

Partnerships Towards Promising Horizons

Annual Report 2024
Riyadh Development Company



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Custodian of the Two Holy Mosques
King Salman bin Abdulaziz Al Saud

(May Allah Protect Him)



His Royal Highness Crown Prince
Mohammed bin Salman Al Saud

(May Allah Protect Him)

Board of Directors 2024

Towards an Inspiring and Sustainable Leadership



**His Highness Prince
Faisal bin Ayyaf, PhD**
Mayor of Riyadh Region, Chairman of the Board



Mr. Majed Alsubeaei
Vice Chairman of the Board
Executive Committee Chairman



Mr. Sulaiman AlHatlan
Member of the Board
Audit Committee Chairman



Mr. Abdul-Ilah AlHusein
Member of the Board
Nomination & Remuneration
Committee Chairman



Mr. Abdulrahman Alqahtani
Member of the Board



Mr. Fahad AlKassim
Member of the Board



Mr. Abdullah AlBahouth
Member of the Board



Mr. Nayef Al-Hadithi
Member of the Board



01 Introduction

Foreword

30 Years of Successful Legacy... Powered by Partnerships Marching Toward Promising Horizons.

Dear Shareholders and Investors,

For three decades, our company has been developing and implementing pioneering projects across multiple sectors, enhancing Riyadh and contributing to human well-being. Our work is guided by the vision of our leadership to elevate the capital's global competitiveness and achieve sustainable urban development, which in turn builds a thriving economy, vibrant society, and an ambitious nation.

Our company is therefore entering a new phase under the theme "Partnerships Toward Promising Horizons," supported by its strategic pillars: partnership, sustainability, and digitization, which we believe are the keys to success in keeping pace with rapid urban development.

Today, we are witnessing a growing interest in public-private partnerships as drivers of the urban renaissance, particularly as Riyadh prepares to host global megaevents such as Expo 2030 and the FIFA World Cup 2034, in addition to activating major infrastructure projects, including Riyadh Metro as part of the King Abdulaziz Public Transport Project in

"Strategic partnerships and digitization are the keys to advancing sustainable urban growth. With Riyadh emerging as a global city of the future, brimming with investment opportunities, Riyadh Development Company is uniquely positioned to lead this transformation."

Riyadh, which was inaugurated by the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz. These initiatives reflect transformational milestones for Riyadh that align with the Kingdom's aspirations, as it focuses on adopting the best sustainable development enablers to achieve its ambitious goals.

ARDCO's three strategic pillars amplify the positive impact of the projects we deliver and the partnerships we forge. We have always considered that a real estate developer's success cannot be limited to building projects but rather extends to shaping vibrant environments conducive to business, living, and leisure, supported by flexible infrastructure that meets the aspirations of a city's residents and visitors.

Partnerships: A Strategic Pillar for Boosting Economic Development

Within this context, ARDCO has established meaningful, transformative partnerships to advance Riyadh's economic and urban development agenda. A key milestone has been the approval of a 32% capital increase during an extraordinary General Assembly Meeting, through the acquisition of assets owned by Remat Al-Riyadh Development Company, the development arm of Riyadh Municipality. This diversifies our investment portfolio, maximizes returns on owned assets, strengthens financial sustainability, and increases total shareholder returns while Remat Al-Riyadh Development seeks to solidify its role in the real estate development sector and contribute to the Kingdom's developmental and economic renaissance, particularly in Riyadh.

ARDCO has also partnered with FTG Development, expanding into potential real estate development projects in the Kingdom. This new collaboration has successfully been awarded a project for development in the Urban Wadi District, one of the Sports Boulevard destinations valued at over 3.5

billion SAR, and located strategically in the heart of Riyadh. As a developer and investor in this high-rise mixed-use project, we have attracted foreign direct investment, reinforcing our commitment to the city's economic transformation. The project aims to establish Riyadh as a thriving city and a global hub that integrates residential, commercial, sports, cultural, and entertainment spaces and supports tourism, enhancing the quality of life while serving our strategic objectives.

Through this partnership, we aim to leverage FTG's global expertise in unique, value-added real estate developments and transfer knowledge. This will enhance our leading position and drive growth in the residential, office, and commercial real estate sectors. It will also support the Sustainable Development Goals (SDGs) and create jobs, aligning with the Kingdom's rapid economic transformation.

Moreover, we have partnered with Agility Logistics Parks to develop company-owned lands east of Riyadh. The agreement boosts economic growth and strengthens the capital's position as a global logistics hub for supply chain and warehousing. It aligns with our strategy for the logistics sector, a key priority in real estate development, given the unprecedented growth in this sector in Riyadh.

"Public-private partnerships are not just complementary—they are a fundamental way to unlock mutual benefits."

A Prosperous Future for a City Rich with Opportunities

As we leverage our past achievements and work towards our future goals, we would like to express our sincere gratitude to our nation's leadership for their unwavering support in propelling our beloved country forward. We embark on this journey together with unwavering optimism and a commitment to growth. We would also like to recognize the tireless efforts of our employees, partners, and shareholders, who continue to be instrumental in achieving our shared vision and ambitions as we navigate our transformation.



His Highness Prince
Faisal bin Ayyaf, PhD
Chairman of the Board of Directors

CEO's Letter

Fueling Growth and Maximizing Total Shareholder Return

Dear Shareholders,

Under the guidance of our Board of Directors, ARDCO achieved record-breaking revenues of 322 Mn SAR, driven by the exceptional performance of our operational assets. This success reflects our promising vision and the tireless efforts of all teams, backed by our continued dedication to attaining operational excellence. Our corporate strategy "Invest for Growth," launched in 2023, has been the guiding principle in the achievement of this unparalleled financial performance.

Furthermore, ARDCO's earnings jumped 9% to 296 Mn SAR, compared to 2023; this increase was driven by higher operating revenues, other income, and profits from our associate company, Tanal.

ARDCO maintained its strong financial position and responsible cash management, resulting in sustainable revenue growth. As a result, the Board of Directors approved a 133 Mn SAR cash dividend, following its policy of balancing growth and expansion through dividend distribution to shareholders.

With God's grace, we completed the zakat assessment with the Zakat, Tax, and Customs Authority (ZATCA) by settling the zakat discrepancies for 2015-2018,

"We are committed to achieving excellence and growth through strategic partnerships, embodying our vision of reaching optimal performance, efficiency & returns."

amounting to only 6.3 Mn SAR, down from nearly 103 Mn SAR. We also settled all past dues until the end of 2023, making us one of the first enterprises to do so by the last fiscal year.

After nearly a decade of negotiations, we resolved the Al-Shurooq Cities case, securing a final settlement and release of the manager, ARDCO, from the Estate Contributions Commissions (Tasfiah) obligations. The resolution delivered roughly 27 Mn SAR in savings for 2024, demonstrating our commitment to completing all pending cases.

Investment and Expansion in Promising Projects

Signing real estate investment agreements powered our remarkable financial results for 2024. ARDCO secured over 9 Bn SAR in investment contracts, spanning logistics, office and residential spaces, and infrastructure development. With a capital contribution from ARDCO of roughly 3 Bn SAR, we are advancing Riyadh's urban landscape under the theme of "Partnerships Toward Promising Horizons".

ARDCO's strategic acquisition agreement with Remat Al-Riyadh Development Company, Riyadh Region Municipality's development arm, included assets valued at 1.4 Bn SAR through a capital increase. This value-added partnership approach will accelerate the achievement of our strategic and financial objectives. God willing, this will contribute to maximizing total shareholder returns.

Under the patronage of the Chairman of the Board, His Highness Prince Faisal bin Abdulaziz bin Ayyaf, PhD, ARDCO established a strategic partnership with Turkey's FTG Development to capture opportunities for real estate development projects, securing a 3.5 Bn SAR mixed-use high-rise towers development project in Sports Boulevard's Urban Wadi District. ARDCO also partnered with Agility Logistics Parks to

develop logistics complexes on ARDCO-owned lands in Riyadh.

ARDCO has also established the "ANB-Riyadh Development Fund," which ANB Capital manages. The 2.26 Bn SAR fund will drive infrastructure development for strategic assets in the eastern gate of Riyadh. It enhances our ability to deliver integrated real estate solutions that cover all segments and match the future market's aspirations.

Digital Transformation and Enhancing Institutional Efficiency

We cooperated with prominent technology giant Elm to develop advanced solutions for managing digital marketplaces and e-auctions. Recognizing the importance of digitization, a core focus of our strategy, we automated internal and external procedures and launched advanced electronic platforms for partners and clients to track projects and book real estate and investment spaces easily. We also earned three ISO certificates in Occupational Health and Safety Management, Quality Management, and Facility Management, demonstrating our dedication to global quality standards.

"We strive to foster a socio-economic balance, where we do well by doing good. This drives sustainable financial progress while elevating the quality of life."

Jehad Alkadi
Chief Executive Officer

Our Vision for the Future

Our vision for real estate development prioritizes sustainability. As pioneers in the fresh produce sector, we contribute 60% of the Kingdom's fresh produce, therefore substantially enhancing its food security. Moving forward, we aim to increase natural resource sustainability and optimize consumption efficiency to ensure long-term viability.

Finally, I'd like to thank our partners in success: our shareholders, colleagues, and everyone else who helped us achieve these goals. We are devoted to improving the real estate economy and reaching the company's strategic targets. Guided by our corporate strategy, "Invest for Growth," we aim to improve the quality of life in line with Vision 2030 while delivering value to our shareholders.



Glossary of Terms

Terms & Abbreviations	Definition
ARDCO	Riyadh Development Company.
The Company	Riyadh Development Company.
Strategic Objectives	The strategic objectives on which the company's strategy is based, under the theme "Invest for Growth."
Sustainability	Managing the organization in an environmentally, socially, and economically responsible manner in order to satisfy current needs without impeding on the ability of future generations to meet theirs.
Governance	The systems and controls that regulate stakeholder relationships and realize the principles that the company operates upon.
Business Sectors	The company's three sectors are development, operations, and leasing.
Leasing Income	Revenues generated from the company's leasing activities.
Partnerships	The partnerships that bond ARDCO with the public sector, private sector, and third sector.
Public Good Services	Sector providing the daily needs of the community, such as food, livestock, etc.

Terms & Abbreviations	Definition
Digital Transformation	Integrating digital technologies, processes, and strategies across the business to enhance performance, efficiency, and value delivery, often involving innovations such as artificial intelligence, cloud computing, and data analytics.
Digitization	Creating a digital counterpart to a physical object or process.
Automation	The use of technology in various industrial, commercial, and service applications to automatically and accurately manage procedures and actions efficiently with the least possible error.
Build-Operate-Transfer (BOT)	A model in which a private sector investor, after being licensed by the "franchiser" (usually the state or a competent government authority), undertakes the construction and development of a project. They operate and manage it after its completion for a specified concession period during which they obtain the costs incurred and make profits through the returns and fees paid by the users. After the concession period, the project is returned to the public entity that initially granted it.
Logistics	Management of the flow of goods, services, and information from origin to destination. It includes transportation, warehousing, and inventory management within the supply chain.
CAFM (Computer-Aided Facility Management)	Computer-Aided Facility Management (CAFM) is a system using digital technologies to accurately track work orders and analyze data, which enhances operational efficiency and organizes requests for spare parts approvals.
BMS (Building Management System)	Building Management System (BMS) is an automated control system that monitors and manages air conditioning, ventilation, heating, lighting, power, security, and fire systems. It aims to improve energy efficiency, reduce operating costs, and enhance user comfort.



02 Overview

Our Journey: Thirty Years of Success & Impact

As we celebrate 30 years of success, leadership, and pioneering achievements in real estate development, leasing, operations, and the public good sector, we are building on this distinguished legacy. We are confidently entering a new era of transformation and expansion, harnessing our approach to sustainable growth and delivering quality projects that meet all stakeholders' aspirations.

