



Riyadh
Development
Company



Strategy: Investing in Growth

Taking Riyadh's Rich Legacy into the Future

2023-2032

Contents

1. Chairman's Message
2. About Riyadh Development Co.
3. Strategy and Links to Vision 2030
4. Our Future Outlook
5. Drivers of Sustainable Growth (Target Sectors)
6. Financial Objectives
7. Initiatives of the Strategy





☞☞ Your nation is witnessing sustainable, all-encompassing growth as we move into the second phase of Vision 2030, which aims to develop new and emerging sectors, support local content and ease of business, empower citizens, increase private sector engagement, and effectively achieve success and progress to meet the aspirations and expectations of the nation. ☞☞

King Salman bin Abdulaziz Al Saud



“ A dynamic, sustainable private sector is a national priority, and so today we embark on a new, stronger era of collaboration and partnership between the public and private sectors”



“ The city of Riyadh represents a great opportunity to drive huge economic growth, whether in terms of manufacturing, tourism, or business. Hence, as a pillar of the Saudi economy, we must give the city the attention it deserves. Riyadh has all the traits that allow it to create employment opportunities, foster investment, and drive growth. Therefore, as opposed to being the world's 40th largest city economy today, the Riyadh Strategy aims to place the city among the world's top 10 city economies and make the Kingdom one of the best countries for tourism, services, and quality of life”

Crown Prince Mohammed bin Salman bin Abdulaziz Al Saud

Chairman's Letter

Riyadh: From a Rich Legacy to Sustainable Growth

Riyadh is currently undergoing a new phase in its ambitious transformation built upon an unwavering foundation, treading a path laid forth by an enlightened thought stemming from the leadership of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz – may God protect him – since his time as the Governor of Riyadh. During that period, he held the importance of partnership with the residents and the private sector as a key driver for the city's development and growth, contributing immensely to the city's economic boom. Riyadh Development Company is the embodiment of that idea, embarking on key development projects in the flourishing urban landscape of Riyadh that left a lasting impact on the city throughout the decades.

Today, the Kingdom as a whole is experiencing unprecedented growth, inspired by the noble efforts of King Salman's government and his steadfast Crown Prince, His Royal Highness Prince Mohammed bin Salman bin Abdulaziz. Equipped with the ambition laid out by Vision 2030, the full breadth of the government through all its institutions and agencies work in unison to further propel forth the incredible leaps the Kingdom has made in improving quality of life, upgrading infrastructure and urbanization across Saudi cities, and rising the nation through the ranks of the largest economies and fastest-growing countries in the world.

Riyadh, the capital and beating heart of the Kingdom and the main engine of this historic economic renaissance, is perhaps a testament to the clear-sightedness of Vision 2030 and its effect on the Saudi economy as we witness the city's economic growth and social transformation, achieving greater quality of life, embedded in its rich legacy and magnificent history, qualities that are seldom found in a city. With this, Riyadh will take a step into a future where it competes with the most prominent cities around the world in various fields.

Within the context of the great transformations, incredible achievements, and sky-high ambition of the Kingdom and its capital, Riyadh Development Company's successive Board of Directors have continued their unrelenting efforts to keep pace with the city and play a vital role in its economic rise. Under their leadership, the company has launched cornerstone projects and initiatives in the fields of real estate development and investment, as well as establishing and operating key public good service projects, achieving impressive results and greatly benefiting the community since its inception decades ago.

Riyadh Development Company was a pioneer in innovation, and today, as it approaches its 30th anniversary, it represents a story of the successful partnerships between the public and private sectors. As we anticipate the next phase of Riyadh's ambitious transformation, we are proud to launch the Riyadh Development Company's new strategy, built upon its long and rich legacy towards achieving diversity and growth through digitization and sustainability in its broadest sense. Through this strategy, we lead in launching and investing in projects that will bolster Riyadh's position as one of the best cities in the Middle East, serving its residents through purpose-led, supportive partnerships, raise its capacity and role within the city, and turn the company's vision into a tangible reality. This will stimulate the creation of investment opportunities and cultivating urban development to elevate human welfare, propelling the city and the company forward towards promising horizons and achieve the aspirations of its founders and shareholders.



Faisal bin Abdulaziz bin Ayyaf

Chairman of the Board

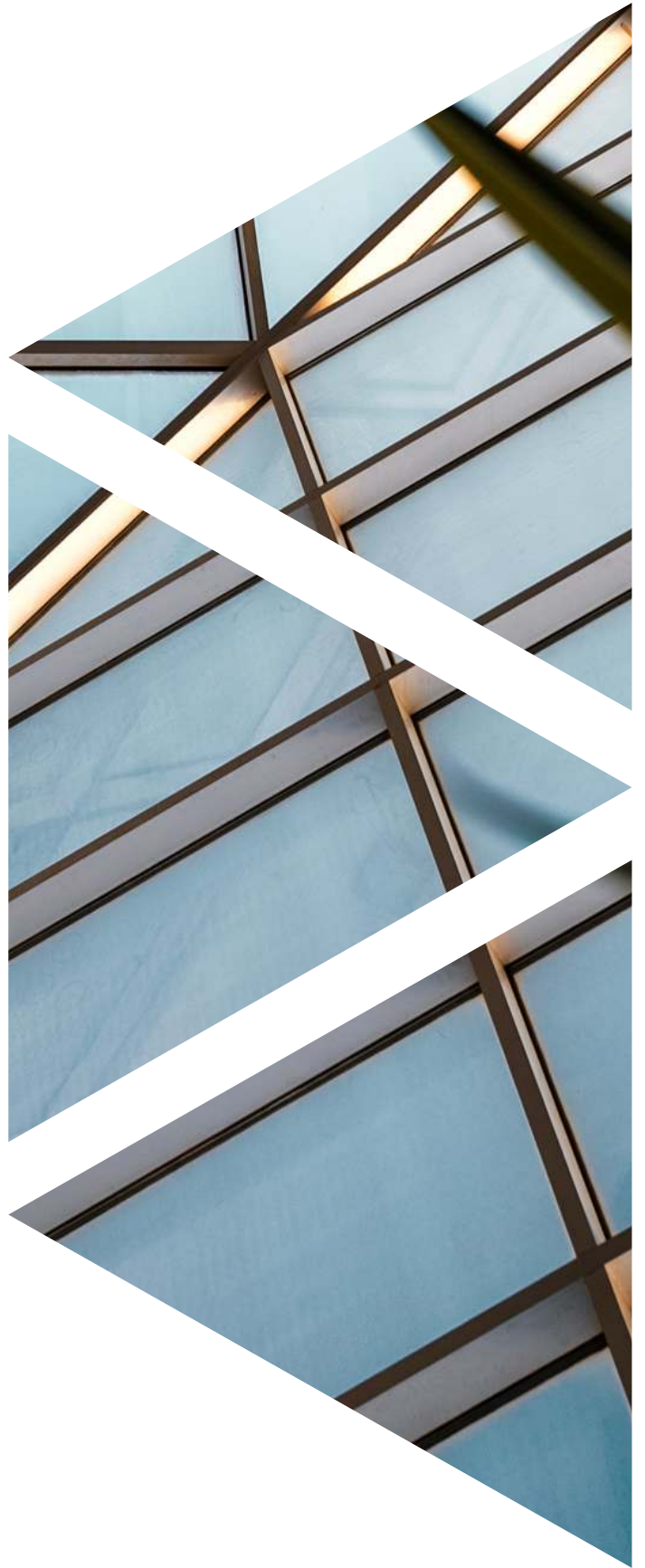


About Riyadh Development Company

Riyadh Development Company (ARDCO) was established by Royal Decree No. [M/2] in 1994 as a joint-stock company by a vision from King Salman bin Abdulaziz, during his time in office as the Governor of Riyadh, with its first mandate being the development of the Qasr AlHukm area in central Riyadh. Proudly under his leadership as the first honorary chairman of the company's board of directors, ARDCO progressed to become a cornerstone of Riyadh's real estate development and investment sector, through establishing, operating, and managing key projects in the public good services sector. ARDCO has built and currently manages several key service projects, operated by more than 150 highly qualified Saudis, leased to over 2,000 tenants, and serving more than 20 million people.

Vision

We strive to be the sustainable partner of choice to cultivate urban development and elevate human welfare. building on Riyadh's legacy towards promising horizons.





Mission

We strive for excellence in real estate development and management, and to strengthen our pioneering position in the fresh produce and public good services sector. We are committed to enhancing our operational efficiency in our operating businesses and aim to diversify our investments, increasing returns on our assets, and maximizing total shareholder return. We will operate within a business philosophy that seeks to create impact all around us and achieve sustainability in its broadest sense, for the benefit of everyone across our value chain, including our customers, colleagues, partners and shareholders.



Values

Commitment

Credibility

Adaptability

Collaboration

Excellence

Initiative



Business Lines

Since its inception, Riyadh Development Co. has operated in public good services and real estate development and operation across three business models :

1. **Development.** The company has developed a multitude of commercial, residential, and public good services projects in central Riyadh and was also an infrastructure master developer of several residential communities in Riyadh.
2. **Operation.** The company runs fresh produce markets in multiple locations in Riyadh, operates public transport services between cities, and is active in car auction operation.
3. **Leasing.** The company manages the leasing of its assets and ceters, in addition to other retail space available at public good services projects operated by the company.

A Timeline of Growth



1994

Establishment

With King Salman Bin Abdulaziz's vision, the company was established by His Majesty and became its 1st honorary Chairman of the Board & has put the foundations of the company's 1st mixed-used development in the center of Riyadh (Tameer Wholesale Center).



1997-1998

Development

Meat & Vegetable Market in Al Bathaa inaugurated in 1997.



1999 - 2000

Inaugural of Riyadh Market & Tameer Wholesale Center

- Riyadh Market inaugurated in 1999.
- Tameer Wholesale Center inaugurated in 2000.
- In addition commencement of Tilal Al Riyadh land development (residential & mixed-use development).



2001 - 2007

Expansion of Activities

- Bus Terminal inaugural in 2001.
- Fruits & Vegetable Central Market (Alaziziya) inaugural in 2005.
- Tameer International Car Auction inaugural in 2007.



2014 - 2015

Capital Increase

- Capital increase from SAR 1 Bn to SAR 1.3 Bn.
- Tameer Plaza 3 inaugural and commencement of its operations.
- Purchase of a 2.5 Mn sqm super plot in Thumamah.



