates	-	-
Available-for-sale securities	50	50
Other financial assets	4.164	4.677
Total Financial Assets	4.214	4.727
Deferred tax assets	31.928	35.648
Total Non-Current Assets	139.246	131.942
Inventories and net outstanding	4.556.833	5.075.258
Net account receivables	895.447	825.381
Other third parties	2.926.620	2.067.269
Receivables on disposals of short-term assets		-
Short term debt		-
Cash and cash equivalents	421.082	579.801
Total Current Assets	8.799.983	8.547.709
Non current available-for-sale assets		
Total Assets	8.939.229	8.679.651

EQUITY AND LIABILITIES	31/12/2019	31/12/2018
n K MAD		
Capital	1.310.443	1.310.443
Issue and merger premiums	1.107.212	1.107.212
Reserves	1.666.941	1.412.691
Reserves related to the change in fair value of financial instruments		-
Reserves related to employee benefits		-
Net Income of the year	304.208	327.441
Currency translation		-
EQUITY GROUP SHARE	4.388.803	4.157.786
Minority reserves	132	149
Minority income	(13)	(17)
MINORITY SHAREHOLDERS' EQUITY	118	132
EQUITY	4.388.921	4.157.918
Long term perpetual subordinated notes		
Convertible bonds		
Other long-term debt	2.033.148	2.019.632
Indebtedness linked to long-term financing leases	63.477	57.965
Deferred tax liabilities	8.729	9.515
Provisions for non-current liabilities and charges	8	-
TOTAL NON-CURRENT LIABILITIES	2.105.362	2.087.113
Suppliers	590.923	682.818
Third parties and corporate tax	536.692	613.177
Provisions for current liabilities and charges	440	190
Short-term financial debts (incl. finance lease)	678.435	889.660
Banks	638.455	248.775
TOTAL CURRENT LIABILITIES	2.444.945	2.434.620
Liabilities linked to non-current assets available for sale		-
TOTAL LIABILITIES	8.939.229	8.679.651

COMPREHENSIVE INCOME STATEMENT	31/12/2019	31/12/2018
n K MAD		
Turnover	1.380.741	1.439.98
Other income from operations	(499.858)	(185.77
REVENUES FROM ORDINARY ACTIVITIES	880.882	1.254.2
Purchases used and external charges	(480.269)	(765.08
Staff costs	(71.524)	(74.02
Taxes and duties	(18.284)	(29.15
Other operating income and expenses	9.418	8.1
Net depreciation, amortisation and provisions	(11.310)	(6.35
EXPENSES FROM ORDINARY ACTIVITIES	(571.969)	(866.50
CURRENT OPERATING INCOME	308.913	387.7
Disposals of assets	99.095	18.7.
Restructuring costs		
Disposals of subsidiaries and equity investments		
Negative Goodwill		
Other non-current operating income & expenses	(14.131)	11.4
OPERATING INCOME	393.876	417.8
Financial result	(48.230)	(37.44
Share in net income of investments accounted for using the equity method	-	
PRE-TAX INCOME FROM CONSOLIDATED COMPANIES	345.646	380.4
Corporate tax	(40.522)	(53.79
Deferred tax	(930)	7
NET INCOME FROM CONSOLIDATED COMPANIES	304.194	327.4
Share in net income/loss of equity affiliates	-	
NET INCOME FROM CONTINUED OPERATIONS	304.194	327.4
Net result from discontinued operations		
THE CONSOLIDATED GROUP'S EARNINGS	304.194	327.4
Minority interests	(13)	(1
NET INCOME GROUP SHARE	304.208	327.4
INCOME OF THE CONSOLIDATED GROUP	304.194	327.4
Other comprehensive income		
Foreign Currency Translation		
Reassessment of hedging derivatives		
Available-for-sale financial assets' reassessment		
Reassessment of fixed assets		
Actuarial gap on defined benefit plans		
After-Tax comprehensive income share of equity affiliates		
Tax effect		
Total other comprehensive income (after tax)	-	
Net Income	304.194	327.4
attributable to the Group	304.208	327.4
attributable to minority interests	(13)	(1