We, at Riyadh Development Company, launched in 1994 under an ambitious vision drawn up by King Salman bin Abdulaziz - may God protect him - during His Majesty's service as the Governor of Riyadh. Our journey of construction and development extended over the following decades, starting with the AlTameer Wholesale Center—a mixed-use project in the heart of Riyadh. This was followed by the implementation of many pioneering projects, such as the Batha Meat and Vegetables Market in 1997, Riyadh Market in 1999, and then the development of the Tlal AlRiyadh lands as an integrated residential real estate project.

Over three decades, we have built a strong institutional legacy defined by transformative achievements, driving positive impact for society and investors alike. ARDCO has been key in Riyadh's urban renaissance and public-benefit advancement. Between 2001 and 2007, the company witnessed significant expansion into real estate and investment development. In 2001, we opened the Public Transportation Center, followed by the Al-Aziziyah Fruits & Vegetables Market in 2005 and the AlTameer International Car Auction in 2007. As part of our expansion plans, the company increased its capital to 1.3 billion SAR in 2014, enabling the land acquisition in AlThumama. In 2016, we partnered with Riyadh Municipality to develop Otaiqah Central Market. We also launched the Tanal Real Estate Investment and Development Project, marking a qualitative shift in our business model.

Our most prominent strategic transformation came in 2023 when we launched our corporate strategy "Invest for Growth," focusing on legacy, diversification, growth, sustainability, and digital transformation. A partnership with Riyadh Holding Company established a key real estate development and management entity in AlDirah, central Riyadh, fostering cooperation and delivering value-add investment projects.

In 2024, we solidified our momentum with several strategic agreements with leading specialized companies in various fields, most notably a 1.4 billion SAR agreement to acquire two real estate assets from Remat Al-Riyadh Development Company, aiming to increase capital and contribute to the establishment of a real estate fund with Sports Boulevard, through an alliance with FTG Development, targeting the development of the Urban Wadi District, alongside future real estate expansions. We also concluded a partnership agreement with Agility to create global logistics facilities that align with the sustainable economic development taking place in Riyadh, and achieve ARDCO's strategic directions.

Today, we embark on a new phase of our journey under the theme "Partnerships Towards Promising Horizons", having completed the institutional development phase, and building solid foundations and prudent governance practices to enable the company's success. We are now focusing on strengthening our leadership position in our targeted sectors, diversifying investments, and delivering quality projects that ensure financial sustainability, enrich customer experience, and meet future aspirations.

"We continue our journey towards a bright future driven by sustainable growth, shaping Riyadh's development together."

1994 - 1999

Establishment

- ◆ Establishment of the company.
- ◆ Inauguration of Batha Meat & Vegetables Market and Riyadh Market.

2020 - 2022

Operational Growth

- ◆ Commencement of Tanal land sales.
- ◆ Signing a Memorandum of Understanding with the Ministry of Environment, Water, and Agriculture regarding public benefit markets.

2023

We "Invest for Growth"

- ◆ Launching the "Invest for Growth" strategy.
- ◆ Signing a memorandum of understanding with Riyadh Holding to establish an entity to develop the Qasr Al-Hukm area, AlDirah district, and create an economic, tourist, and cultural destination.
- ◆ Signing a 25-year framework agreement with the Misk Foundation to develop and launch the first educational complexes in Tlal Al Riyadh.

2000 - 2007

Opening of Commercial Centers

- ◆ Inauguration of AlTameer Wholesale Center and the Public Transportation Center.
- ◆ Inauguration of Al-Aziziyah Fruits & Vegetable Market and AlTameer International Car Auction.
- ◆ Development of the Tlal Al Riyadh land.

2014 - 2019

Real Estate Investment Expansion

- ◆ Increasing the company's capital from 1 Bn SAR to 1.3 Bn SAR.
- ◆ Inauguration of AlTameer Plaza 3 and Otaiqah Central Market.
- ◆ Purchase of Thumamah land (2.5 Mn m²).
- ◆ Entering into a partnership as part of the Tanal Real Estate Development & Investment project.

2024

Strategic Partnerships

- ◆ Alliance with FTG Development to establish a real estate development company.
- ◆ Partnership with Sports Boulevard Foundation to develop mixed-use towers.
- ◆ Capital increase by acquiring assets from Remat Al-Riyadh.
- ◆ Partnership with Agility to develop a logistics complex east of Riyadh.
- ◆ Establishing the ANB-Riyadh Development Fund to develop the infrastructure for strategic projects.
- ◆ Agreement with the Ministry of Environment, Water, and Agriculture to launch the Al-Aziziyah Fruits & Vegetables Market digital portal.
- ◆ Agreement with Elm to launch the e-auction platform.
- ◆ Signing an agreement with Neoleap to boost digital transformation.
- ◆ Agreement with Nadec to lease logistics warehouses and maintain leadership in the fresh produce sector.

Our Strategy

Our 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.

Our 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 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. This is for the benefit of everyone across our value chain, including our customers, colleagues, partners, and shareholders.

Our Values

ARDCO prides itself on its steadfast approach to its business through our set of holistic values:



01. Commitment

ARDCO values commitment to the highest standards of quality in all our initiatives, providing our shareholders with periodic reports on our financial performance and constantly informing them of our corporate decisions.



02. Credibility

ARDCO values credibility through transparency and active communication as we consider it to be a key characteristic of the positive, successful relationship with our shareholders as well as of our status as the model partner for all.



03. Adaptability

ARDCO values adaptability in managing a diverse portfolio by keeping a finger on the pulse of global best practices in building sustainable mixed-use projects. We view it as a key factor and a core value that makes us a constant example of progress and prosperity.



04. Excellence

ARDCO values excellence in all our projects and innovation in all our initiatives. We aim to achieve our vision and mission through our commitment to our values to be the highest standard of excellence for urban architecture that sets the ultimate priority on human well-being.



05. Collaboration

At ARDCO, success is achieved through practical cooperation and the fostering of strong partnerships based on trust and integration. By promoting a work environment based on communication and joint coordination, we work together towards achieving common goals and provide sustainable development opportunities that benefit everyone.



06. Initiative

We are committed to supporting a culture of initiative and innovation; we value the taking of proactive initiatives that enhance growth according to an approach that is integrated with all relevant parties. By creating a flexible and stimulating environment, we allow everyone to contribute effectively to achieving future aspirations and improving business sustainability.

Our Strategic Objectives

With the launch of ARDCO's 'Invest for Growth' strategy in 2023, we, at Riyadh Development Company, are committed to focusing all our capabilities and resources on achieving the following strategic objectives by 2032:



Double our net income.



Achieve revenues close to 1 Bn SAR.



Improve profit margins from 60% to 68%.



Transition the capital structure from all-equity to one that comprises 28% leverage during the first five years of the "Invest for Growth" strategy program, and 23% within ten years of the strategy's launch.



Maximize total shareholder return as an outcome of the strategy through dividends and potential capital gain.



Launch more sustainable projects based on a more balanced mix of real estate, fresh produce, existing and future leasing business, and other investment opportunities.

“Since the launch of our "Invest for Growth" strategy at the beginning of 2023, we have been committed to developing quality projects, strengthening our position in real estate development, managing our real estate investments, and maximizing returns for shareholders.”

Our Business Sectors

Real Estate Development and Development Management

ARDCO develops and manages diverse real estate projects that meet the market's evolving needs and enhance our leadership position in the sector. We focus on establishing integrated residential communities, office spaces, educational complexes, and logistical hubs. Prioritizing infrastructure and land planning, we ensure quality and sustainability, leveraging strategic partnerships that deliver unique, context-aware environmental and societal solutions.

Fresh Produce

Through Al-Aziziyah Fruits & Vegetables Market, we contribute to Saudi Arabia's food security by providing an integrated ecosystem for fresh produce. Working with legislative and supervisory authorities, the market aims to meet the needs of the local community efficiently and effectively by focusing on increasing operational efficiencies and adopting modern best practices for managing operational processes. We are also keen to develop the experience for traders, shoppers, and farmers through advanced digital solutions and increased commercial value, driving sustainable growth and innovation in the fresh produce sector.

We actively pursue strategic alliances with national entities and leverage our membership in the World Union of Wholesale Markets (WUWM) to strengthen our market competitiveness. By adopting the best global practices and fostering knowledge exchange, we ensure the highest quality and sustainability standards in market management.

Commercial Centers and Operational Activities

Our commercial centers and operational activities contribute to the company's recurring income sources in the fresh produce sector. We work on developing and managing shopping malls offering integrated services and modern facilities. Projects like AlTameer International Car Auction, AlTameer Public Transportation Center, and Otaiqah Central Market provide a distinguished commercial environment that supports financial institutions and logistics companies. This enhances asset value, increases operational efficiency, and improves the quality of life.

Click the triangles to access the location

King Khalid International Airport

Our Assets

Asset	Area (m ²)	ARDCO Percentage
Completed Assets		
01 Riyadh AlTameer Market	24,377	100%
02 Al-Aziziyah Fruits & Vegetables Market Wholesale	274,371	100%
03 AlTameer Public Transportation Center	148,303	100%
04 AlTameer International Car Auction Land	241,495	100%
05 AlMalqah Business Center	3,346	100%
06 Technical Services AlTameer Land	20,170.8	100%
07 Qasr Al-Hukm Area	18,318	100%
08 Tilal Al Riyadh	15,446	100%
09 AlTameer Cold Storage	27,865	100%
10 Al-Aziziyah Land (lands leased under B.O.T.)	46,657	100%
11 Al-Muaqiliyah Commercial Center*	43,831.68	46.34%
12 AlDirah*	18,990.48	46.34%
13 AlTameer Wholesale Center*	104,476	46.34%
Assets Under Development		
14 Towers development in Wadi District	39,759	25% - 30%
15 Al Rimal Land	787,477	100%
16 Misk Schools	21,171	50%
17 ANB Land Development	1,831,572	10%
18 Agility Facilities Development	97,903	40%
19 Al Morooj Land	214,000	100%
Assets on Leased Land BOT		
20 Otaiqah Central Market	186,328	-

* Owned by our affiliate company, AlDirah Investment and Real Estate Development Company.



03 Strategic Report

Our "Invest for Growth" Strategy

An Integrated Vision for a Sustainable Future

Our vision at ARDCO extends beyond financial performance and individual real estate activity. Our comprehensive approach encompasses real estate investment and development, commercial centers and public benefit markets, shared services, legal and governance frameworks, corporate culture, and sustainability. We are committed to prioritizing shareholder value, maximizing our asset portfolio, and driving sustainable growth that fulfills our aspirations and solidifies our ability to shape a promising future for the real estate and services sector.

Considering the shifting local and global landscape, ARDCO is committed to integrating effective investment with highly efficient operations, while maintaining a steadfast commitment to sustainability and talent development. Based on this approach, we launched our ambitious "Invest for Growth" strategy in 2023. The strategy is centered around the three main pillars of partnerships, digitization, and sustainability, which are the main elements for sustainable growth and maximising shareholder revenue.

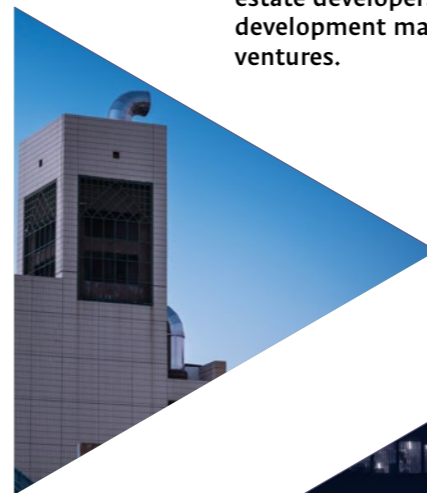
We base our efforts on the foundations of development, expansion, and forging value-add partnerships, important tools that power our growth. We are guided by a 10-year vision, segmented into three phases capitalizing on our strengths and opportunities while mitigating potential challenges. With the grace of God, we have reached significant milestones at an accelerated pace in the first phase, enabling a seamless transition toward the second phase's objectives. This rapid progress has inspired a proactive refinement of our future goals and the exploration of new targets to ensure continuous growth while fueling the journey of development.