2016 - 2019

New Partnerships

New partnership with Riyadh Municipality over Otaiqa Central Market through which the 1st phase of the market was inaugurated in 2016 and the 2nd phase of it was inaugurated in 2019. New partnership with a real estate developer over Tanal Real Estate Development & Investment project with Land in-kind contribution worth 69.38% of the company's equity in the partnership.



2020

Commencement of Tanal Sales

Launch of Thumamah land sales (Tanal) through Tanal Real Estate Development & Investment Company.



2022

Strategy Development

ARDCO's new corporate strategy development










Company Assets




Riyadh Development Company owns 14 primary assets between real estate leasing, operational business, and land development and sales








Real Estate Leasing

- 01 AlTameer Wholesale Center 
- 02 AlTameer Meat and Vegetable Market 
- 03 Uteiqah Central Market 
- 04 AlTameer Riyadh Market 
- 05 AlTameer Cold Storage 
- 06 Aziziyah Plots 
- 07 Mid-rise office building in AlMalqa 

Operational Business (Public Good Services)

- 08 AlTameer Central Market (AlAziziyah Fruits and Vegetables) 
- 09 AlTameer Bus Terminal 
- 10 AlTameer International Car Auction 

Real Estate Development

- 11 AlTameer City for Technical Services 
- 12 Qasr AlHukm Area 
- 13 Tital AlRiyadh 
- 14 AlRimal Development 
- 15 AlShoruq Cities Plot 

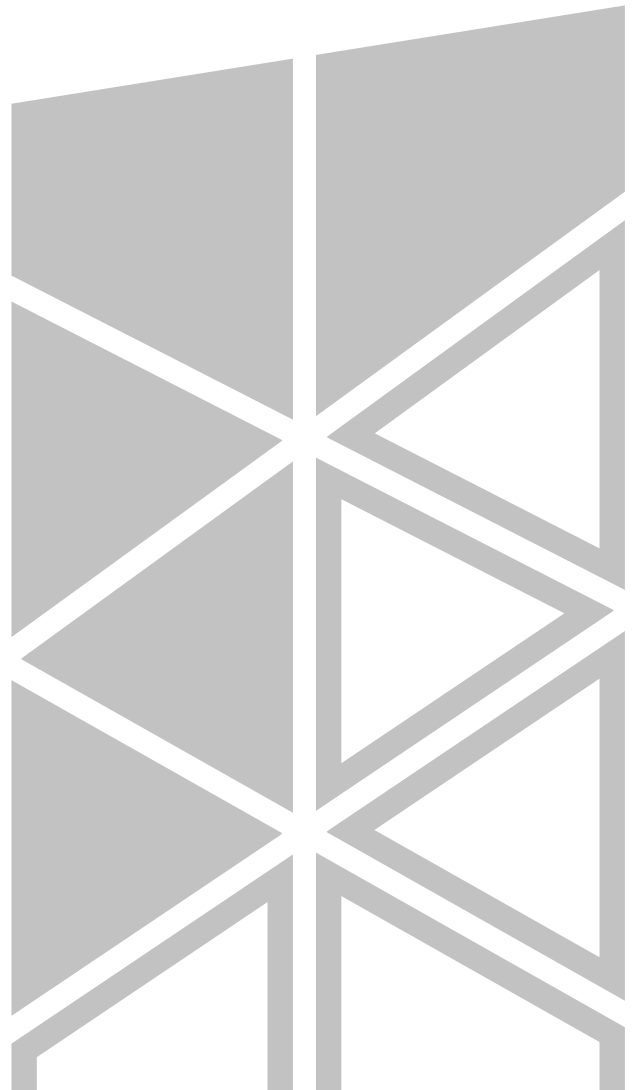
Riyadh Development Company Projects

Each of Riyadh Development Co.'s investment projects have added significant value to Riyadh and the community throughout its history. These projects have gained major economic value through 14 of the company's assets:

Leasing

- 1 ALTameer Wholesale Center:** Developed in year 2000 and considered ARDCO's first and largest project to date. A mixed-use complex with retail, office, and residential units, located in AlDirah area on a plot in excess of 105,000 m².
- 2 ALTameer Meat and Vegetable Market in AlBatha:** Developed in 1997 in collaboration with the Riyadh Municipality, as the 14,000 m² landowner, through a build-operate-transfer (BOT) agreement. The market is the first indoor, fully climate-controlled marketplace for meat retail.
- 3 Uteiqah Central Market:** Built on an area of over 196,000 m², phase one of Utaiqah Central Market was inaugurated in 2016, with phase two following three years later in 2019. Developed in partnership with Riyadh Municipality, as the landowner, on a BOT agreement. Utaiqah is a historically significant landmark that offers today's family and individual consumers, as well as SMEs, a multitude of food options, from fresh produce to dates, meat, fish, and legumes.
- 4 ALTameer Riyadh Market:** Opened in 1999 over 38,000 m² near the intersection between AlBatha Street and South Ring Road, it is a multiuse complex with retail and office units. The market is part of a larger development along with the nearby AlAziziya central market that evolves into a singular comprehensive service complex.

- 5 **AlTameer Cold Storage:** Located over 27.000 m² near AlTameer fresh produce markets. the company's cold storage warehouses are instrumental in meeting the markets' logistical needs. The first unit was leased out in 2013. after 4 years of development beginning in 2009.
- 6 **Al Aziziya Plots:** Parcels of land with a total area of 46.000 m² strategically located along the South Ring Road. these are leased out in a build-operate agreement. Initially acquired in partnership with several investors in 2004.
- 7 **Mid-rise office building in AlMalqa (south of the King Fahd Rd. and King Salman Rd. intersection):** Acquired in 2022. and consists of 12-story office space with two-story parking. developed over a 3.346m² plot. with a total of 10.500 m² leasable area.



Operation and Public Good Services

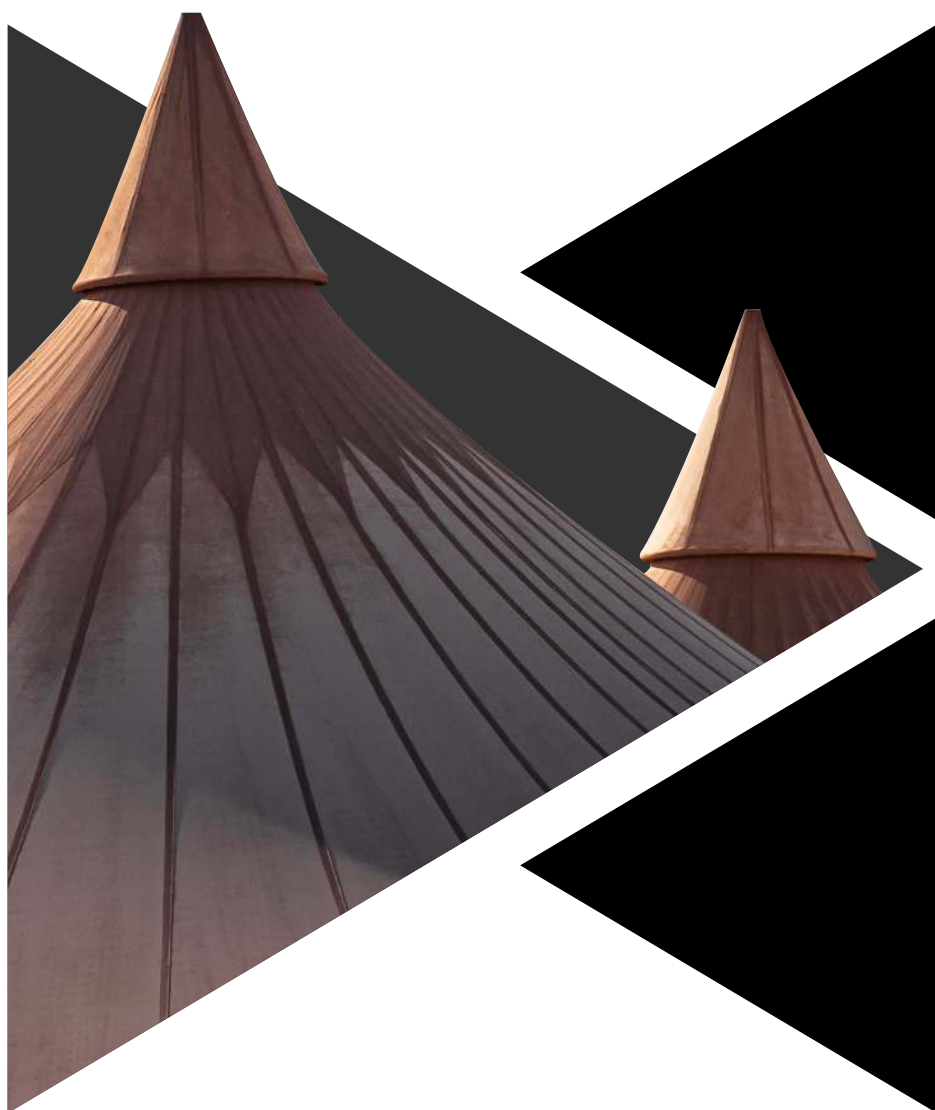
- 1 AlTameer Vegetables & Fruit Wholesale Market:** The marketplace was built upon ARDCO's own 300.000m² land in AlAziziya in 1998. As one of the Middle East's largest wholesale fresh produce markets, this asset is a key supply point of local and imported fresh produce to numerous national and regional retail markets.
- 2 AlTameer Bus Terminal:** The bus terminal is an intercity travel facility over ARDCO's 150.000 m² land in AlAziziya. Commenced operations in 2001, this is the Middle East's largest intercity bus terminal, with retail outlets for traveler shopping as well as office spaces for Hajj and Umrah companies.
- 3 AlTameer International Car Auction:** Established in 2007 and developed over 240.000 m² of ARDCO-owned land in eastern Riyadh, the auction grounds comprise of nine auction lanes where potential buyers can bid on auctioned vehicles. It is supported by a 20.000-vehicle storage area. The location offers auctioning and sales centers servicing car financing companies.

Real Estate Development

ARDCO has invested in infrastructure and land development for several residential projects in northern and eastern Riyadh since 2001. These include:

- 1 Tlal AlRiyadh:** ARDCO was the infrastructure master developer on a plot acquired in 2001 and located over an area of one km² along Anas bin Malik Road in AlMalqa, one of Riyadh's most desirable districts. It is Riyadh's first gated community and remains one of the city's most premium residential areas.
- 2 AlRimal Development:** A sprawling 3km² development in the AlRimal district, the land was acquired in partnership with Sumou Real Estate in 2014. Five years later, the two companies, along with Sumou Holding, established Tanal Investment and Real Estate – with ARDCO owning around 70% – to become the primary shareholder.
- 3 AlTameer Technical Services City:** Developed in 2002 and located over 250,000 m² in north-east of Riyadh, this location serves light manufacturing and construction industries in Riyadh.
- 4 AlShorouq Cities Development (Shorouq AlTameer):** Developed in 2002 over a plot of 2.9 km² owned by the company in northeastern Riyadh.