ANNUAL FINANCIAL COMMUNICATION END YEAR 2019

NON CONSOLIDATED ACCOUNTS

PREVIOUS FISCAL YEAR NET FISCAL YEAR 2019 **ASSETS** N-VALUED FIXED ASSETS (A)+C5:G70 27.953.866,07 9.489.063,12 9,489,063,12 1.696.329,64 238.380,06 13.220.181,45 7.391.617.093,79 7.391.617.093,79 OVERALL TOTAL (I + II + III) 8.007.001.975.45 47.680.188.25 7.959.321.787.20 7.716.243.848.01

		In MAD		
	EQUITY AND LIABILITIES	EXERCICE	EXERCICE PRÉ- CÉDENT	
	EQUITY			
	Share Capital	1.310.442.500,00	1.310.442.500,00	
	Less: shareholders, subscribed capital not called(1)			
	Called- up capital			
	Paid-up capital			
	Share premium, merger, contribution	1.139.413.865,28	1.139.413.865,28	
	Revaluation Surplus			
F	Legal reserve	130.258.304,39	116.915.467,95	
	Other reserves	404.614.776,30	404.614.776,30	
х	Retained Earnings	1.244.264.388,32	1.069.377.046,00	
Е	Net income pending allocation (2)			
_ D	Net income	251,349,390,76	266.856.728.76	
	TOTAL SHAREHOLDERS' EQUITY (A)	4.480.343.225,05	4.307.620.384,29	
	CAPITAL AND RESERVES, LOANS AND SIMILAR LIABILITIES (B)			
	Investment grants			
٧	Regulated provisions			
Ā	FINANCIAL DEBTS (C)	1.856.117.774,27	1.978.768.853,60	
î	Bond borrowings	187,500,000,00	250,000,000,00	
Ü	Other financial debts	1.668.617.774,27	1.728.768.853,60	
E	LONG-TERM PROVISIONS FOR RISK AND EXPENSES (D)	1.008.017.774,27	1.728.768.853,60	
S				
5	RISK PROVISIONS			
	Expense provisions			
	CURRENCY TRANSLATION - EQUITY (E)			
	INCREASE IN LONG-TERM RECEIVABLES			
	Decrease in financial debts			
	TOTAL I (A + B + C + D + E)	6.336.460.999,32	6.286.389.237,89	
C U R R E N T	CURRENT LIABILITIES (F)	1.101.608.804,84	1.297.014.998,38	
Ř	SUPPLIERS AND ACCOUNTS PAYABLE	557.665.772,19	649.254.718,23	
R	Creditor clients, advances and down payments	110.352.696,04	161.925.978,06	
Ñ	Staff	6.955.971,98	6.767.487,18	
Т	SCIAL ORGANISATION	2.525.962,54	2.597.643,52	
Ļ	State	272.281.687,03	277.335.018,48	
Å	Partner accounts	10.668.391,41	22.243.769,85	
A B	Other creditors	88.675.194,48	127.079.580,88	
Ĺ	Regularization accounts - Liabilities	52.483.129,17	49.810.802,18	
<u>.</u>	OTHER PROVISIONS FOR RISK AND EXPENSES (G)	413.000,00	190.000,00	
	CURRENCY TRANSLATION - LIABILITIES (H)			
Ė S	TOTAL II (F+G+H)	1.102.021.804,84	1.297.204.998,38	
	TREASURY - LIABILITIES			
Ŕ	THEASON FEINDLETTES			
E	Discount credit			
ŝ	Short term loans	355.000.000.00	40.000.000.00	
T R E A S U R Y		165.838.983.04	92.649.611.74	
	Banks (accounts payable)			
	TOTAL III	520.838.983,04	132.649.611,74	
	OVERALL TOTAL I + II + III	7.959.321.787,20	7.716.243.848,01	