"To achieve our strategic targets, ARDCO balances sustainable investment, accelerated growth, dividend distribution, and improving the efficiency of our real estate assets."

ARDCO's Core Strengths



Building sound strategic expertise across development and operation projects, enabling the company to effectively function as a real estate developer, investor, and development manager in new ventures.



Cultivating strategic relationships with key governmental and private sector entities that foster collaborative growth across the company's businesses.



A strong financial position and ability to access debt due to substantial financial resources.



Extensive experience in long-term operational activities, exemplified by over 20 years of leadership in the fresh produce sector and over 15 years in the automotive auction industry.

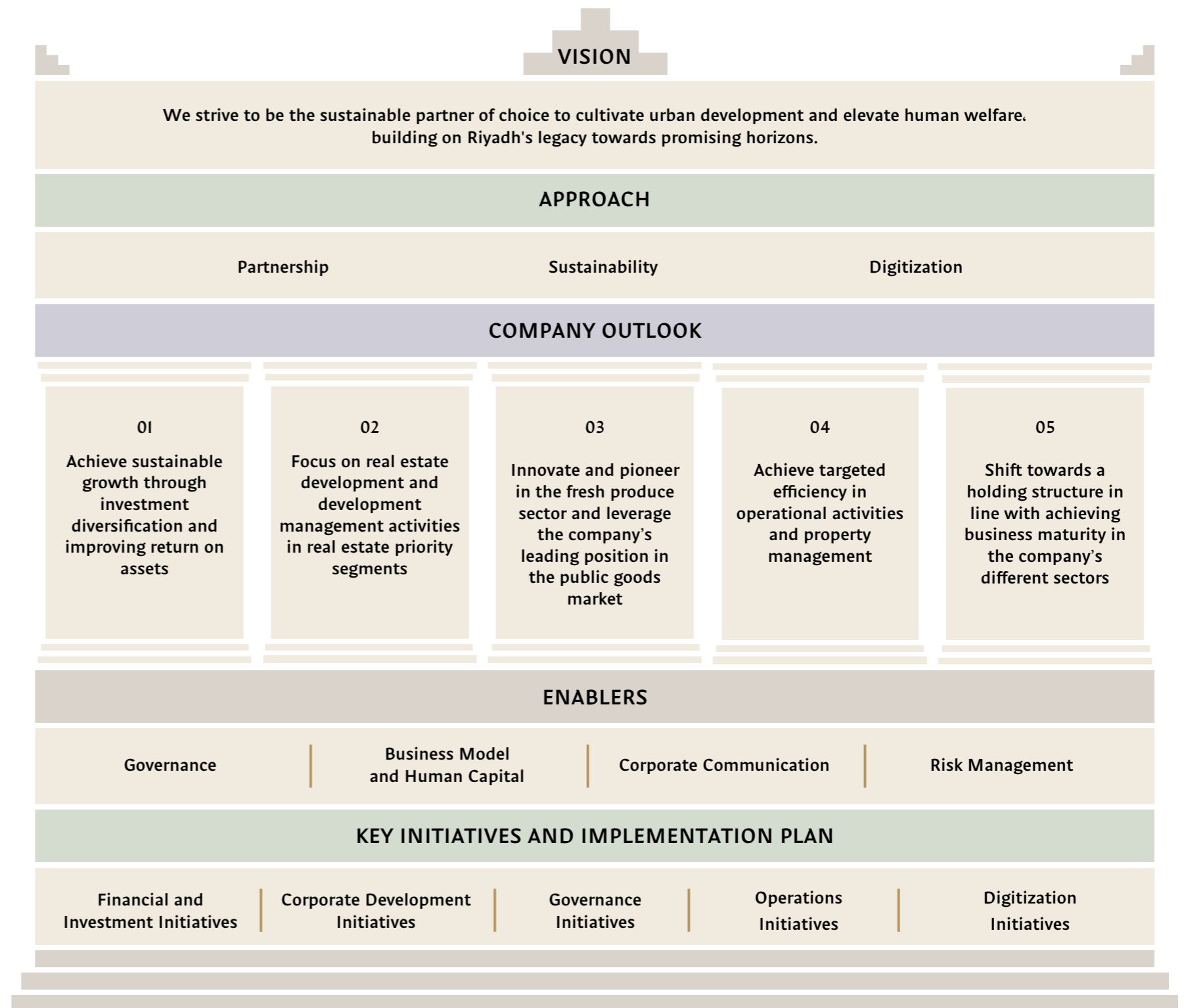


Priority Sectors

- Real estate development and development management
- Fresh produce
- Financial investment

Targeted real estate development sectors

- Residential development sector
- Office development sector
- Logistics development sector
- Educational development sector



Our 10-Year “Invest for Growth” Strategy: Phases & Targets

Our roadmap for implementing strategy initiatives is structured in three distinct stages:



Phase One Overview

(2023 - 2024)

During the initial phase, ARDCO made substantial progress by implementing most of its initiatives and maintaining its momentum, enabling it to complete the remaining tasks before the end of this phase. Furthermore, capital was increased through strategic asset acquisitions, which enhanced the company’s ability to accelerate performance and exceed financial targets. This accelerated success prompted a comprehensive strategic review and evaluation of the “Invest for Growth” objectives for subsequent phases, in light of the strengths showcased, challenges overcome, and experience gained during Phase One. The first phase has served as a catalyst for enhanced performance and competitiveness. The company continues to navigate the dynamic real estate and investment market, committed to solidifying its position as a leading real estate developer and diversifying investments to create sustainable value for shareholders and society.

Future Challenges and Opportunities

Potential Challenges:

- ◆ Attract, develop, and retain talent in a competitive market.
- ◆ Manage investment restructuring through bank financing amid interest rate fluctuations.
- ◆ Navigate increased competition in the real estate market, spurred by the growth of new projects driven by global, government, and semi-government investments amid an accelerating real estate renaissance.
- ◆ Address supply chain disruptions and rising costs: The shortage of construction materials and their increased prices affect implementation schedules and operational efficiencies, increasing project costs and impacting profit margins.

Promising Opportunities:

- ◆ Transition to a holding company in the coming years upon achieving sector maturity.
- ◆ Expand the scope of strategic partnerships with regulatory bodies and leading companies to strengthen our position in target markets.
- ◆ Capitalize on increased foreign ownership in the Saudi real estate market, which increases demand and creates new investment opportunities.
- ◆ Leverage the momentum witnessed by the Kingdom, in general, and Riyadh, in particular, due to the hosting of major events such as Expo 2030 and the World Cup 2034, to drive growth and investment.

Financial Targets for the “Invest for Growth” Strategy Over the Next 10 Years

Our ambitious performance targets, reflected in the following key strategic targets, support our Vision through contributing to sustainable growth, enhancing our leadership position, and maximizing business returns.



Prominent Strategic Partnerships and Quality Investments



Key Achievements

Partnerships, Digitization, Sustainability

In pursuit of its "Investing for Growth" strategy, ARDCO focuses on three main pillars that drive its progress and growth: partnerships, digitization, and sustainability. These elements are crucial to achieving ARDCO's expansion and investment goals, as well as enhancing its leadership position in real estate and public benefit markets.

First Pillar: Strategic Partnerships

At ARDCO, collaboration is essential for sustainable growth. We have therefore established strategic partnerships that form the foundation of our long-term development goals. These partnerships represent the cornerstone of our development plans and contribute to expanding our business scope and increasing our influence across various sectors through working with government agencies, financial institutions, and local and international companies. Our most important strategic partnerships include:



Capital increase agreement with Remat Al-Riyadh

A capital increase agreement was signed with Remat Al-Riyadh Development Company, Riyadh Region Municipality's development arm. This agreement, valued at SAR 1.4 billion, bolsters our financial sustainability, expands our investment portfolio, and maximizes the total return for shareholders on two assets in the Al Rimal and Al Morojoj districts.

Lands Area	1+ million m ²
Capital Increase Ratio	31.58%
Total Agreed Value	1.4 Bn SAR

Objectives

- Achieve stable financial returns.
- Boost the attractiveness of ARDCO's shares through increased operating profits.
- Attract investors through strategic assets and clear expansion plans.





Mixed-use Project Development Agreement

The mixed-use towers project at the Urban Wadi destination in Riyadh is a significant real estate development encompassing office, entertainment, residential, and commercial spaces. Valued at 3.5 billion SAR, the project strategically aligns services and entertainment areas along four main roads within the city. The project is being realized through an agreement to establish a real estate investment fund in partnership with Sports Boulevard Foundation, FTG Development, and Jadwa Investment.

Location	Wadi destination
Land Area	40,000 m ²
Building Area	207,000 m ²
The Company's Role	Investor and development management
Expected Project Implementation Period	4 years

Objectives

- Achieve sustainable returns.
- Improve the quality of life.
- Enhance the quality of real estate projects.
- Attract foreign direct investment.
- Align with Vision 2030.
- Achieve the company's strategic direction.
- Support the urban and economic growth of Riyadh.



Launch of the ARDCO and FTG Development Alliance

This alliance aims to create a company dedicated to managing real estate development projects in the Kingdom of Saudi Arabia. Its inaugural project is a partnership with Riyadh Boulevard to develop mixed-use towers in the Wadi area.



Objectives

- Contribute to achieving Vision 2030.
- Maximize total shareholder returns.
- Manage design operations in line with the master developer's guidelines.
- Provide property management and asset management services.
- Supervise construction and real estate development works.



Entering into a Partnership with Agility Logistics Complexes

This partnership aims to support the logistics sector in the Kingdom, in general, and Riyadh in particular, by developing a complex worth 227 million SAR in the Al Rimal district, Dammam Road.



Land Area	97,904 m ²
Expected Project Implementation Period	2 years
Expected Annual Return	11+%
ARDCO's Contribution	40%

Objectives

- Enhance the company's position in the real estate development sector.
- Drive rapid economic growth in the Kingdom, in general, and in Riyadh, in particular.
- Position Riyadh as a vibrant capital and a regional center for logistics services.
- Develop advanced logistics facilities to enhance supply chains.
- Achieve seamless integration with Vision 2030 platforms in government agencies.
- Target investment opportunities and achieve sustainable income.



Establishing the ANB-Riyadh Development Fund

The company established the Fund, valued at 2.1 billion SAR, in cooperation with ANB Capital, to develop infrastructure and residential projects, and an investment project in a strategic location on land in eastern Riyadh worth 1.9 billion SAR.



Land Area	1,835,931 m ²
Land Value	1.9 Bn SAR
Assets	3 plots of land in the districts of Al Qadisiyyah, Al Janadriyyah, and Al Rimal.
Total Project Value	2.26 Bn SAR
Expected Internal Rate of Return (IRR)	15+%
Expected Project Implementation Period	2 years
ARDCO's Contribution	10%
Project Development Cost	340 Mn SAR

Objectives

- Highlight the company's capabilities, expertise, and historical record in developing infrastructure with a total area of approximately 7 million m².
- Develop multi-use spaces (residential and commercial) that meet market needs.
- Enhance the total shareholder return.



Partnership with the Ministry of Environment, Water, and Agriculture

to launch the digital portal of Al-Aziziyah Fruits & Vegetables Market.



Objectives

- Streamline farmer-market connections.
- Ensure transparent market pricing.
- Automate fresh produce entry and enhance local supply.

Second Pillar: Digitization and Modern Technologies

Recognizing digital transformation as a key driver for improving performance and increasing institutional efficiency, ARDCO has invested in the latest technologies and launched digital initiatives to enhance operations and elevate customer experience.