Strategy and Links to Vision 2030



CEO's Letter

We Invest to Grow

Ever since its establishment, Riyadh Development Company has never been about merely starting and finishing projects just to turn a profit. It is far more than that. ARDCO is the embodiment of an inspired idea that was born out of the deep thought of a visionary King, a devoted leader who believes in the building of people as the basis of building places.

And it was undoubtedly this vision that drove ARDCO to excellence over its 30-year history. As ARDCO continues to build urban and public good services projects in a way that seamlessly melds the present and the future, combines legacy with modernism, and drives change without compromising authenticity, the company shall always be guided by the visionary direction of its founder and first leader, the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud. It is out of this great heritage, and it is because the unlimited support from our Leadership, that ARDCO has come to possess all the facets that make it a key enabler for the city of Riyadh. It is thanks to its financial sustainability, human capital, and supporting vision that the company can achieve its investment and profitability goals. The company has been involved in a plethora of development and growth projects and investment initiatives in numerous and varied fields, adding to the urban identity and economy of Riyadh and enhancing its own value as a key player in the urban economic ecosystem of not only the capital, but the entire nation as well.

And as we proudly launch the company's strategy, the words of His Royal Highness Crown Prince Mohammed bin Salman bin Abdulaziz still ring true: "Riyadh today constitutes almost half of the non-petroleum economy of the Kingdom. Therefore, our focus is on Riyadh is to drive growth and create jobs, and the city is the largest catalyst of this enormous growth." And it is these words that enthuse us to actively contribute to Riyadh's status and merit as the most prominent metropolis in the Kingdom and the region.

Taken as a whole, our strategy is a comprehensive road map that shows us the way towards achieving a bevy of investment targets in the real estate and public good sectors. We will not spare any effort to uprate the company's business to a level that's worthy of the economic rise witnessed by the capital city and the nation. Our efforts will be in line with the Riyadh Strategy and Vision 2030's targets for sustainable growth. Our approach will be three-pronged: cultivating partnerships, digitizing to capitalize on strategic opportunities, and consistently working towards sustainability in its broadest sense. It is based on these three pillars that we march on towards achieving growth through diversified investments, greater returns on assets, and a focus on real estate development, operation, and management as we continue to maintain our leadership in the public good sector. We shall press on and capitalize on potential efficiencies in our operations and property management while we transition the enterprise into a holding company model once the business lines mature that would see each project become its own, standalone venture that's independent, competitive, and profitable for its shareholders.

The launch of our new strategy marks the beginning of a decade of success and achievement. Over the next 10 years, we seek to accomplish a range of targets, which include multiplying our net income to SAR500 million, raising our revenue to SAR1 billion, restructuring our investments, and moving away from full ownership of projects towards more structured finances that comprise 28 percent of our asset funding coming from financing in five years, and 23 percent in 10 years. We will also strive to maximize total shareholder return through dividend payouts and capital gains. Financial sustainability is at the top of our priorities as we leverage balancing our real estate, fresh produce, and commercial center businesses.

Based on the principles of the new strategy, we look forward for the company to brace its leadership position, continue to build partnerships, and capitalize on those partnerships to enhance the company's ability to venture into projects worth well over SAR 6 billion by 2032. We aim to more than double the company's net annual income and achieve SAR 1 billion of revenue in 10 years. ARDCO will also channel its finances and partnerships more towards investment and development activities in emerging sectors, into the creation of opportunities, and expanding the company's regional footprint.

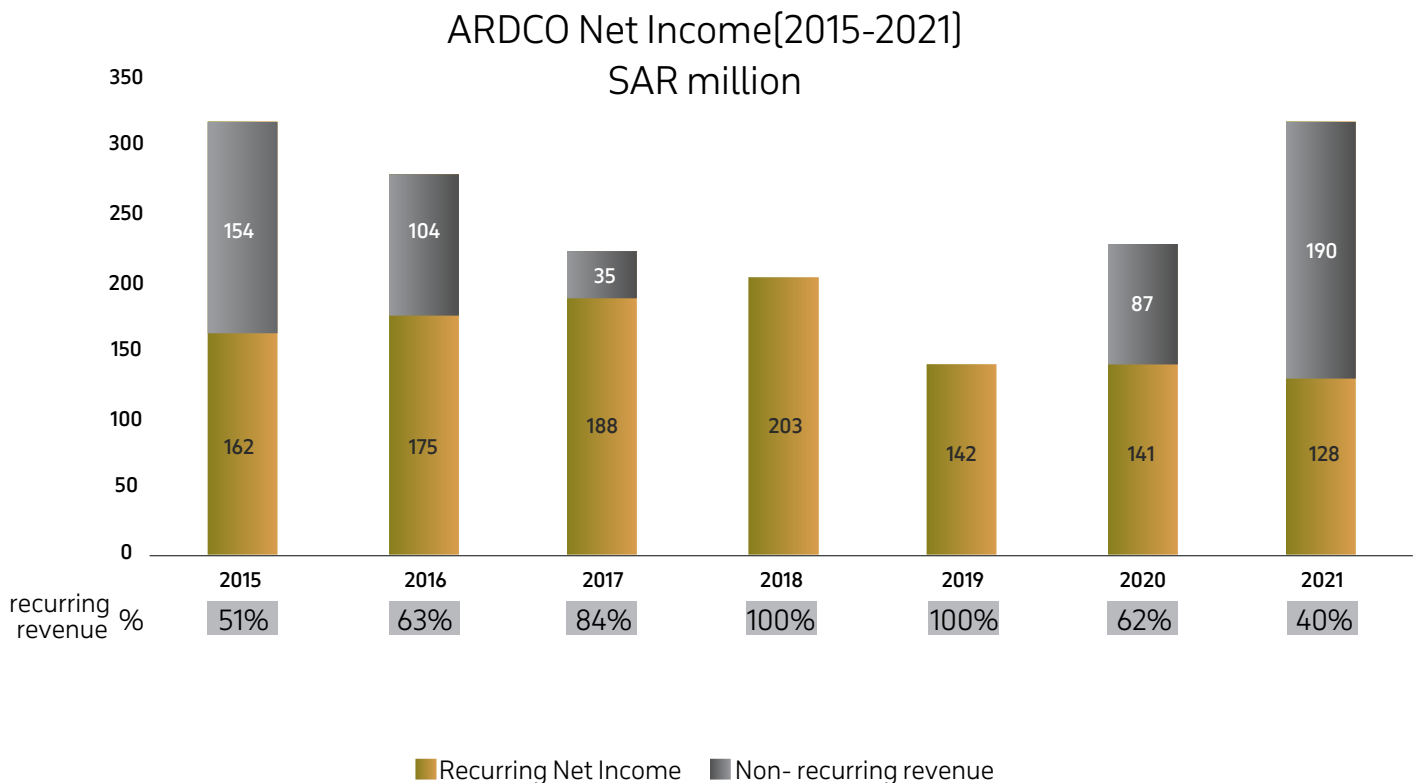
Jehad Alkadi
Chief Executive Officer

We Invest for Growth

Despite the remarkable growth in ARDCO's financial performance over the past few years, the company's recurring net income has seen some decline.

Operational inefficiencies and aging assets, exacerbated by a lack of pre-emptive maintenance and investment in infrastructure development and modern technology, have all limited the company's ability to increase rental income and revenue.

In accordance with such, the company experienced a windfall from an investment in 2014 to develop infrastructure and resell plots in northern Riyadh. Despite the exceptional profitability of that deal, the company neither reinvested the windfall cash, built its capability, nor transferred knowledge gained from the project.



Considering these events, the Board of Directors initiated a corporate restructuring and transformation program that included developing a new company strategy that prioritizes sustainable growth and maximizing shareholder return.

Strategy Development Methodology

In developing the new strategy, ARDCO prioritized maximizing shareholder return and sought to ensure the company's readiness for any economic and development boom. The steps in writing the strategy were as follows:

- Analyzing, reviewing, and in-depth understanding of five of the 20 most relevant economic sectors.
- Benchmarking, reviewing, and analyzing over 30 companies in said sectors.
- Conducting over 20 meetings and interviews with relevant stakeholders.
- Aligning the new strategy with the following notable national strategies:
 - Housing Program
 - Quality of Life Program
 - National Industrial Development and Logistics Program
 - National Transport and Logistics Strategy
 - National Investment Strategy
 - Tourism Strategy

Strengths

Based on findings from the above, ARDCO was able to identify strength areas in which to focus its investment and care:

- A strong reputation and solid track record that the company has developed by operating and growing its assets since its establishment in 1994.
- Strong relationships with public and private entities pertinent to the company's business lines.
- Long-standing operational businesses with more than 20 years of experience in operations in fresh produce and more than 15 years' experience in vehicle auctions.
- Proven, tangible track record in real estate investment.
- Strong cash position and debt raising capacity.

Opportunities for Improvement

- Further expand and diversify key business concentrations. such as real estate leasing and fresh produce. which constitute 85 percent of the company's recurrent income.
- Enhance efficiency and capacity of businesses to capitalize market opportunities [such as making use of undeveloped land at the AlTameer International Car Auction and re-utilize unused auction tracks.]
- Build sustainable growth engines rather than sole reliance on 3rd party partnerships for new projects. investing more in assets and capabilities and initiate knowledge transfer [such as investing in the AlRimal development.]
- Invest in emerging sectors to further fuel future revenue and income streams [such as logistics and build-to-suit.]

Riyadh's Growth, ARDCO's Growth

Riyadh is a growing metropolis that possesses the competitive edge to create jobs. grow the local economy. foster investment. and create endless opportunities. As the world's 40th biggest urban economy. the city aspires to break into the top 10 and increase its population from about 7.5 million to 15-20 million by 2030.

1 Top-down GDP analyses indicate that Riyadh is projected to become the world's 8th largest urban economy.

2 Based on the projected nominal GDP for 2030. Riyadh's population is expected to reach 15-20 million.

3 The Ministry of Tourism projects that more than 42 million people are expected to visit Riyadh by 2030. constituting 50 percent of non-religious visits in Saudi Arabia.