	COMPREHENSIVE	OPERA	TIONS		Previous Fiscal Year
	INCOME STATEMENT	Allocated for period 1	On the previous Fiscal Year		
1 6	DPERATING REVENUES		Z	3 = 1 + 2	4
_	Gales of goods				
	Sale of good and services produced	1,325,966,433,56		1.325.966.433,56	1,199,069,710,
	Furnover	1.325.966.433,56		1.325.966.433,56	1.199.069.710,
	Change in stocks of products (1)	-623.192.913,46		-623.192.913,46	
	Fixed assets manufactured by the company for itself	-023.172.713,40		-023.172.713,40	-100.112.004,
	General operating grants				
	Other Operating Revenue				
	Operating write-backs: Transfer of expenses	223.000,00		223.000,00	285.000
	TOTAL I	702.996.520,10		702.996.520,10	
	DPERATING EXPENSES	702.770.320,10		702.770.320,10	1.017.242.020,
	Cost of goods sold (2)				
	Purchases consumed of materials and supplies (2)	357.239.668,34		357.239.668,34	497.130.529,
	Other external costs	78.540.961,14	60.218,64	78.601.179,78	
	Faxes and duties	15.508.440,56	2.493.344,38	18.001.784,94	
	Staff costs		2.473.344,38		
		68.682.575,23		68.682.575,23	73.384.419
	Other operating expenses	0.27/ /20.00		0.277 /20.00	10 /50 015
	Operating Provisions TOTAL II	9.376.638,88	2 552 579 00	9.376.638,88	
		529.348.284,15	2.553.563,02	531.901.847,17	715.037.145,
	DPERATING INCOME (I-II)	173.648.235,95	-2.553.563,02	171.094.672,93	304.204.881,
	FINANCIAL REVENUES	E/ 800 008 50		F / F00 00F F0	
	ncome from equity securities and other investment	56.702.337,50		56.702.337,50	
	Exchange Gains	58.693,71		58.693,71	39.977
	nterests and other financial income	21.348.470,23		21.348.470,23	
	inancial write-backs: expenses' transfer	98.867.949,14		98.867.949,14	
	TOTAL IV	176.977.450,58		176.977.450,58	123.447.763,
	FINANCIAL EXPENSES				
	nterest Expenses	142.960.547,59		142.960.547,59	
	Foreign exchange loss				8.678,
	Other financial expenses				
	inancial depreciation	-169.606,71		-169.606,71	169.606
	TOTAL V	142.790.940,88		142.790.940,88	148.935.289
	FINANCIAL INCOME (IV-V)	34.186.509,70		34.186.509,70	-25.487.525,
II C	CURRENT INCOME (III+ VI)	207.834.745,65	-2.553.563,02	205.281.182,63	278.717.355,
11 0	CURRENT INCOME (report)			205.281.182.63	278.717.355,
	NON-CURRENT INCOME			203.201.102,03	270.717.333,
	ncome from sales of fixed assets	197.781.562,37		197.781.562,37	31.225.583
	Balance subsidies	177.701.302,37		177.701.302,37	31.223.303
	Firmes on capital grants				
	Other long-term income	3.468.54	0,62	3.469,16	17.489.867
	Extraordinary write-backs - expenses transfer	3.408,34	0,62	3.407,10	17.487.867
	TOTAL VIII	197.785.030,91	0,62	197.785.031,53	48.715.450,
	NON-CURRENT EXPENSES	197.785.030,91	U,62	197.785.031,53	48./15.450
		00 400 010		00 (00 0 0	0.400.040
	Net amortization of assets sold	98.687.047,37		98.687.047,37	2.632.843
	Granted Subsidies	11 555 000 05	1.00/.00/.1/	10 (10 010 00	/ 100 005
	Other non-current expenses	11.577.933,87	1.034.976,16	12.612.910,03	6.182.885
	Non-current depreciation, amortization and provision	410.0//***	1.00/.00/.44	444.000.055.40	0.015.500
	TOTAL IX	110.264.981,24	1.034.976,16	111.299.957,40	8.815.728
	NON CURRENT INCOME (VIII-IX)	87.520.049,67	-1.034.975,54	86.485.074,13	39.899.721
	NCOME BEFORE TAXES (VII+X)	295.354.795,32	-3.588.538,56	291.766.256,76	318.617.077
	NCOME TAXES	40.416.866,00		40.416.866,00	
	NET INCOME	254.937.929,32	-3.588.538,56	251.349.390,76	266.856.728
	TOTAL REVENUE (I+IV+VII)	1.077.759.001,59	0,62	1.077.759.002,21	1.191.405.241
	TOTAL EXPENSES (II+V+IX+XII)	822.821.072,27	3.588.539,18	826.409.611,45	924.548.512
(VI IV	NET INCOME (Total Income - Total Expenses)	254.937.929.32	-3.588.538.56	251.349.390,76	266.856.728,