Strategic Agreement with Elm for Digital Solutions for AlTameer International Car Auction

This agreement established an electronic vehicle auction platform to enhance operational efficiency, automate processes, and improve business operations reliability. This platform will also allow for secure electronic payments, facilitate financial transactions, and increase transparency.



Number of Cars Sold	3,844 cars
Value of Car Sales	176 Mn SAR during the past year
Expected Growth Rate of Pre-Owned Vehicles	5% annually by 2027
Number of Car Suppliers in the Auction	30 suppliers
Agreement Term	10 years

Objectives

- Achieve integration with Vision 2030 and reduce harmful practices in commercial transactions.
- Provide innovative digital services for selling used cars.
- Deliver an integrated customer experience through AI and data science.
- Maximize operational and commercial efficiency through technical solutions and local and global partnerships.
- Adopt emerging technologies and integrate them with key government platforms.



Digitizing Operations

Develop and launch an e-commerce platform for streamlined customer transactions.

Implement an internal employee e-portal to enhance the digital work environment and improve corporate communication.

Activate a Computer-Aided Facility Management (CAFM) program to develop operating processes and achieve higher levels of automation and innovation in facilities management.

Deploy corporate performance management systems for efficient performance evaluation and increased productivity.

Digitize archiving transactions to facilitate data access and achieve optimal efficiency.

Facilities Management and Digital Transformation

The Computer-Aided Facilities Management (CAFM) program has been implemented to enhance project planning and maintenance management. This tool enables work order tracking and accurate data analysis, improving operational efficiency and streamlining processes. It also facilitates the management of spare parts approval requests, supporting the company's digitization initiatives and operational development. Additionally, the company is committed to high quality and safety standards, adhering to ISO standards in all its facilities to ensure optimal operations and deliver services aligned with international best practices.



Third Pillar: Sustainability

Sustainability is at the core of our strategy. ARDCO enhances its projects' environmental, social, and economic impacts through eco-friendly and community-focused initiatives. We are dedicated to promoting sustainable development and meaningful community support, ensuring long-term, positive impact.



Adopted LED lighting in markets and malls to enhance energy efficiency.



Solar-powered canopies were installed in the auction center's parking lots.



Launched the Saudi AgriFood Tech Alliance to promote agricultural sustainability and protect natural resources.



Blood donation campaign with King Faisal Specialist Hospital.



Hosted environmental and community events in the Agricultural Seasons Tent to promote sustainable development by empowering traders and farmers, highlighting the quality of local products, and supporting the economy and agricultural supply chain.



Received ISO certificates (ISO 45001, 41001, 9001) for the company's commitment to health, safety, facilities, and quality standards.



Upgraded commercial centers' infrastructure by converting cold storage units into sustainable concrete structures.



Implemented Preserving Food Waste initiative, in partnership with Khairat, preserving 513,552 kg of surplus produce and distributing 23,346 food baskets valued at 4.669 million SAR. The initiative also donated 4.669 million SAR to beneficiary families in 97 neighborhoods in Riyadh and supported 2,600 families with limited income.



Launched an agreement with the General Authority for Small and Medium Enterprises (Monsha'at) and Social Development Bank to integrate Saudis in the fruit and vegetable market, empowering Saudi youth to become agricultural marketers in the fresh produce sector.



Developed a sustainability guide to align projects with Vision 2030's sustainable development goals.



Partnered with Eurofins Ajal to digitally analyze agricultural product quality in the Al-Aziziyah Market, ensuring compliance with quality standards and a pollutant-free status. Future technical integration will enable electronic data tracking.



Entered into an agreement with Nadec to lease logistics warehouses to enhance supply chain efficiency and provide packaging, filling, and distribution services across the Kingdom.

Our achievements in strategic partnerships, digitization, and sustainability are solid foundations for ARDCO's success story. We continually strive to enhance our expansion strategies, efficiently lead digital transformation, and consolidate our position as an environmentally and socially responsible company. Our deep commitment to these three pillars reflects our ambitious vision under the theme "Invest for Growth," and drives us towards achieving sustainable value for all our partners and shareholders. We focus on anticipating future possibilities, capitalize on promising opportunities to enhance our leadership in the urban development and investment sector, and contribute to building experiences that align with the goals of Saudi Vision 2030.

Investment Performance and Real Estate Development

Since the launch of the strategy in early 2023, ARDCO has focused on identifying and developing sustainable investment opportunities that optimize asset utilization. We aim to achieve accelerated growth in our targeted sectors and maximize total investor returns through a diversified investment portfolio, enhancing the company's financial position and meeting real estate market demands.

Furthermore, ARDCO is committed to supporting Riyadh's renaissance and prosperity, aiming to enrich the experiences of its people, in accordance with Vision 2030. We are dedicated to contributing effectively to the capital's transformation through innovative projects aligned with major future events, solidifying Riyadh's status as a leading global economic and cultural destination.

01. Investment Strategy

In response to the rapid transformation in the real estate development sector and the variety of market opportunities available, ARDCO has adopted a strategy that adapts to these changes and enhances our capacity to invest in high-potential sectors. We are executing and working on delivering differentiated projects, banking on efficient management of our operations to optimize asset performance, as well as putting the best-yielding investments that ensure value creation.

Our strategy includes key components such as real estate development, strategic exits, and building strategic partnerships with investors and landowners. We systematically identify investment opportunities, conduct thorough financial and technical feasibility analyses, and select optimal financing mechanisms to maximize returns.

"The implementation of our strategic approach is rooted in comprehensive growth analysis of high-potential sectors, which helps to improve financial performance."



02. Investment Portfolio Management

ARDCO has made significant progress in achieving our strategic objectives within the market, increasing our capacity to generate steady financial inflows through strategic qualitative alliances with major local and international entities. By focusing on the residential, logistics, educational, and office sectors, we have expanded our asset portfolio and established our position as a leading developer and operator.

Leveraging our specialized expertise in infrastructure development, we create sustainable communities and high-quality projects, reinforcing shareholders' confidence in our efficiency and resource management capabilities. Our partnership with Remat Al-Riyadh Development Company, which involved strategic assets acquisition for a capital increase, resulted in savings of approximately 504 million SAR compared to direct acquisition.

We have comprehensively developed our internal structures by attracting distinguished talent capable of managing and delivering projects within strict timelines, while adhering to the highest quality and governance standards. This reinforces the company's leadership in the real estate development market. To maximize total shareholder return in the coming years, we aim to diversify our sources of income through leasing our assets and affiliated centers, and the rental spaces in the projects we manage.



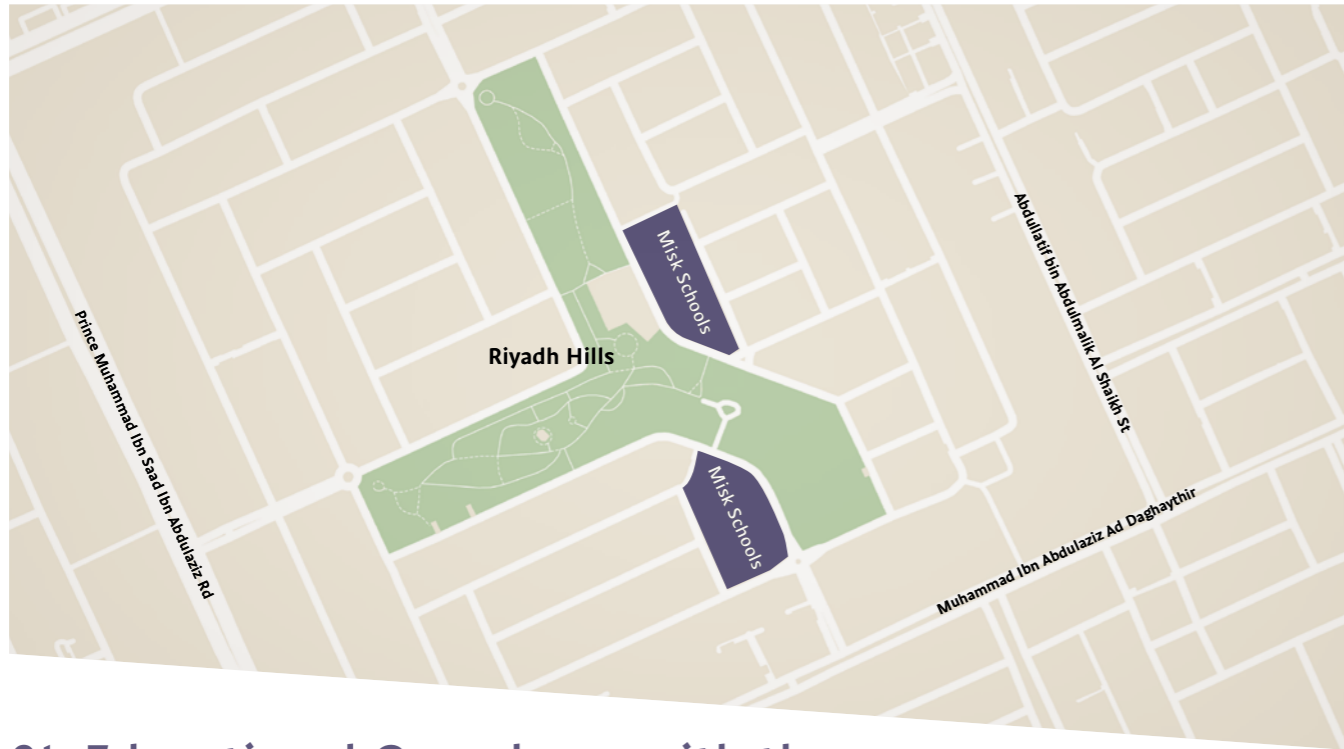
03. Strategic Partnership with Riyadh Region Municipality

ARDCO has partnered strategically with Riyadh Municipality through Remat Al-Riyadh Development Company to broaden its business scope and establish itself as a leading investor. This step strengthens ARDCO's role as a major developer of future projects affiliated with the Municipality's land bank. As part of this agreement, we concluded an acquisition and in-kind contribution agreement valued at 1.4 billion SAR, which bolstered our financial foundation and accelerated investment plans.

The company seeks to align its objectives with the capital's development plans by expanding strategic assets, ensuring added value for all stakeholders, and achieving quick positive impact through asset diversification and improved access to financing.



04. Investment Projects



01. Educational Complexes with the Mohammed bin Salman Foundation (Misk)

The first educational complex developed on land owned by this ARDCO-led alliance is being built under a 25-year framework agreement with the Mohammed bin Salman Foundation (Misk) to create modern educational facilities. Real estate development is progressing as planned.