Our Future Outlook

In order to ensure sustainable growth and build a strong real estate conglomerate capable of meeting shareholders' aspirations, ARDCO is pursuing the following:

- **Generate stable** financial returns as a key objective. through a focus on real estate development while capitalizing on potential divestment and capital gain. when available.
- **Diversify** its asset portfolio across real estate and operations activities primarily in Riyadh. with an opportunistic eye towards other cities in KSA. if attractive and relevant to the company's immediate or long-term goals.
- **Maximize revenues** from existing assets and ensure that future investments are profitable.
- **Leverage** the company's strong financial position to achieve a feasible return on risks.
- **Strike partnerships** with established and/or complementary players to maximize value for all involved. with a controlling minority stake as a minimum degree of control. as well as creating added value in priority sectors.
- **Maximize total shareholder** return by balancing dividend and capital gain through reinvestment.

Sustainable Growth Drivers (Target Sectors)

ARDCO conducted market analysis and sector benchmarks, through which it identified key strengths, areas of improvement as well as potential avenues of growth. Following which, the company analyzed emerging sectors in line with Vision 2030 and the strategic direction that Riyadh is embarking on. As a result of its research, ARDCO has decided to recalibrate its business lines onto key priority sectors that would help the company diversify its real estate and operational portfolio with an improved risk to return balance. These sectors are:

- 1 Real estate development and development management
- 2 Public goods services
- 3 Car auction
- 4 Financial investment



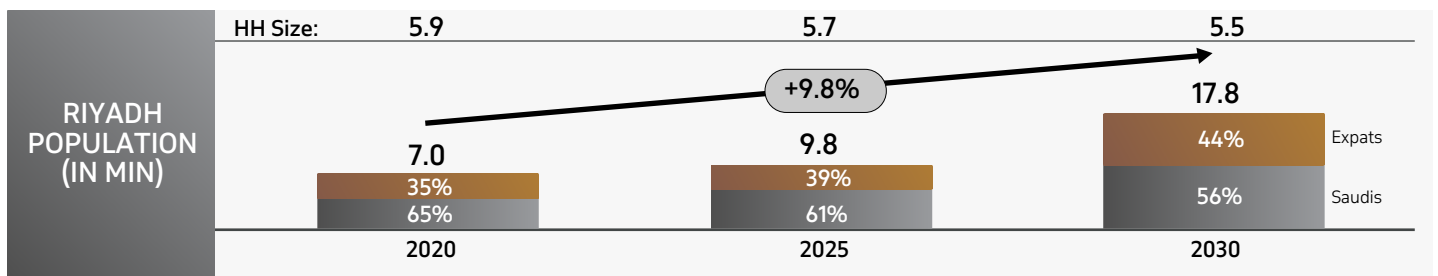
1. Real estate development and development management

Real estate development is the primary growth driver on which the company strategy is based. ARDCO has analyzed potential opportunities in the sector to determine the strategic direction it will undergo in the coming years. These include:

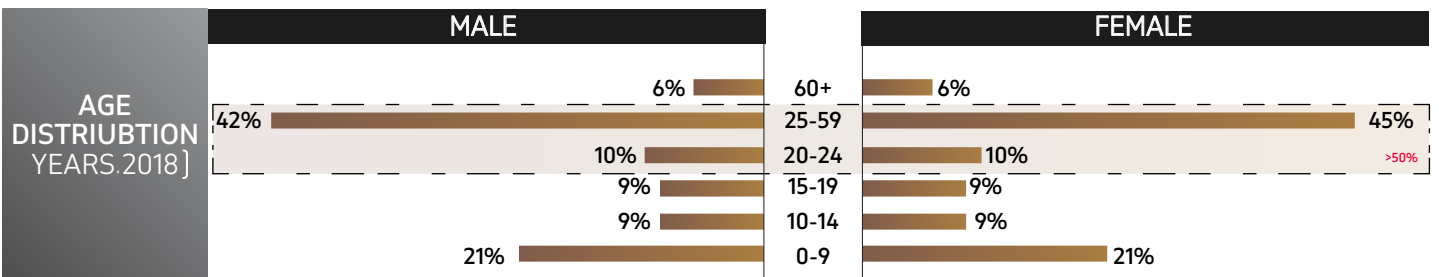
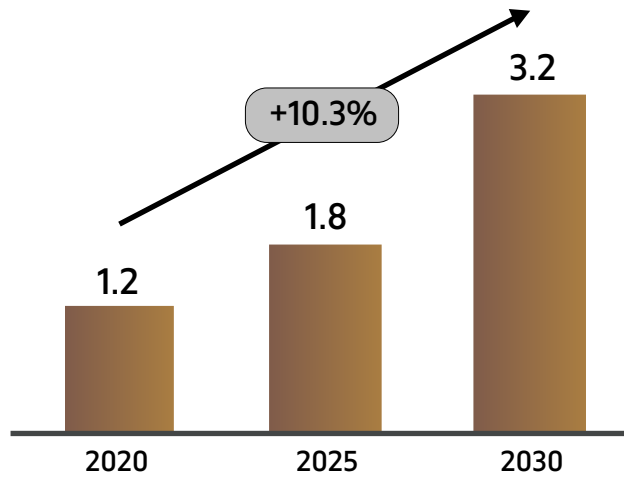
Residential Real Estate

Riyadh is projected to become one of the fastest growing cities in the world. The city's population is expected to grow to about 9.8 million by 2025 and 17.8 million by 2030. This growth in population will be driven by the city's anticipated economic growth, which is bound to attract Saudis and expats who seek to work and live in one of the world's fastest growing cities. This population growth, in turn, is expected to raise demand for housing from 1.2 million residential units in 2020 to 3.3 million in 2030.

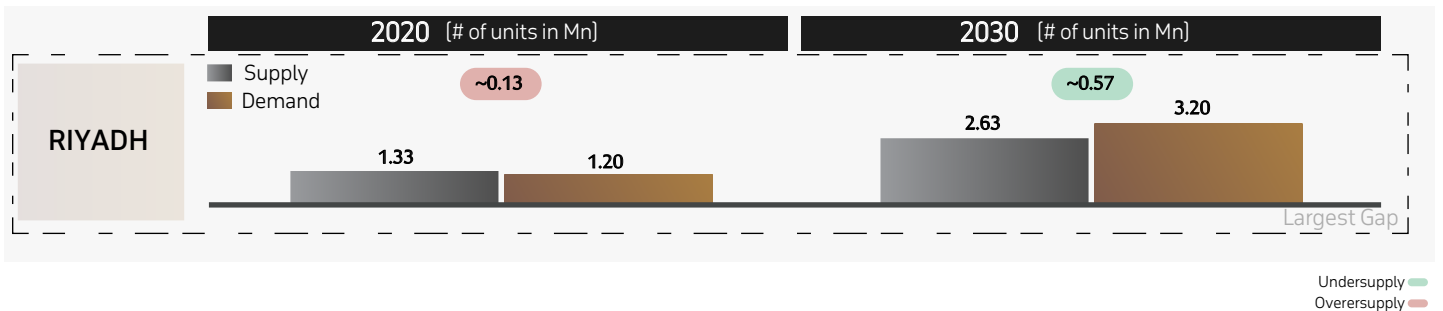
Projections suggest that the housing supply will fall short of the runaway demand, with an estimated shortage of 550,000 residential units by 2030. Most of that deficit will be in apartments, small houses, and duplexes that are part of integrated residential complexes. As such, integrated residential communities are a key priority sector. In keeping with Riyadh's expansion, the company will bolster its development of units in up-and-coming districts, while also considering redevelopment of existing old neighborhoods, leveraging their key infrastructure, with the objective to lease or sell units.



RIYADH HOUSEHOLD DEMAND
[IN MN UNITS]



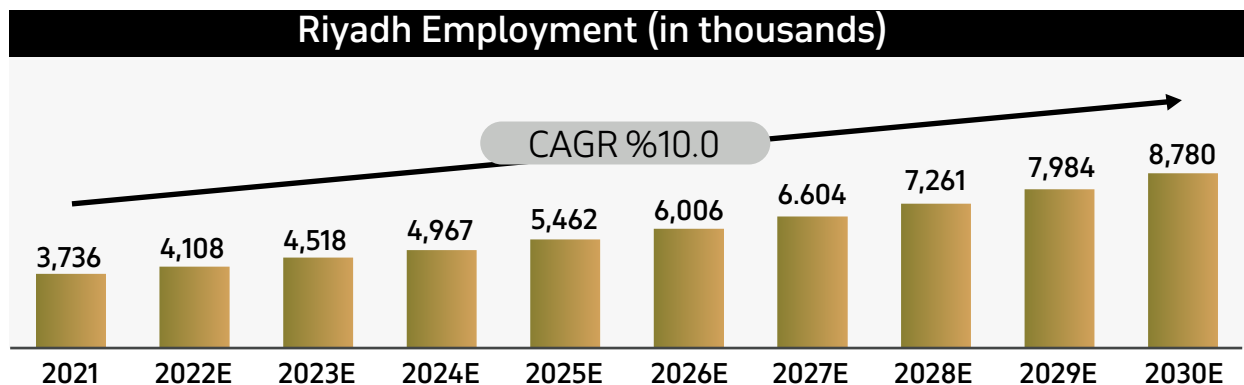
Residential Market Assessment



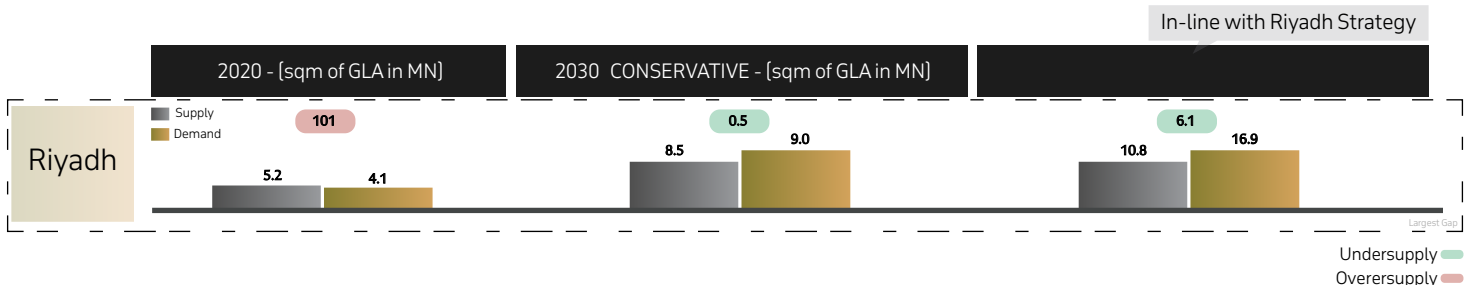
Office Space

With regards to office space, projections suggest that employment opportunities in Riyadh will expand from 3.7 million in 2021 to an anticipated 8.7 million in 2030, thanks to the economic growth driven by the National Transformation Program in addition to Vision 2030's various programs, as well as the growing demand from companies moving their regional headquarters and operations to Riyadh.

Additionally, studies point to a very likely shortage in office space as a result of the higher demand for efficient office space. By 2030, the shortage is expected to reach 500,000 m², judging by even the most conservative projections for the city's growth. If we look at the boldest growth projections, the shortage is expected to reach a whopping 6,000,000 m². Clearly, given these figures, office development is a key priority sector for the company, which will focus on maximizing return on investment through stabilizing cashflow and then consider divestment through sale to investors looking for stable yield, or listing them into real estate investment trusts (REITs).



Offices Market Assessment

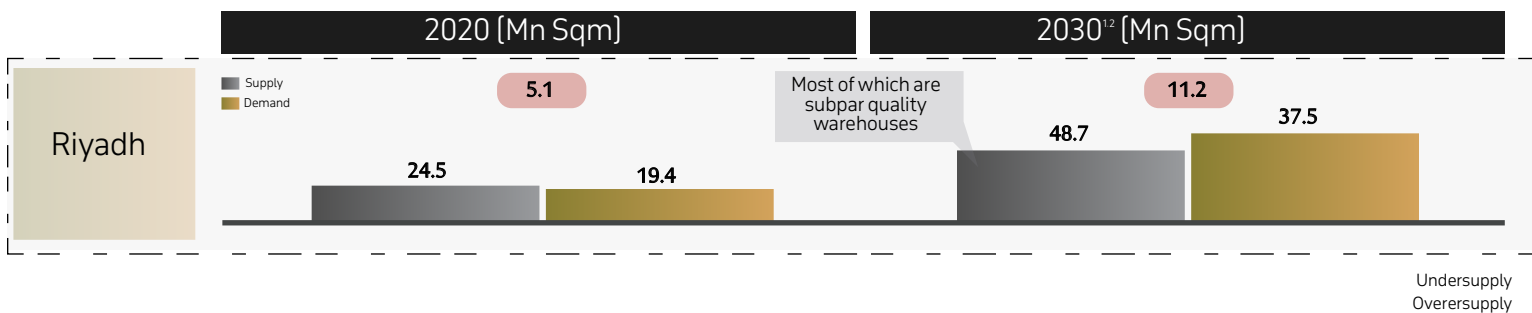


Logistics Real Estate

Due to changing consumer habits as a result of increased digitation in the modern era, especially post-covid, e-commerce has seen huge growths in the last few years. As such, the logistics real estate sector has become a key opportunity for investment. As the local market quickly moves to respond to the change, there has been an increased demand on warehousing required to serve newly digitized business models throughout the supply chains by retailers and logistics operators.

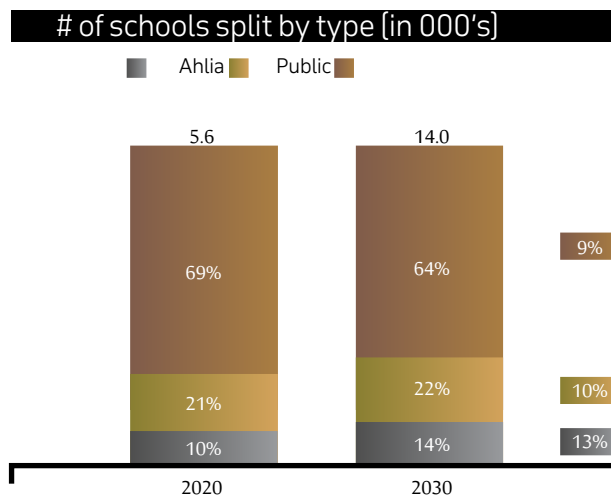
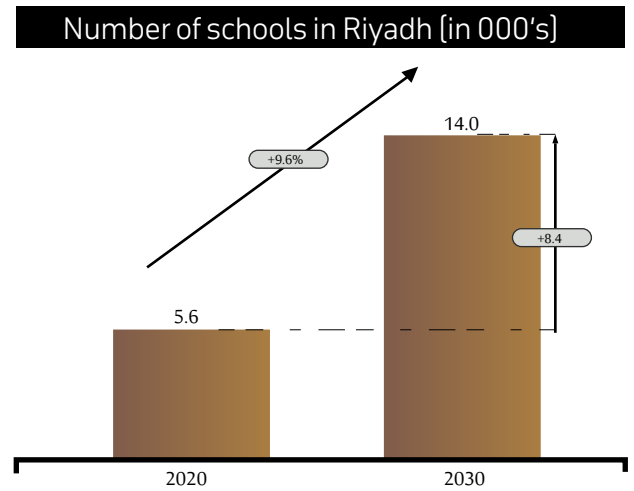
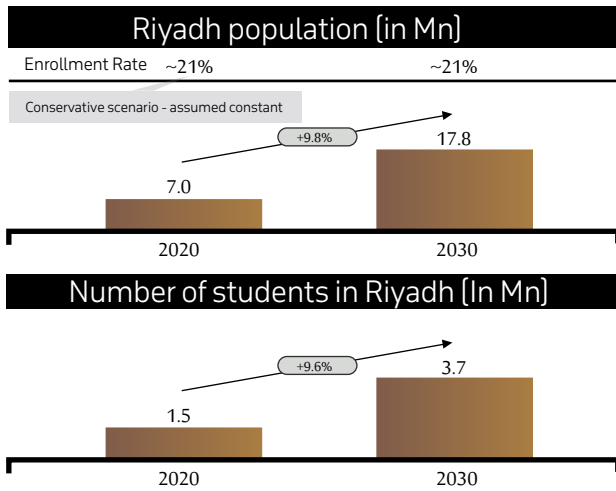
Demand for storage space is anticipated to double between 2020 and 2030 to reach 37,500,000 m². In contrast, even though the available storage space is expected to reach 48,000,000 m² in Riyadh alone, most of it is not expected to meet the required quality standards and specifications.

As such, developing to-spec, high-quality storage, such as cooled warehouses, distribution and fulfillment centers, and storage for key operators present golden opportunities for the future. Hence, the logistics real estate sector is of great interest to the company. The company aims to develop quality logistics complexes that meet the requirements of operators and lessees who seek storage space and solutions that fit their specific requirements, with a focus on securing long-term contracts prior to developing such projects, while leveraging the company's leading position in fresh produce and public good services as key support business lines.



Education Real Estate

As Riyadh's population grows, so does the demand for quality education. As more and more talented professionals flock to Riyadh, the number of schools are expected to grow from 5,600 in 2020 to over 14,000 by 2030. Of these, international and private schools are expected to almost triple, from around 1,700 in 2020 to more than 5,000 in 2030. This is driven by the projected growth in the number of students from 1.5 million to 3.7 million. Given those numbers, the development of educational facilities is a key opportunity for the company. Investment would be limited to developing the real estate components under a build-to-suit structure for educational operators, such as schools, with goals towards increasing recurring income and achieving financial sustainability in emerging sectors.



Other Emerging Real Estate Sectors

Given the fast-moving nature of Riyadh's booming economy, investment opportunities are already emerging in various corners of the real estate sector and beyond. ARDCO's new strategy allows for greater flexibility in capitalizing opportunities in real estate, with the appropriate checks and balances in order to maximize return on investment while working within appropriate risk management policies and procedures. Some of these opportunities include development of raw land infrastructure, as well as quality of life facilities, such as sports and recreation, and acquisition of income-generating properties.

	Residential	Offices	Schools	Industrial Assets ¹	Land Infrastructure	Sports & Recreation	Opportunistic
Instruments	Equity			Contribution in Kind (land)			
Ticket Size (Equity Portion)	SAR100 – 400 Mn	SAR100 – 400 Mn	SAR50 – 150 Mn	SAR50 – 150 Mn	SAR200 – 300 Mn	Case-by-case	<10% of overall portfolio
Target Project IRR %	7 - 9 %	9 - 11 %	7 - 9 %	Case-by-case	7 - 9 %	9 - 11 %	>10%
Target Levered ² IRR %	10 - 12 %	11 - 14 %	9 - 11 %	Case-by-case	9 - 11 %	Case-by-case	<12%
Capital Allocation	SAR 1,000 – 1,500 Mn overall, called on a case-by-case basis						
Ownership	<ul style="list-style-type: none"> Full Ownership Partnership 	<ul style="list-style-type: none"> Full Ownership Partnership 	Partnership	<ul style="list-style-type: none"> Full Ownership Partnership 	<ul style="list-style-type: none"> Full Ownership Partnership 	Partnership	<ul style="list-style-type: none"> Full Ownership Partnership
Role	<ul style="list-style-type: none"> Developer Owner and Asset Manager Operator / Property Manager (if leased) 	<ul style="list-style-type: none"> Developer Owner and FM3 3rd Party 	<ul style="list-style-type: none"> Developer Owner and FM3 3rd Party 	<ul style="list-style-type: none"> Developer Owner and FM3 3rd Party 	<ul style="list-style-type: none"> Developer Owner 	<ul style="list-style-type: none"> Developer Owner and FM3 3rd Party 	Case-by-case
Investment Play	<ul style="list-style-type: none"> Grade B (New Dev) Grade A & B (Refurbishment) 	Grade B (New Dev)	Public/ Private Schools	<ul style="list-style-type: none"> Cold Storage Logistics Parks Staff Acc 	Land infrastructure development (e.g., plotting)	Community Parks In/outdoor sports facilities	Case-by-case
Geography	Primarily in Riyadh and across KSA Opportunistic internationally and across GCC						

Warehouses and Staff Accommodation; 2- Levered IRR assuming 50% debt to capital, debt maturity of 7 years and average cost of capital of 6%; 3- Facilities Management