Location	AlMalqa district
Land Area	21,171 m ²
Partners and their Roles	ARDCO (investor and developer), Riyadh Holding (investor), Saudi Real Estate (investor), Misk (operator)
Structure	Special purpose vehicle/entity
Company Share	50%
Usage	Educational complexes
Expected Project Cost	275 Mn SAR

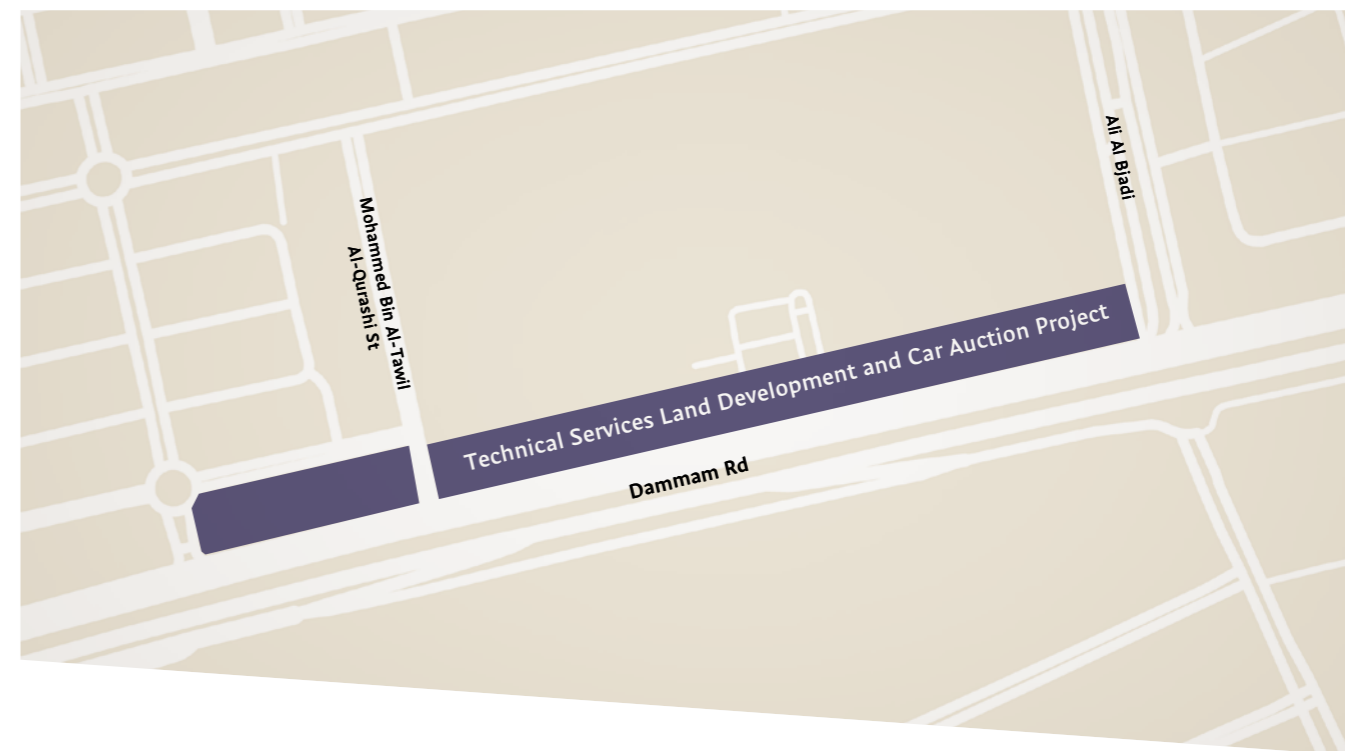
02. ANB-Riyadh Development Fund

In cooperation with ANB Capital, the project offers 1.1 million m² of areas for sale, serving as a key development hub for maximizing returns through infrastructure, residential, and commercial projects.



Location	Al Qadisiyyah district
Area	1,831,572 m ²
Partners and their Roles	ARDCO (landowner, developer, and investor), ANB (fund manager)
Structure	Closed fund
Company Share	10%
Project Type	Infrastructure development
Usage	Development of raw land
Expected Project Cost	2.244 Bn SAR
Expected Development Cost	321 Mn SAR





03. Logistics Complex with Agility

The development of the logistics complex in eastern Riyadh signifies the company's entry into the Kingdom's logistics services sector. It reflects our commitment to investing in high-growth areas and enhancing logistics infrastructure.



Location	Al Rimal district
Area	97,903 m ²
Partners and their Roles	ARDCO (landowner, developer, and investor), Agility (developer and investor)
Structure	Special purpose vehicle/entity
Company Share	40%
Usage	Logistics centers
Expected Project Cost	227 Mn SAR
Expected Development Cost	114 Mn SAR

04. Technical Services Land Development Project and Car Auction

This project aims to develop and lease commercial lands to leading automotive companies, while supporting the nearby international car auction center through maintenance and spare parts services.



Location	Al Rimal district
Area	31,000 m ²
Company Share	Developer and owner
Company Share	100%
Usage	Commercial
Expected Project Cost	152 Mn SAR

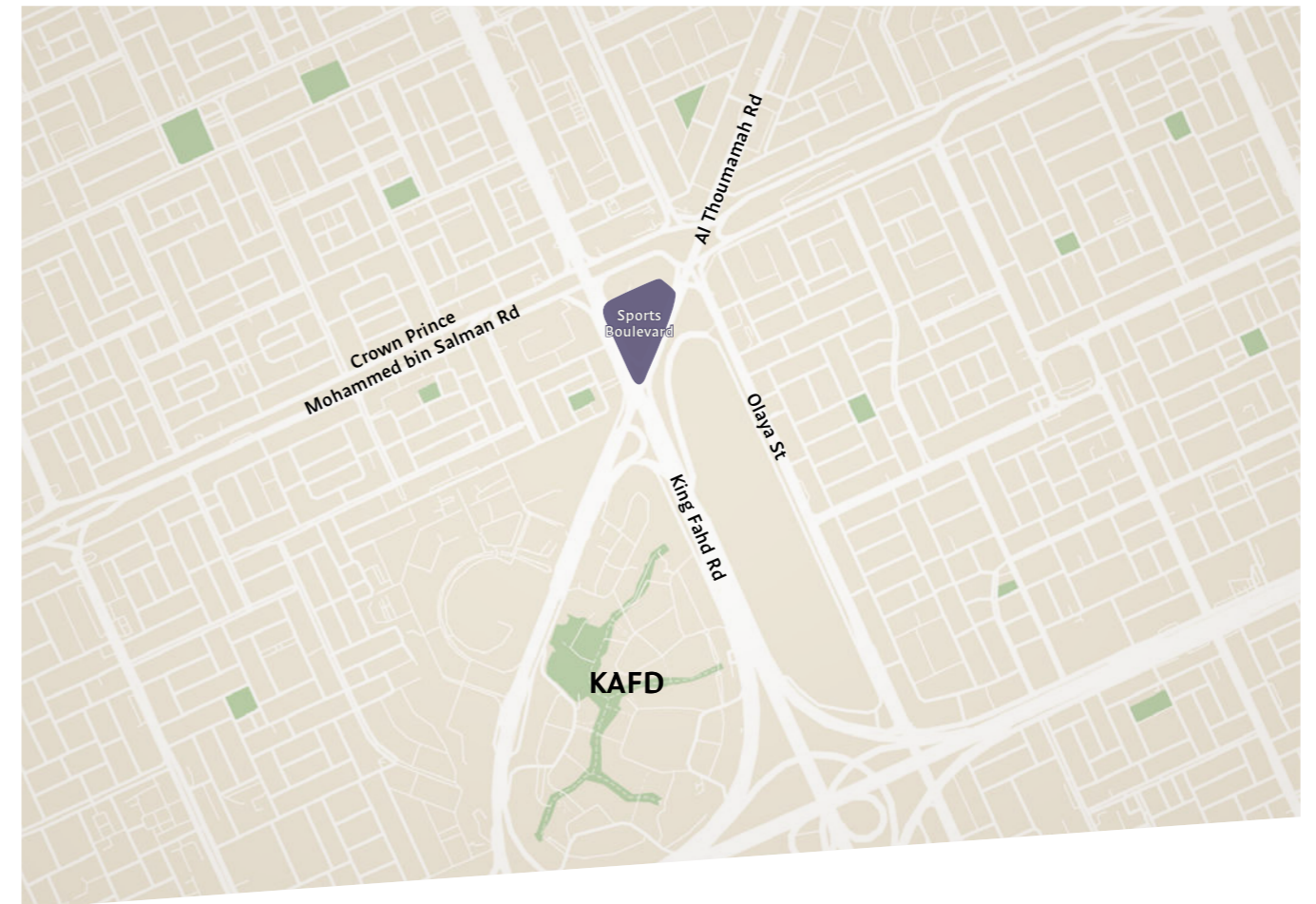
جدوى للاستثمار
Jadwa Investment

FTG
DEVELOPMENT | الرياض
للتنمية

Area
39,759
m²

Project Cost
3.96
Bn SAR

Development
Cost
2.90
Bn SAR



المسار
الرياضية
Sports Boulevard

05. Mixed-use Towers at Sports Boulevard

A strategic investment alliance with FTG Development to partner with Sports Boulevard Foundation to develop high-rise mixed-use towers that integrate commercial, residential, and entertainment areas.

Location	As Sahafah district
Area	39,759 m ²
Partners and their Roles	ARDCO-FTG Alliance (developer, marketer and investor), Sports Boulevard (investor and development manager), Jadwa Investment (fund manager)
Structure	Closed fund
Company Share	25-30%
Project Type	Towers
Usage	Mixed-use
Expected Project Cost	3.96 Bn SAR
Expected Development Cost	2.90 Bn SAR

Investment Sector Achievements

Implementing Direct Investments

We have made direct investments with proceeds exceeding 900 million SAR, and we will strategically reinvest proceeds from the complete divestiture of the Tanal lands into promising sectors.

Developing the Investment Policy Guide

ARDCO is set to launch guidelines for developing residential projects to enhance investment governance and improve asset efficiency.

Complete Adherence to Quality and Timely Delivery

We efficiently deliver projects on time and within budget, which enhances our reputation as industry leaders and underscores our expertise in real estate development.

Evaluating Projects worth 20 Bn SAR

The company has pursued the acquisition of assets that align with our strategic direction and vision, ensuring diversification in our investment portfolio.

Important Strategic Partnerships



Remat Al-Riyadh

Through the capital increase project.



Riyadh Holding

In AlDirah district through AlDirah Investment and Development Company.



FTG Development

To develop strategic real estate projects.



Sports Boulevard Foundation

Mixed-use towers.



ANB Capital

To build infrastructure.



Agility

To develop a logistics complex



Elm Foundation

To study the proposed partnership in technical projects.



Mohammed bin Salman Foundation (Misk)

To develop educational complexes.

Facts and Figures: Investment Performance

(Projects Under Development)

9,895* Mn SAR
Project Size

3,299 Mn SAR
ARDCO's Share

3,347 Mn SAR
Partners' Share

3,249 Mn SAR
Expected Bank Financing

2.6 Million m²
Total Land Area of
Developed Infrastructure

0.4 Million m²
Superstructure Projects
Land Area

732 Thousand m²
Total Built-Up Area



* Includes approved projects and projects in advanced stages of the accreditation process.

Facts and Figures: Strategic Performance

Institutional Performance

90%

Phase One Completion

24

Company Performance Dashboards

123

Performance Indicators

21

Strategic Initiatives

13

Strategic Alignment Projects

13

Signed Agreements

12

Sustainability Initiatives Projects

4

International Awards



Institutional Communication Efficiency

1000+

Internal Communication Processes

7

Brands

85+

Million Social Media Reach

4

Websites & Microsites



Operational Performance

Commercial Centers and Public Benefit Markets in 2024

Investing to Maximize Total Return

In 2024, in alignment with our "Invest for Growth" strategy, we prioritized operational and organizational efficiency in our commercial centers and public benefit markets. We focused on developing promising sectors that meet societal needs and support Riyadh's growth. We adopted strategies to increase revenues, improve customer service through advanced communication, and accelerate digital transformation. These efforts strengthened the positions of our projects and enhanced our ability to achieve the company's goals effectively.

Achieved Goals

- ◆ **Enhanced operational efficiency** through improvements in digital systems, development of customer communication, and talent acquisition.
- ◆ **Improved organizational efficiency** to create a better business environment by reducing tenant concentration rates, restructuring pricing policy to minimize commercial concealment and harmful practices, and enhancing digital system reliability.
- ◆ **Supported social responsibility** by engaging in charitable partnerships and initiatives that localize the wholesale market, reflecting our commitment to community service.

"We invest to achieve operational efficiency across the fresh produce sector, transportation sector, commercial centers, and markets; this enhances their sustainable growth and raises the quality of the services provided."