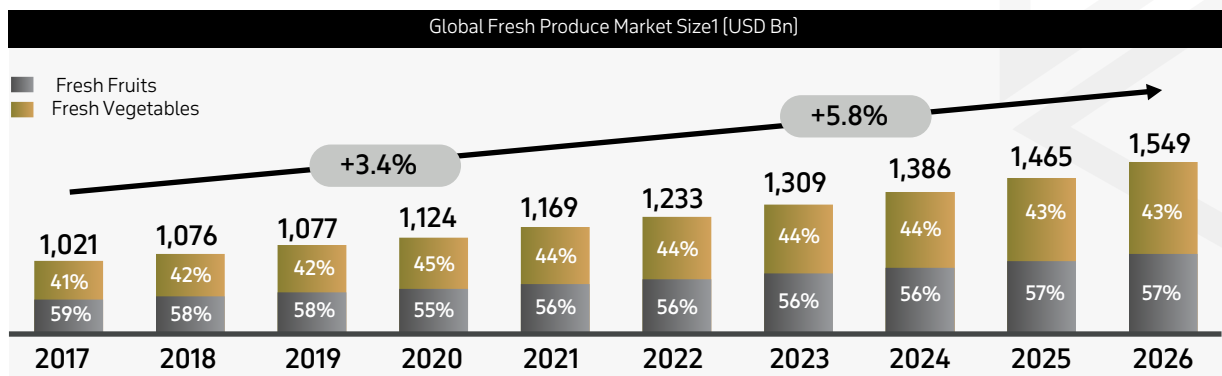
☆ Existing asset class for Altameer

Core Real Estate

Specialized Real Estate

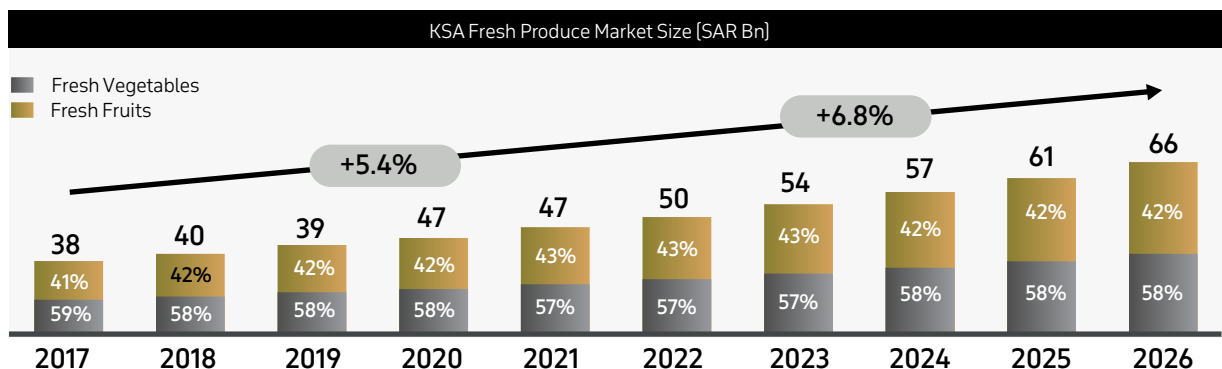
2. Public Good Services

On the global level, the fresh produce sector is the fastest growing in the world's food market, with an expected annual growth rate of 5.8 percent between 2021 and 2026. There are various reasons for such vigorous growth, not least of which include the rising global population, increases in consumer spending driven by the growth in developing countries, and a shift towards healthier nutrition as consumer awareness rises, in addition to government incentives to sustainable lifestyles worldwide.



Locally, Saudi Arabia's fresh produce sector is expected to outgrow the global market at 6.8 percent annually by 2026. The growth will be driven by several government initiatives, most prominent of which are led by the Ministry of Environment, Water and Agriculture and the Ministry of Health. These initiatives aim to enhance the Kingdom's food security through incentives to local producers that help remove hurdles hampering local production, raising awareness towards healthier eating habits, and community engagement in the Quality of Life Program.

ARDCO enjoys a leading position in public good services markets. The company's fresh produce markets across its owned assets and value chain constitute 60 percent of the country's overall turnover, with nearly 10,000 tons of fruits and vegetables circulated through the markets daily. The turnover in the fresh produce sector is expected to reach SAR 66 billion by 2026.

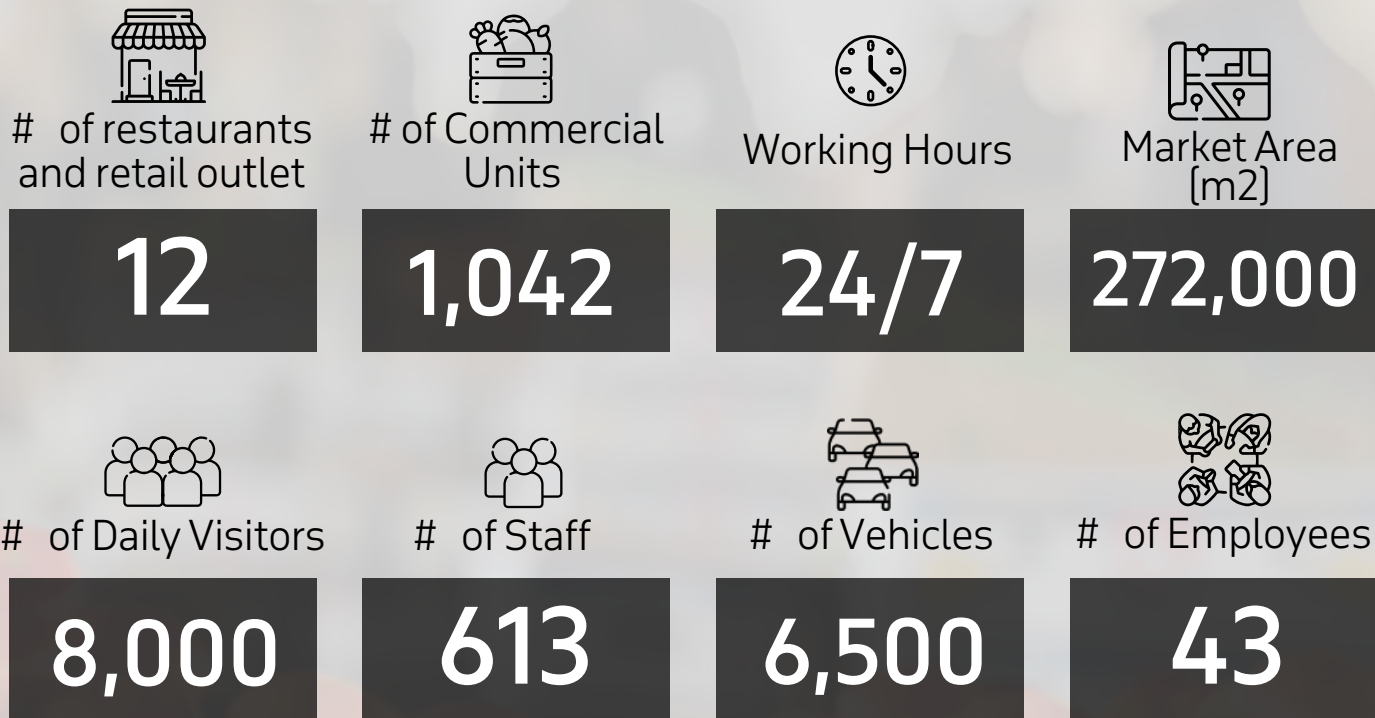


Given these projections, the company benchmarked against global best practices identifying the best course of action to achieve maturity in this key sector. The following actions have been identified:

- 1 Restructure operations to improve efficiency in the markets.
- 2 Develop an initial master plan for the Central Market in AlAziziya to increase operational capacity.
- 3 Establish international partnerships to transfer knowledge and learn best practices in the fresh produce sector.
- 4 Embrace the principles of sustainability, raise quality standards, and encourage more local content in the fresh produce market.
- 5 Further study strategic regional expansions into other regions.
- 6 Digitize by adopting modern technologies across our entire supply chains through tracking solutions, smart packaging, online retail, digital marketplaces, and other opportunities.



ARDCO owns AlTameer Central Market for Fruit and Vegetables in AlAziziya, the biggest of its kind in the Middle East, serving residents and businesses in not only Riyadh, but also every other city in the Kingdom. Below are some facts and figures about this market:

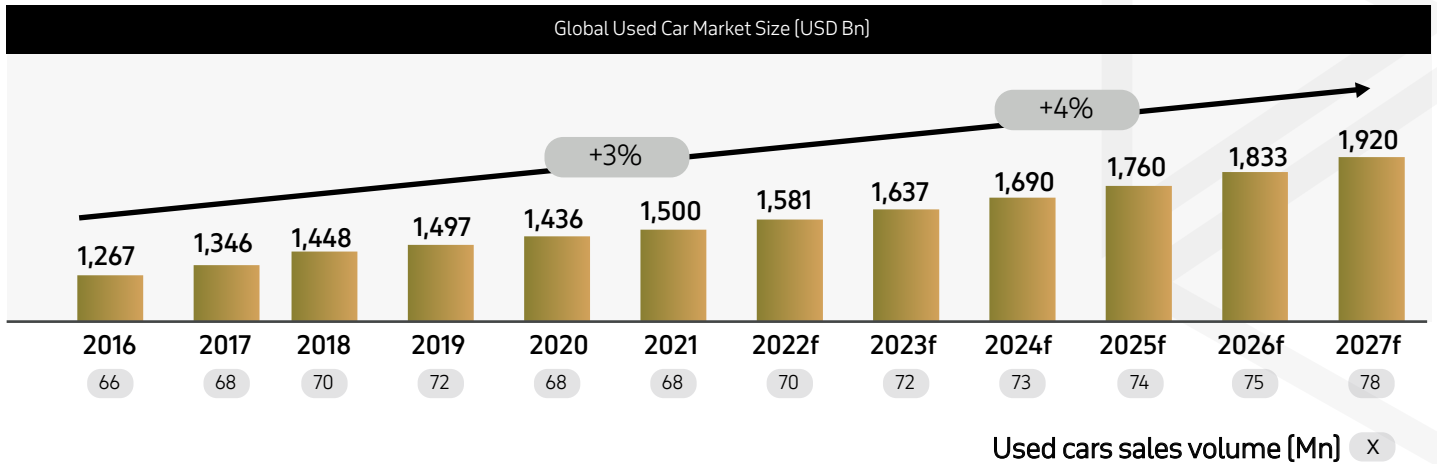


And here are some statistics of our database entries of customers and vehicles:

1. Registered customers: 412
2. Heavy haulage vehicles: 365.532
3. Hotel, restaurant, and café customers: 151.008
4. Coupons bought and used: 507.540

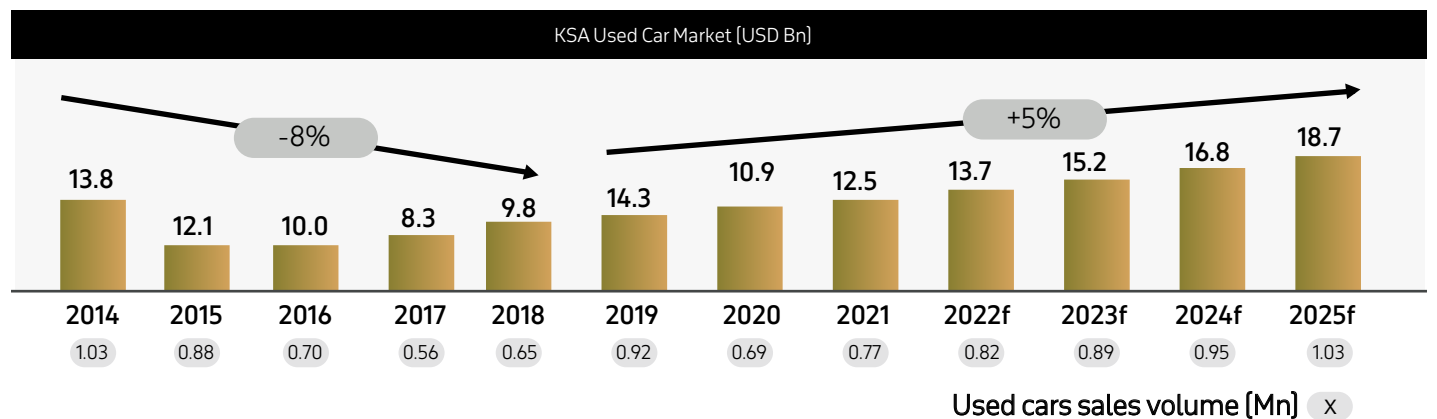
3. Car Auction

The global second-hand vehicle market is expected to grow by four percent annual from 2021 to 2027. This is driven by the growth of the global middle class, the accessibility and reliability of e-commerce, and an overall shortage in new vehicles caused by global supply chain challenges that push many to consider good-quality second-hand vehicles.



Vehicles sold in auctions constitute 25 percent of the overall global second-hand vehicle market. These sales are conducted through digital sales, as well as advanced technology to display and promote used vehicles, and also the growth in value chains and value-added services related to car auctions.

On the local level, the used car market is expected to grow at a faster pace than the global market growth, at about five percent by 2027. This is driven by more car ownership as a result of more women owning and driving cars, the higher need for mobility driven by a growing workforce, and more individuals looking to take advantage of the absence of VAT on used cars through retail.



Of the more than one million used cars sold annually in the Saudi market, nearly 20 percent are sold through auctions. ARDCO owns a car auction facility that provides a traditional solution for car finance companies, which rely on AlTameer International Car Auction to market its available automobiles.

Yet, at the same time, it is this traditional business model, combined with the lack of a digital alternative, that threatens the sector's sustainability in the long run. Given these facts, the company has evaluated global best practices to adopt a course of action that can help achieve maturity in this dynamic sector. Following the company's assessments, these actions will be considered for implementation:



1. Improving the state of the asset through better maintenance, while bringing in more suppliers and buyers to the auction.
2. Utilizing the untapped opportunities within the asset, such as running the auction place at its full, nine-track capacity as opposed to just one. Additionally, there is a large amount of empty land that can be put to profitable use upon further study.
3. Digitizing the car auction experience to be applied across our supply chains through modern tech services, infrastructure empowerment, and added value services, such as vehicle inspection, photography, storage, and delivery to clients.
4. Building new partnerships, undergoing knowledge transfer, and adopting best practices with regards to the car auctioning sector.

4. Financial Investments

With the world rapidly shifting towards new business models that rely on technology and artificial intelligence, companies are gaining unique competitive advantages that result in resilient growth, economies of scale, and the ability to tap into the vast opportunities provided by technology and digitization.

ARDCO seeks to capitalize on this. Part of the company's strategy is financial investment, which allows the company to invest in financial technology (fintech), property technology (PropTech), and agricultural and food technology (AgriTech). These technologies will boost ARDCO's key business lines, giving the company even more of a competitive edge and fortifying its core businesses against the competition.

Additionally, the new strategy allows the company to invest directly in asset acquisition, sales & lease back agreements, companies, funds, conducting takeovers, and striking alliances, taking advantage of the opportunities created by privatization and public-private partnership programs.

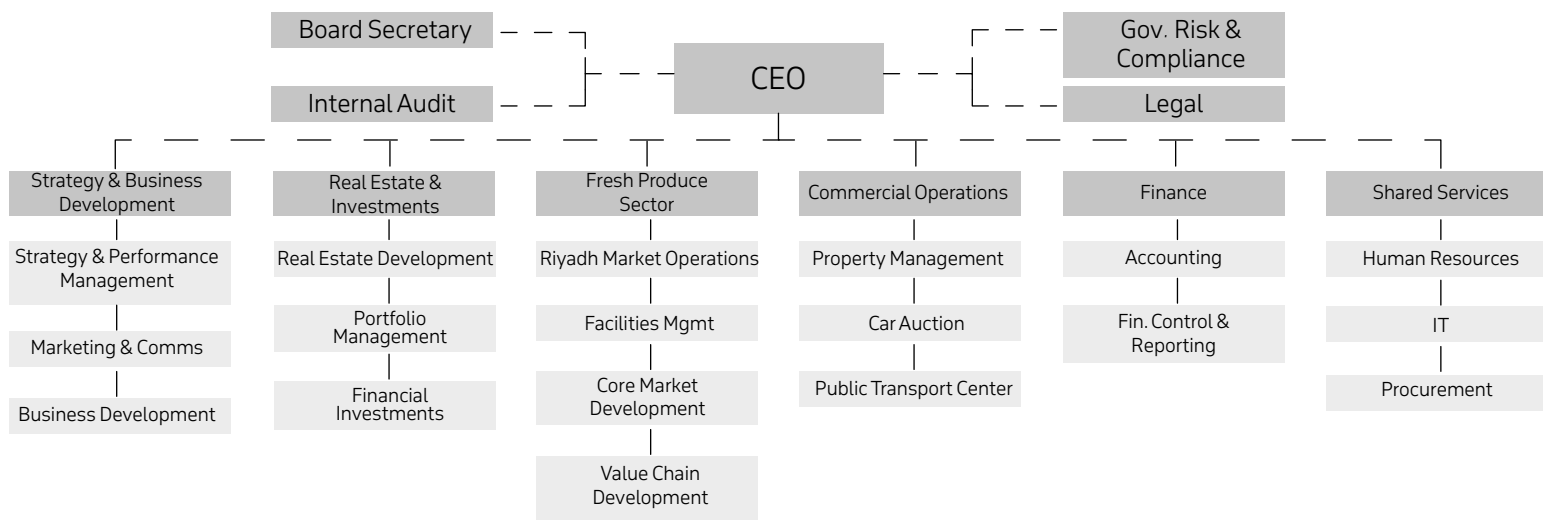


Putting the New Strategy into Action

The success of ARDCO's vision and strategy falls upon swiftly applying the required changes and managing them throughout the organization appropriately to achieve the desired targets. A clearly laid out organizational structure, accompanied by a well-prepared human resourcing plan, is a key enabler. ARDCO has already put the following organizational structure into effect to ensure it is equipped with the manpower it needs to execute its strategy at the highest standard:

An Updated Organization Structure Will Ensure Successful Execution of Strategy With Adapted Workforce

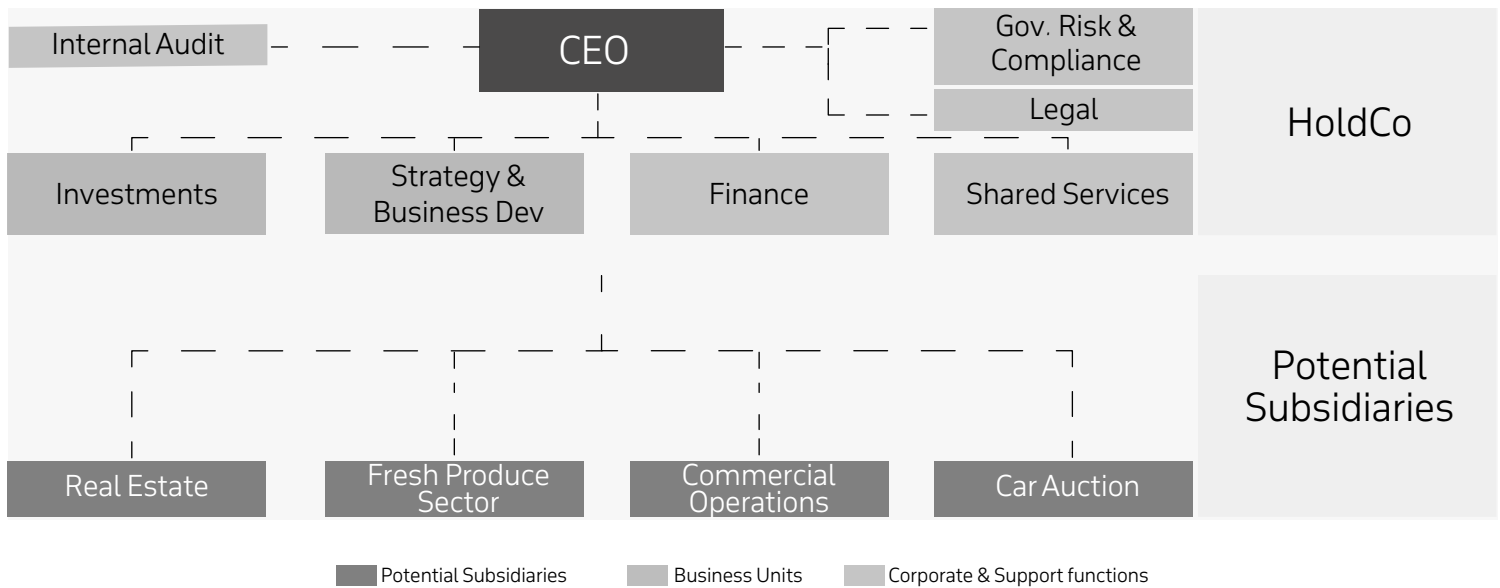
Organizational Structure & Functional Workforce Requirements



As the respective business models of the company's various business lines continue to mature, ARDCO aims to reinvent itself as a holding company. This enables it to forge purposeful partnerships that uphold the principles of governance, success in its ventures, and leveraging its experience to expand into new sectors and regions.