Markets and Operational Projects

Al-Aziziyah Fruits & Vegetables Market

ARDCO has developed the AlAziziyah Fruits & Vegetable Market as one of the Middle East’s largest wholesale markets, which supports food security through the distribution of local and imported products and exports to markets in neighboring countries as well. The market maintains a consistent occupancy rate of 95%. Additionally, comprehensive measures have been implemented to improve the efficiency of operational processes by restructuring market procedures, developing work mechanisms, and enhancing compliance with operational standards to ensure more efficient and sustainable management.

Date of Establishment	1998
Type of Activity	Wholesale/retail commercial center
Area	274,000 m ²
Leased Area	31,379 m ²



Strategic Partnerships



Launched a digital portal for the Al-Aziziyah Fruits & Vegetables Market

in collaboration with government agencies. This initiative aims to automate the entry of fresh produce, enhance localization, and ensure food availability and quality. As a result, 85% of customers can complete their transactions electronically by selling coupons and pre-registering goods.



Conducted pesticide residue testing

in partnership with Eurofins Saudi Ajal Laboratories and the Ministry of Environment, Water, and Agriculture, to enhance food safety standards and ensure product quality. This also aims to verify the safety of displayed products and their compliance with health specifications and standards. This, in turn, contributes to enhancing consumer confidence and achieving the highest levels of quality and sustainability in the food sector.



Signed an agreement with NEOM’s Topian Company

which specializes in food and agriculture activities in NEOM, to collaborate on developing NEOM's wholesale markets and public benefit strategies.



Engaged with SG Consulting, a Greek consulting company

to study and develop the Al-Aziziyah Fruits & Vegetables Market.

AlTameer Public Transportation Center

ARDCO has developed the largest intercity land transport station in the Middle East in the Al-Aziziyah district. The center features commercial facilities and offices for international transportation companies, as well as services for Hajj and Umrah. The occupancy rate has increased by 6%, reaching 95%, while capital costs dropped by 480,000 SAR.

Date of Establishment	2001
Type of Activity	Multi-service land transport station
Area	148,000 m ²



AlTameer International Car Auction

ARDCO has established an auction facility on company-owned land east of Riyadh. The facility comprises nine bidding lanes and a storage capacity for over 20,000 vehicles. It offers vehicle display and listing services. Compared to 2023, sales value increased by 18%, and capital costs were reduced by 480,000 SAR from targeted values.

Date of Establishment	2007
Type of Activity	Specialized auction
Area	241,000 m ²

Operational Arrangements

Development of the auction hall with tracks accommodating 90 customers.

Direct sales to agents through the customs card system.

Strategic Partnerships

A strategic agreement with Elm to launch the vehicle e-auction platform.

New agreements with eight banks and financing and leasing companies to provide 10,000 vehicles to the market by 2025.



Otaiqah Central Market

ARDCO developed this historically significant landmark, which has had 50 years of distinction, in partnership with Riyadh Region Municipality, the land owner. The Market was established through a build-operate-transfer (BOT) agreement and offers a variety of products for families, individuals, and small and medium commercial sectors, including produce, dates, meat, fish, and roasters. The occupancy rate reached 95.8%, reflecting the success of the Market's development and its ability to meet the local community's needs.

Date of Establishment	Phase I in 2016, Phase 2 in 2019
Type of Activity	Wholesale/retail multi-food market
Area	186,328 m ²
Number of Commercial Units	1048

Operational Arrangements

- ◆ The vegetable and fruit canopy was developed to maximize space utilization; stalls and refrigerators were situated throughout the area. This increased capacity to 32 cold storages and 204 stalls raised the occupancy rate from 40% to 93%.
- ◆ A meat market was established to optimize the efficiency in meeting customer demands.

Seasonal Events

01. Otaiqah Date Season

Under the patronage and attendance of the Mayor of Riyadh Region, Prince Faisal bin Ayyaf, the third Otaiqah Dates Season was launched. This event was held in a permanent hall covering an area of 2500 m². The fully air-conditioned hall features 64 stalls, 15 guided paths, a prayer room, and restroom facilities, attracting many shoppers and visitors from across the Kingdom and the Gulf countries.

Duration of the Season	4 months
Amount of Available Dates	27+ million kg
Daily Visitors	7,900
Total Visitors	813,000+
Season Sales	156+ Mn SAR



02. Citrus Festival in cooperation with the Ministry of Environment, Water, and Agriculture.

03. Otaiqah Cooking Festival for entertainment and community interactions.



Riyadh AlTameer Market

Developed by Riyadh AlTameer Company, the market is situated on a property near the intersection of AlBatha Street and South Ring Road. It is part of a multi-use complex in Riyadh that includes retail and office units. The project constitutes a distinctive addition to the company's projects in Al-Aziziyah, an area experiencing rapid growth toward integrated services, as evidenced by an occupancy rate of 95%, up from 68% the previous year.

Date of Establishment	1999
Type of Activity	Multi-use market
Area	24,000 m ²

AlTameer Cold Storage

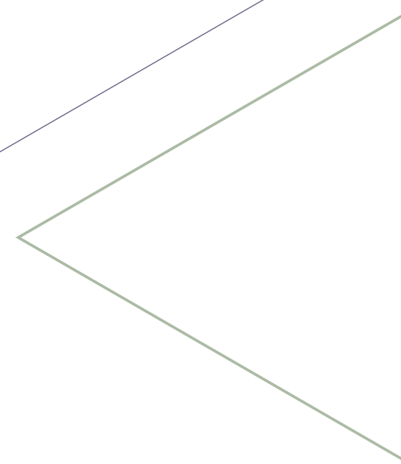
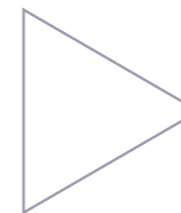
Adjacent to the Al-Aziziyah Fruits & Vegetables Market, the warehouses have been designed to meet the increased demand for refrigerated storage facilities. Established in 2009, they are fully leased to Nadec Company, creating valuable partnerships and promoting sustainable investments in fresh produce and logistics.

Date of Establishment	2013
Type of Activity	Refrigerated and frozen logistics services
Area	27,000 m ²

AlMalqa Office Building

A commercial building was acquired in the AlMalqa district, north of Riyadh. Set on a 3,346 m² plot, the 12-story building features two parking levels. Its 100% occupancy rate demonstrates confidence in the management and efficiency of the services provided.

Date of Establishment	2022
Type of Activity	Commercial leasing and operation
Area	10,000 m ²



Facts and Figures: Operational Performance

95%

Occupancy Rate in Centers

95%

Collection Efficiency

Al-Aziziyah Fruits & Vegetables Market

3.77 (Mn Tons)

Amount of Traded Goods

374

Subscribers

966

Units

8,000

Daily Market Traders

517,000

Annual Incoming Cars

1.12 Million

Annual Shoppers' Cars

Car Auction

175 Mn SAR

Value of Cars Traded

3,844

Cars Sold

7,695

Bidding Cards

31

Car Sale Agreements

135

Auctions Held

Transportation Center

3,287

Average Daily Passengers

1.2 Million

Total Passengers

4,001

International Trips

32.7 Thousand

Domestic Trips

4,144

Umrah and Hajj Trips

Otaiqah Date Season

20 Million

Packages Sold

262 Mn SAR

Value of Traded Dates

948,000

Season Visitors

Employees & Corporate Culture

As part of ARDCO's strategy to enhance institutional efficiency and improve employee experience, we have undertaken several initiatives that embody a comprehensive vision for digital transformation, human development, and an improved work environment. This reflects our ongoing commitment to excellence in human resources and corporate services.

01 Work Environment

- ◆ ARDCO has relocated to its new headquarters and renovated company sites and locations, which feature modern designs and advanced equipment that support productivity and operational efficiency. This demonstrates the company's commitment to providing an integrated work environment that fosters institutional excellence and contributes to achieving strategic goals.
- ◆ In cooperation with Great Place to Work, the company received international recognition for obtaining the "Great Place to Work" certificate, affirming our commitment to enhancing the work environment and fostering high employee engagement and institutional efficiency.

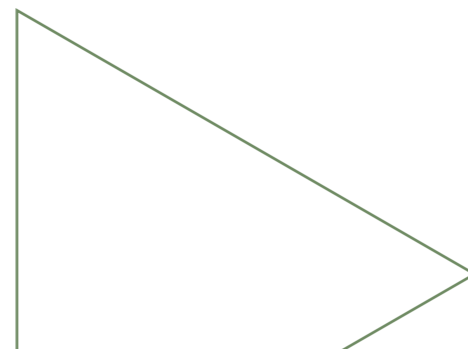
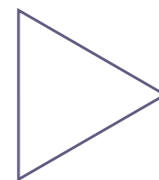
02 Developing Competencies and Talents

Talent Acquisition

- ◆ Saudization increased from 73% to 77%, surpassing the national target of 75%. ARDCO has also received the Saudization Platinum certificate at 21877266-179115.
- ◆ Women's participation in the workplace increased from 8% to 11%, with female representation reaching 25% at the head office, reflecting our commitment to diversity and inclusion.

Empowering Competencies through Development and Learning

Over 80% of employees participated in 87 training programs, totaling approximately 4,000 participants. This engagement supports their professional development and ensures outstanding performance.



"We believe that employees are the beating heart of an organization, leading to its success. This is why we focus on supporting our employees and developing their capabilities, thereby enhancing their contribution to the achievement of our goals."

03 Institutional Efficiency & Performance Management

ARDCO updated and automated its performance management framework to establish clear and measurable goals. This enhancement aims to improve employee performance, achieve sustainable results, and optimize resource and investment efficiency.

04 Digital Transformation & Infrastructure

We continue to develop technical solutions and infrastructure to ensure an innovative and more flexible work environment. Our efforts focus on improving digital applications, enhancing technical infrastructure, and strengthening protection and asset management systems through the following initiatives:

Developing digital applications and solutions:

- ◆ Completion of the "AlTameer Business" application to support business operations.
- ◆ Launch of the wholesale vegetable and fruit market portal to simplify buying and selling processes.
- ◆ The introduction of an electronic portal will improve internal communication among employees.

Developing technical infrastructure

- ◆ Enhancement of the transportation center's technical infrastructure, including developing audio systems and display screens.
- ◆ Electronic archiving of transactions to facilitate data access and storage.
- ◆ Launch of an advanced technical support system to manage IT requests.

Enhancing protection systems & assets

- ◆ Upgrading protection systems to ensure the security of local networks.
- ◆ Development of a technical asset management system to improve maintenance and asset tracking.



Facts and Figures: Employees and Technology

Information Technology

100%

Internal Portal Activation

13

Completed Projects

Human Resources

3970

Training Hours

77%

Saudization

82%

Employee Engagement Survey Participation

11%

Female Employees (Diversity & Inclusion)

90

Drafting of Job Descriptions

87+

Interns



Sustainability

ARDCO's 2024 sustainability efforts reflect a holistic approach that integrates three core principles: partnership, sustainability, and digitization. These principles drive our investment strategies and operational decisions, contributing to corporate excellence. This interconnectedness is evident in our ESG report, which covers employee and social responsibility, corporate governance, and environmental protection. Our current plans embody this commitment, transforming visions into projects and initiatives that align with our strategic direction and Vision 2030.

"Sustainability embodies our belief in a future of shared benefits and collective responsibility."

Employees

Overview

01. A Modern and Dynamic Work Environment

The company prioritizes policies that balance personal life and work while fostering a culture of creativity, cooperation, and transparency.

02. Relocating to a New Headquarters

This move enhances innovation and provides an advanced work environment.

03. Training and Development Programs

We implemented 87 specialized and comprehensive training courses covering vital areas such as effective communication, team management, operations management, and task management. A total of 86 employees received 3,970 training hours, enhancing efficiency and performance at both team and management levels.

04. Promoting Localization and Diversity

We increased our Saudization rate from 73% to 77%, while the percentage of our female workforce rose from 8% to 11%. We proudly maintained our platinum-level recognition.