As such, Altameer's envisioned aspirational organization

Altameer Target State Organization Structure



The following approach will help turn the company's vision into reality through:
Instilling a culture of innovation by studying modern business models, embracing forward thinking principles and instilling best practices throughout the company.

Building capabilities so that the company becomes the best in its field through productive, sustainable partnerships with local and global leaders.

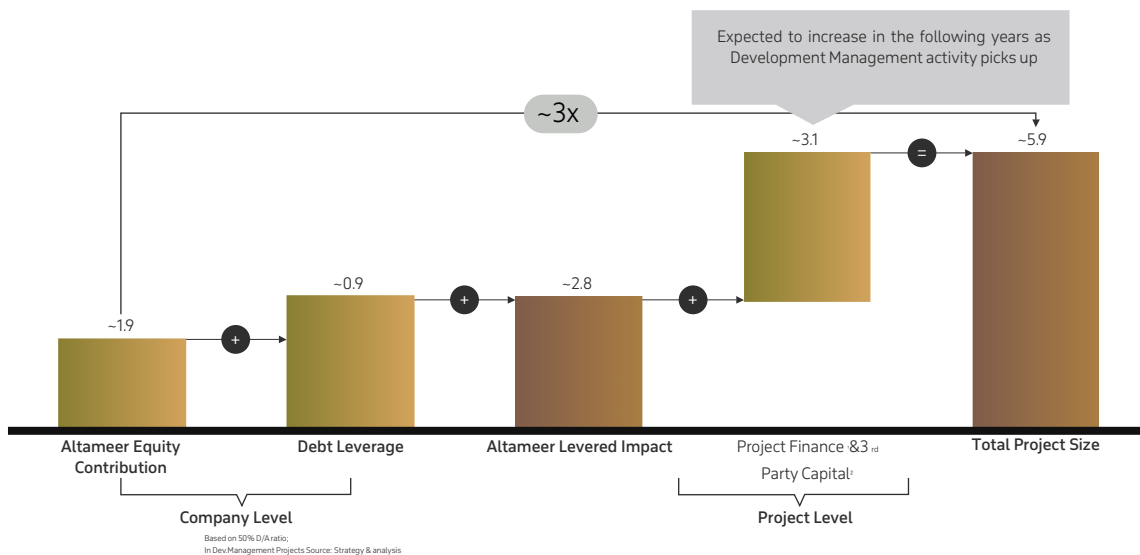
Sustainable development through operating as a developer and stakeholder that would create impact, offer added value to its sectors, and empower its business using technology, ultimately creating a business model that promotes governance as well as environmental and financial sustainability.

Financial Objectives

Project development: ARDCO plans to develop multiple real estate projects in 10 years as part of its initial operation plans.

Project scaling: Leverage, self-financing and 3rd party equity placement will allow ARDCO to scale up its projects threefold by 2032, with a targeted aggregate value of SAR 6 billion.

Financial performance: The company's net income is targeted to reach SAR500 million by 2032, while the targeted revenue is close to SAR1 billion in 10 years.



ARDCO aims to achieve sustainable financial targets, adding shareholder value over both the medium and long term, with an organizational structure designed to achieve the best possible results from the strategy. These targets include:

1. Doubling net income over the next 10 years.
2. Achieve revenues close to SAR 1 billion within the next 10 years.
3. Transitioning the capital structure from all-equity to one that comprises a 28% leverage in 5 years and a 23% in 10 years.
4. Maximize shareholders total return as an outcome of the strategy through dividend and potential capital gain.
5. Launching more sustainable projects based on a more balanced mix of real estate, fresh produce, existing and future leasing business, and other investment opportunities.

Initiatives of the Strategy

In order to achieve great results through the strategy, ARDCO has pinpointed 45 initiatives to propel the strategy through three phases:

Phase 1: Upgrade current operational performance through an initial set of 20 initiatives. to be implemented in one to two years. The expected outcomes of this phase are:

- Improving operational efficiency and business infrastructure.
- Maximizing returns on current assets.
- Divesting untapped and/or poorly performing assets.
- Further building and developing targeted business sectors.

Phase 2: Grow and diversify the company's investment portfolio in targeted sectors. This includes a second set of 15 initiatives. to be implemented in two to three years. Expected outcomes:

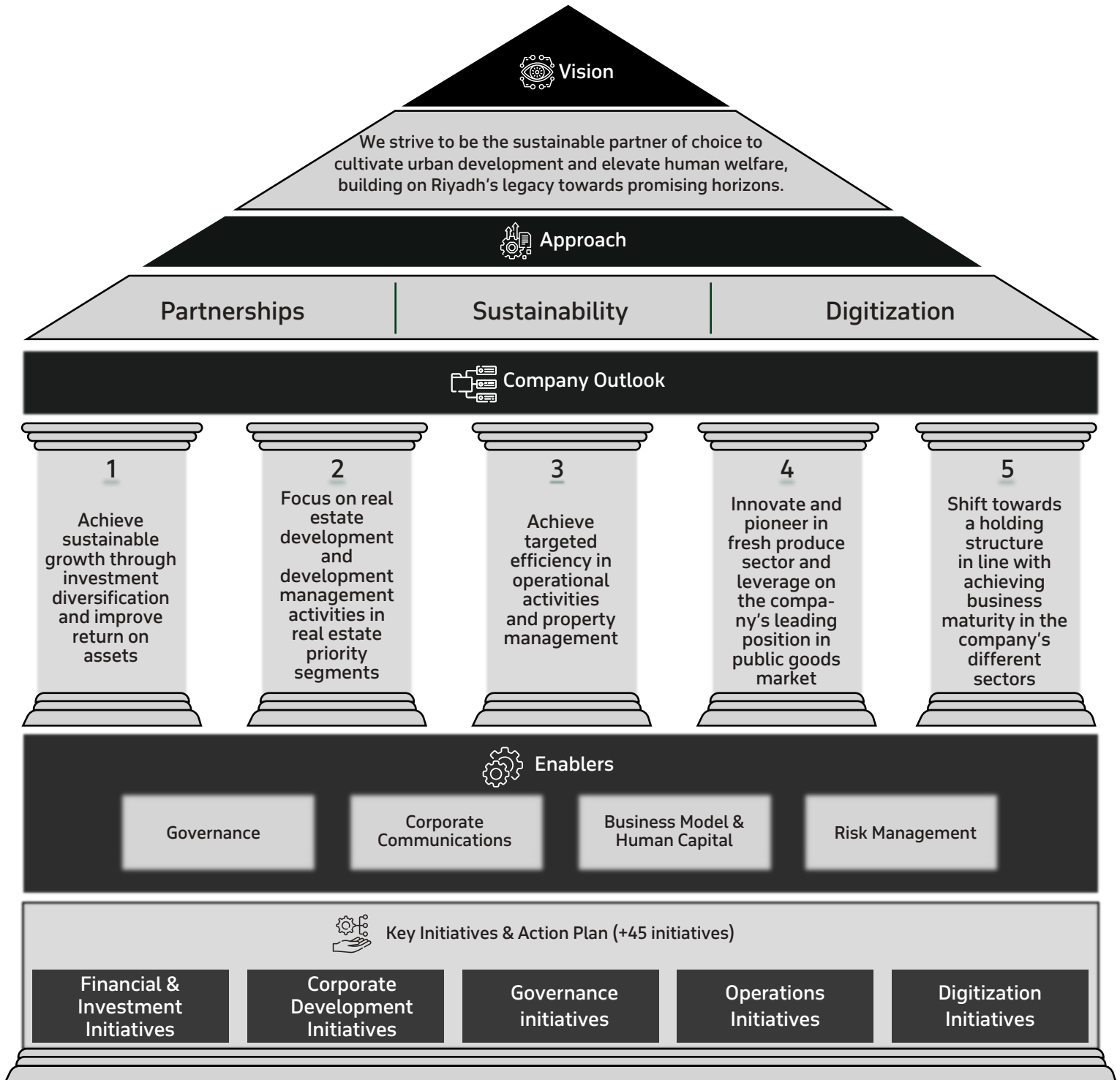
- Strengthening ARDCO's position as a leading developer in priority real estate segments.
- Diversifying via broader operational scopes while accruing revenues on investments in targeted sectors.

Phase 3: Sustainable growth and discovering more promising opportunities. This will be achieved through a third set of 10 initiatives implemented over three or more years. The expected outcomes of this phase are:

- Expand investments in targeted sectors.
- Solidifying ARDCO's position as a top institutional developer and expanding in the fields of development management and property management.
- Approaching closer towards a holding company business model as business lines continue to mature.



This approach will help bolster the company's vision and turn that vision into reality through its new strategy:



What's Next?

ARDCO anticipates a brilliant future for Riyadh. The company's new and innovative approach to real estate development and operation is not only better suited for the Kingdom's economic transformation, but also entrenches ARDCO's position as a leader and key enabler in the city of Riyadh. Drawing on unshakable values and a heritage that shines through its transformative projects and investments, ARDCO offers an authentic example of creating impact, supporting the national economy, and achieving sustainable growth. Built around a vision towards achieving sustainable financial revenues for investors, the company's strategy revolves around diversifying the company's sources of revenue in leasing, operation, real estate development, and real estate management, in addition to investments in pertinent strategic sectors and leveraging ARDCO's leading position in the fresh produce and public-access marketplaces.

The company aims to launch projects that keep the pace with Riyadh's growth, a sprawling metropolis that drives the entire Kingdom's urban growth, as targeted by Vision 2030. The company's activities are aimed at fully aligning with the Saudi capital's strategy and outlook based on a three-pronged approach:

1. Instilling a spirit of partnership
2. Adopting a holistic approach to sustainability
3. Digitization and technology.

In order to achieve its goals, the company plans to build purpose-led strategic partnerships, establish and seek new, more diverse investment opportunities, and discover ways to diversify and increase its revenue. We will apply modern technology and embrace digital transformation to our activities, slashing lead times and physical barriers to increase our efficiency, and, not to mention, finding avenues of improvement and expansion – ultimately investing in growth.



Contact Us

☎ **Phone** 0096614110333
Toll-free 8001160014

✉ **Emails**
info@riyadh.dev
IR@riyadh.dev
media@riyadh.dev

🌐 **Website**
riyadh.dev

🕒 **Business Hours**
Sunday - Thursday
8:00 AM to 5:00 PM

Social Media
🐦 @RiyadhDevSA
🌐 Riyadh Development Company