05. Performance Culture

We developed a performance evaluation system with clear goals and accurate measurement criteria to ensure fair recognition of employee contributions and reward their efforts.

06. Insurance and Benefits System

This includes amending the salary scale and job grades and enhancing employee benefits such as education allowance and life insurance. We also re-evaluated the job description of 90 positions to improve performance and align roles with business needs.

Social Responsibility

Overview

01. Saudization Initiative of the Vegetables and Fruits Wholesale Market

In collaboration with "Monsha'at" and the Saudi Fund for Development, to empower Saudi youth and enhance their careers as agricultural marketers in fresh produce markets.

02. Food Preservation Initiative

◆ ARDCO is committed to sustainability, addressing the Kingdom's significant food and water waste rates. Food waste exceeds 33%, costing up to 40 billion SAR annually. The high levels of organic and plastic waste pose an environmental and economic challenge. To tackle these issues and to enhance national food security by 60%, the company is developing sustainable solutions to reduce waste and improve resource management efficiency.

◆ We are also opening two key branches in the public benefit markets (Al-Aziziyah and Otaiqah) to manage collection and distribution operations.

03. Blood Donation Campaign

We organized a blood donation campaign in partnership with King Faisal Specialist Hospital in December 2024.

04. Environmental and Community Events

- ◆ We joined the Saudi AgriFood Tech Alliance to implement advanced agriculture and food technologies for environmental sustainability.
- ◆ We hosted seasonal events in the Otaiqah permanent agricultural seasons tent to support sustainable development. These events empower Saudi traders and farmers, showcase local agrarian products, strengthen the local economy, and encourage national production.



Corporate Governance

Overview

01. Enhancing Financial and Administrative Efficiency

Accelerated proceedings resulted in favorable executive rulings and case settlements, adding 25 million SAR to the company's earnings.

02. Developing Operational Guides and Policies

Reviewing profit distribution policies and creating accounts on government platforms to ensure compliance and transparency.

03. Zakat Assessment

ARDCO settled zakat discrepancies for 2015 to 2018 with the Zakat, Tax, and Customs Authority (ZATCA), paying 6,197,428 SAR, down from 103,142,584 SAR. The company also completed the payment of all zakat dues until the end of 2023, making us one of the first companies in the Kingdom to achieve full zakat assessment until the last year.

04. Real Estate Contributions Committee Transactions

ARDCO fully resolved the Al-Shurooq Cities case, completing all necessary procedures to obtain a final settlement that guarantees the release of the shareholders and the committee. This resolution delivered roughly 27 million SAR.

05. Enhanced Efficiency and Effectiveness of the Board of Directors and its Committees' Relations

The company seeks to enhance the efficiency and effectiveness of the Board of Directors and its committees' relations through organized meetings and high-quality presentations. This ensures continuous communication and robust support for strategic decision making, reflecting our commitment to the highest standards of corporate governance.

06. Developing Project and Achievement Dashboards

ARDCO is developing comprehensive project and achievement dashboards that reflect our performance in various sectors. This step aims to enhance transparency and provide accurate and up-to-date information that supports follow-up and decision making processes with high efficiency.

07. Enhancing Market Operational Guide

It includes e-contracts as an essential part of employee tasks, with precise mechanisms and working methods. In addition, employee performance has been enhanced by organizing two workshops in cooperation with the Real Estate General Authority.

08. ARDCO's Legal Department's Numerous Accomplishments Solidified our Position as a Major Supporter of Corporate Governance.

- ◆ Developing internal regulations.
- ◆ Providing comprehensive legal consultations.
- ◆ Raising awareness to enhance legal performance efficiency.
- ◆ Collecting dues from court rulings and following up on cases, implementation, and appeals.

09. Global Awards

ARDCO, recognized for institutional and professional excellence, received four global awards in the Kingdom's real estate sector: two awards from International Finance (IF) Awards for the most innovative strategies in the real estate investment portfolio and relations with stakeholders, and two awards from Global Business Outlook (GBO) for the most performing investment strategies.

10. Quality and Compliance Certificates

Quality and compliance certificates represent an important step in the company's journey towards achieving institutional excellence, raising performance levels, and enhancing its market penetration.

- ◆ The company has obtained international ISO certificates confirming its commitment to quality and excellence standards:

1. ISO 45001: Portrays the company's commitment to applying the best practices in occupational health and safety management to ensure a safe work environment for employees and reduce potential risks.
2. ISO 41001: Confirms the company's adoption of the best standards in facility management, which contributes to improving the efficiency of access operation and enhancing its sustainability.
3. ISO 9001: Reflects the company's keenness to implement dispute management systems to ensure world-class global services, improve operational processes, and enhance customer satisfaction.

- ◆ We obtained building compliance certificates (1879, 3064) for two of our projects: AlTameer Market and AlTameer Tower.



Appeal of Pending Cases

64

Updating Real Estate Deeds

74

Collected Amounts

13+
Mn SAR

Executive Rulings

139

Environment

Overview

01. Reducing Carbon Emissions



Adopting environmentally friendly LED lighting and replacing all lighting in the company's markets, centers, and assets; enhancing energy efficiency and reducing the environmental impact.



Installing environmentally friendly solar-powered canopies in the auction center parking lots.

03. Infrastructure Development Projects



Renovating the old Otaiqah Market fresh produce space and converting cold storages into fixed concrete buildings.



Installing BMS systems for control and monitoring.

02. Digital Transformation



Launching an electronic portal for the produce market that provides various services to traders, tenants, and all market participants, including viewing vacant spaces, registering vehicles, and registering workers affiliated with companies and institutions.



Strategic partnership with Elm to launch an electronic platform for vehicle auctions.



Electronic archiving of transactions and development of the AlTameer application to support business operations.





04 Financial Results

Highlights of 2024: Results and Indicators



Mohammed AlKulaib

Chief Financial Officer

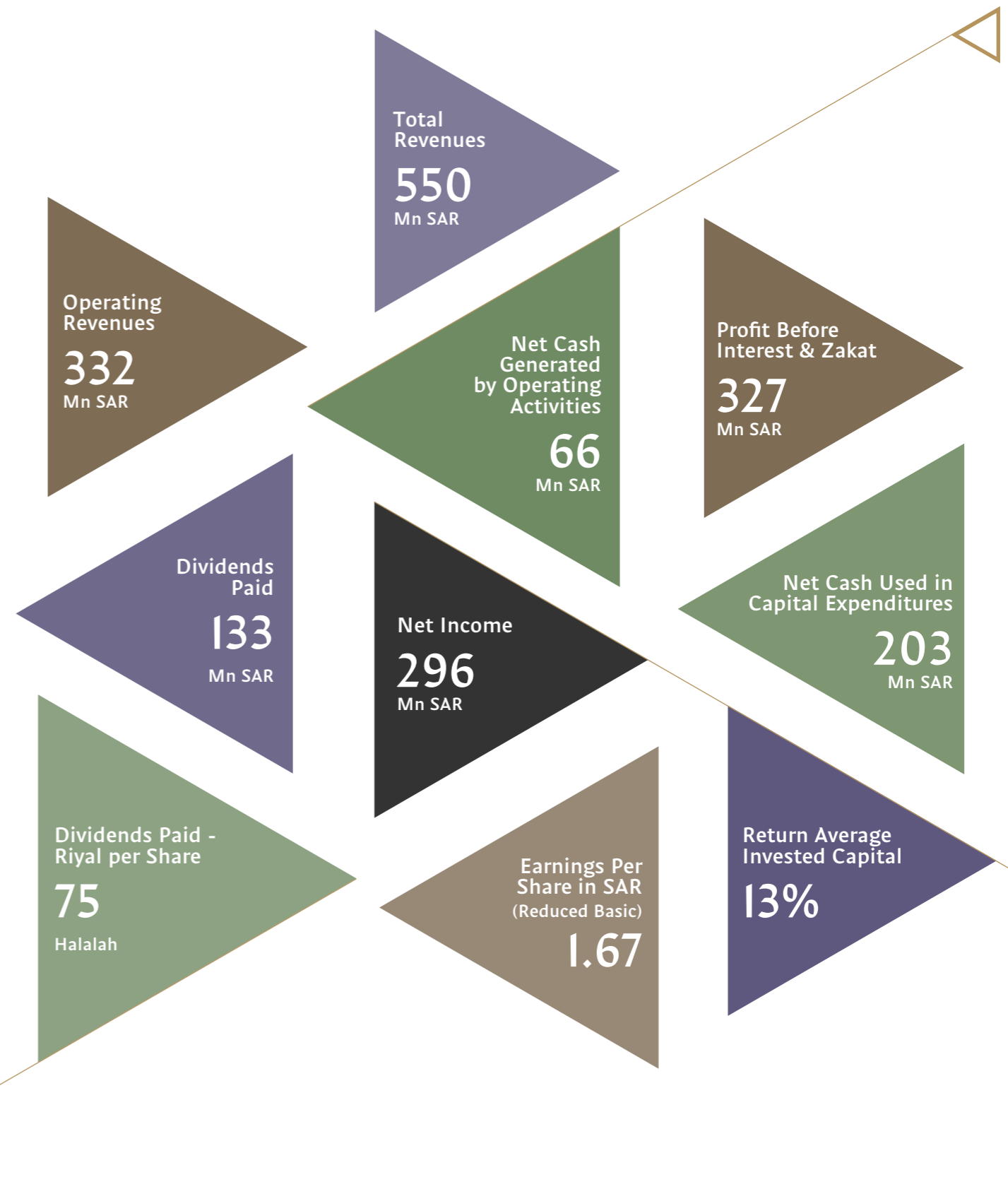
Through God's grace, ARDCO achieved strong financial results in 2024, with profits rising to 296 million SAR. It marked a 25 million SAR increase, or 9% increase compared to 2023. The company recorded its highest revenues in history for its centers and markets, totaling 322 million SAR. This accomplishment aligns with one of its strategic pillars launched at the beginning of 2023, which focuses on achieving sustainable revenue growth from core activities.

During the same year, the company established Dirah joint venture in partnership with Riyadh Holding Company through an in-kind contribution to the AlTameer Commercial Center, which generated profits of 17 million SAR. This achievement is part of the company's efforts to maximize the return on its assets and achieve value-added companies in line with its strategy.

In addition, the company's share in the profits of its associate company, Tanal, increased to 124 million SAR, indicating a rise of 27 million SAR or 27%. This reflects the strong performance of the company's investments.

In line with our ambitions to enhance our leadership position in the real estate sector, ARDCO finalized several investment partnerships valued at over 9 billion SAR in 2024. These partnerships span real estate development, residential, commercial, office, and logistics sectors in accordance with our strategic focus. We believe these initiatives will, God willing, maximize the total return for shareholders.

The company confirms its commitment to maintaining a strong financial position while continuing to implement its strategy of seizing unique investment opportunities and expanding into high-value projects, ensuring sustainable growth for its shareholders in the long term.



Company Performance

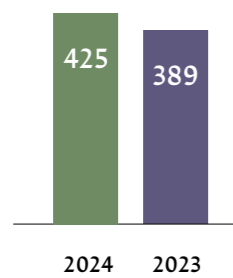
ARDCO demonstrated strong financial performance throughout 2024, despite the fact that during the year there was no sale of any land plots, in contrast to its results in 2023. This success is attributed to a significant increase in revenues from commercial centers and markets, reaching a historical high, which resulted from introducing new revenue sources and pricing restructuring. Additionally, occupancy rates exceeded 95%, thanks to the development of the infrastructure and commercial centers that attracted more visitors, positively impacting rental income from commercial units.

The company is committed to increasing revenues from its core activities while diversifying income sources. This effort includes developing innovative projects and investing in unique real estate opportunities to ensure sustainable long-term growth.

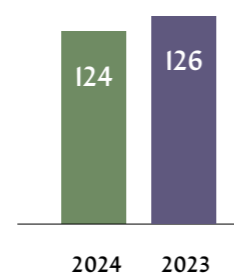
It is also important to note that general and administrative expenses for the current year encompassed exceptional and non-recurring costs amounting to 12 million SAR related to fees for financial and legal advisory of the capital increase project as well as allocating SAR 10 million worth of provisions to cover potential commitments.

Summary of Financial Results for 2024

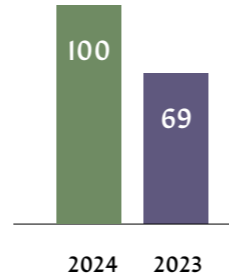
Operating Revenues & Other Revenues
(Mn SAR)



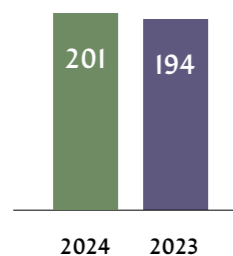
Costs of Operating Activities
(Mn SAR)



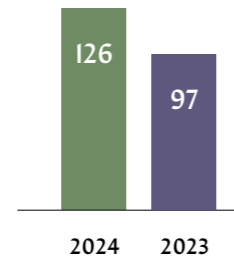
General & Administrative Expenses*
(Mn SAR)



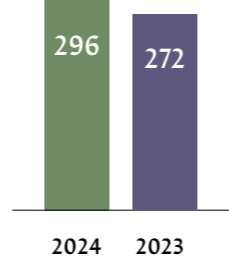
Total Operating Profit & Other Income
(Mn SAR)



ARDCO's Share from Associate Companies' Profits
(Mn SAR)



Net Profit
(Mn SAR)



* Included non-recurring expenses related to capital increases, provisions, etc.

Income Statement Summary

All amounts are in millions unless stated otherwise	Mn SAR		
	Year Ending December 31		
	2024	2023	Percentage Change
Operating Revenues & Other Revenues	425	389	9%
Total Costs	224	195	15%
Total Operating Profit & Other Income	201	194	4%
ARDCO's Share from Associate Companies' Profits	126	97	30%
Income Before Zakat	327	291	12%
Zakat	30	20	50%
Net Income	296	271	9%

Financial Results

Operating revenues and other revenues increased by 9% by the end of 2024, reaching 425 million SAR. This was mainly attributed to the significant growth in sustainable operating revenues due to adopting an approach focusing on the optimal utilization of ARDCO's assets and the rise in occupancy rates within our centers and markets.

The public good services sector witnessed revenue growth during 2024, recording 17 million SAR, a 13% increase from the previous year, due to the diversification of revenues and higher leasing revenues. Returns from the commercial centers sector also increased by 8 million SAR (5% compared to last year) due to a 95% increase in occupancy, an unprecedented level in recent years. Revenues continued to grow at the AlTameer International Car Auction since a driving school began operating there, and the company concluded new partnerships to enhance the sources of cars supplied for sale through the auction.

ARDCO also resolved the case of Al-Shurooq Cities, which had been pending since 2015. The company secured a final settlement and released the manager, ARDCO, from the Estate Contributions Commissions (Tasfiah) obligations, revoking any potential obligations and resulting in a 27 million SAR win.

In addition, the company also utilized and increased Islamic Murabaha revenues by 20 million SAR, reaching 58 million SAR, compared to 38 million SAR in 2023, following a rise in the deposit volume and benefiting from higher interest rates.

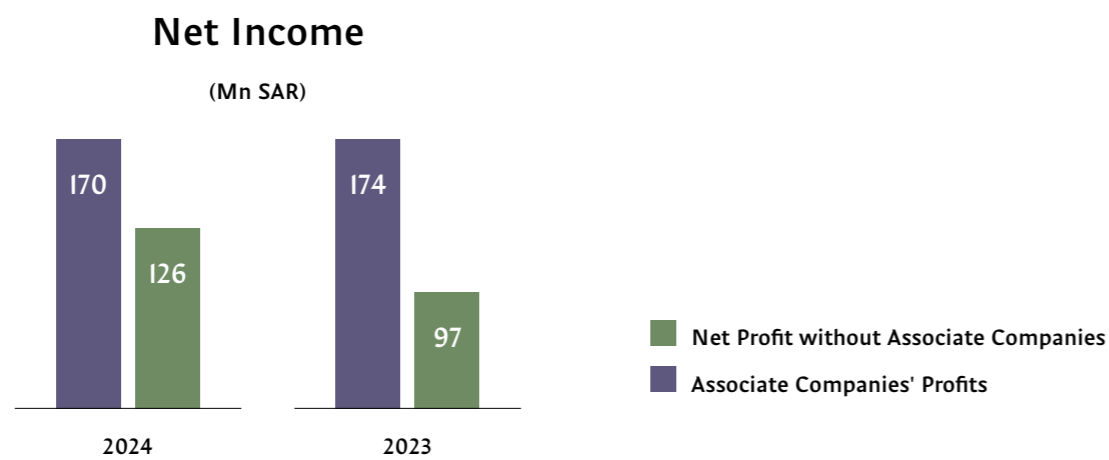
Total costs for 2024 amounted to approximately 224 million SAR, compared to 195 million the previous year, an increase of 15% from a year earlier. This was due to higher professional and advisory fees as well as advancing and improving some assets (buildings) and infrastructure, which enhanced occupancy rates and customer experience.

ARDCO also continued its strategy to attract top-tier talent to support new projects and achieve strategic objectives, with 10 million SAR allocated to cover potential commitments.

Our share in the profits of Tanal, an associate company, amounted to 124 million SAR for 2024, a 28% rise over the previous year, driven by an increase in the volume of land sales to 264 thousand m² compared to 132 thousand m² in 2023, with all lands in the Tanal project being sold in full by the end of 2024.

Zakat also amounted to 30 million SAR for the year ending December 31, 2024, compared to 20 million in the year ending December 31, 2023.

Net income before Zakat for 2024 amounted to approximately 327 million SAR, compared to 292 million in the previous year, a 12% growth. The increase is attributed to higher operating revenues and a rise in the company's share of Tanal profits and other revenues.



Cash Flow Statement Summary

	Mn SAR		
	Year Ending December 31		
All amounts are in millions unless stated otherwise	2024	2023	Percentage Change
Net Cash Generated from Operating Activities	66	226	-71%
Net Cash Used in Investment Activities	-203	149	-236%
Net Cash Used in Financing Activities	-137	-95	44%
Cash and Cash Equivalents at the End of the Year	41	314	-87%

* Deposits due within 3 months from the date of deposit amounting to 300 million SAR were classified under cash and cash equivalents.

Cash Flow

Net cash generated from operating activities amounted to 66 million SAR for the year that ended on December 31, 2024, compared to 226 million SAR in 2023. The delta of 160 million SAR resulted from the company's payment of its obligations to the shareholders of Al-Shurooq Cities and the payment of some short-term obligations, which led to a drop in current liabilities despite a significant improvement in collection levels during 2024.

Net cash flows from investing activities amounted to 203 million SAR for the year that ended on December 31, 2024, compared to 149 million in 2023. Cash used in financing activities amounted to 137 million SAR for the year ended December 31, 2024, compared to 95 million in 2023. The difference is mainly due to the increase in dividends distributed during 2024 compared to 2023.



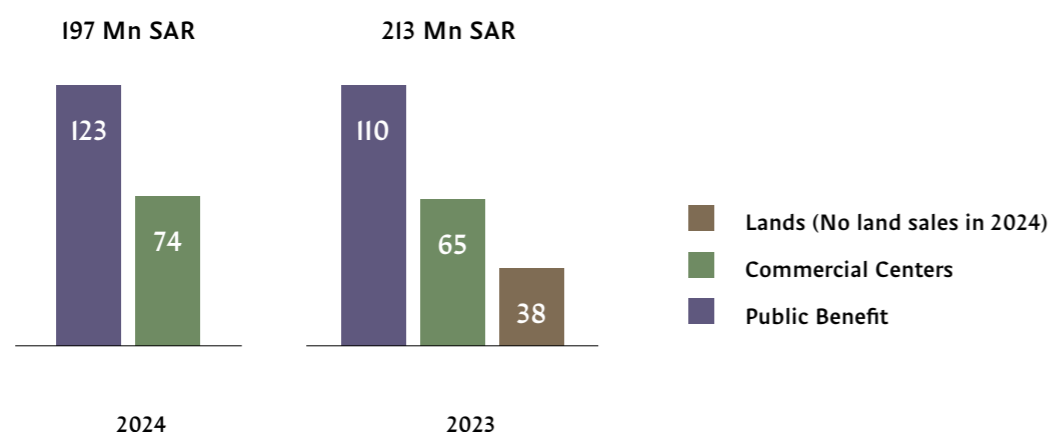
Company Sectors

Information related to ARDCO's activities and businesses, which we have relied on to prepare our financial information, is found below.

ARDCO's sectors are divided into:

1. Public good services sector, including Al-Aziziyah Fruits & Vegetables Market.
2. The commercial centers sector includes Riyadh Market, the Public Transportation Center, AlTameer Wholesale Center with in-kind contribution worth 46.34% of AlDirah Investment and Real Estate Development, Otaiqah Central Market, International Car Auction, and an office building in AlMalqa.
3. Land sales sector.

Company Sectors Profit



Public Benefit Sector Financial Results

All amounts are in millions unless stated otherwise	Mn SAR	
	Year Ending December 31	
	2024	2023
Revenue	152	135
Operating Expenses	29	25
Net Income	123	110
Net Value of Invested Assets	96	85
Occupancy Rate	98%	98%

Revenues for public good services increased by 17 million SAR in 2024, or 13%, compared to 2023. This growth was due to the creation of new revenue sources.

Operating costs also increased by about 3 million SAR as the company invested in attracting top-tier talents to develop the market and achieve sustainable growth.

Commercial Centers Financial Results

All amounts are in millions unless stated otherwise	Mn SAR	
	Year Ending December 31	
	2024	2023
Revenue	170	163
Operating Expenses	93	95
Net Income	77	66
Net Value of Invested Assets	604	1,170
Occupancy Rate	93%	91%

During 2024, the company was keen to enhance operational efficiency in all markets and centers by re-exploiting unused spaces effectively and creating new and sustainable sources of income. These efforts achieved a remarkable revenue growth of 5% compared to 2023, equivalent to 8 million SAR. In addition, reviewing the pricing strategies and approved policies contributed to a 2% increase in the occupancy rates in all markets and centers during the same year.

Land Sales Financial Results

All amounts are in millions unless stated otherwise	Mn SAR	
	Year Ending December 31	
	2024	2023
Revenue from Land Sales	0	41
Cost of Land Sales	0	3
Net Revenue	0	38

Additional Financial Information

Financial Statements for the Past Five Years
Statement of Financial Position as of December 31

Statement	Mn SAR				
	2024	2023	2022	2021	2020
Total Assets	2,909.53	2,792.11	2,597.74	2,434.22	2,367.59
Non-Controlling Interests	-	-	-	-	-
Total Shareholder Equity	2,543.84	2,380.83	2,197.64	2,021.24	1,981.10
Total Liabilities	365.68	411.28	400.10	412.98	386.49

Financial Statements for the Past Five Years
Statement of Financial Position as of December 31

Statement	Mn SAR				
	2024	2023	2022	2021	2020
Operating Income and Other Income	425	389	281	256	244
Total Expenses	224	195	158	155	94
Total Operating Profit and Other Income	201	194	123	101	150
ARDCO's Share of Associate Companies' Profits	126	97	190	226	87
Income Before Zakat	327	291	313	327	237
Zakat	30	20	13	9	9
Net Income	296	271	300	318	228

Financial Statements for the Past Five Years
Statement of Financial Position as of December 31

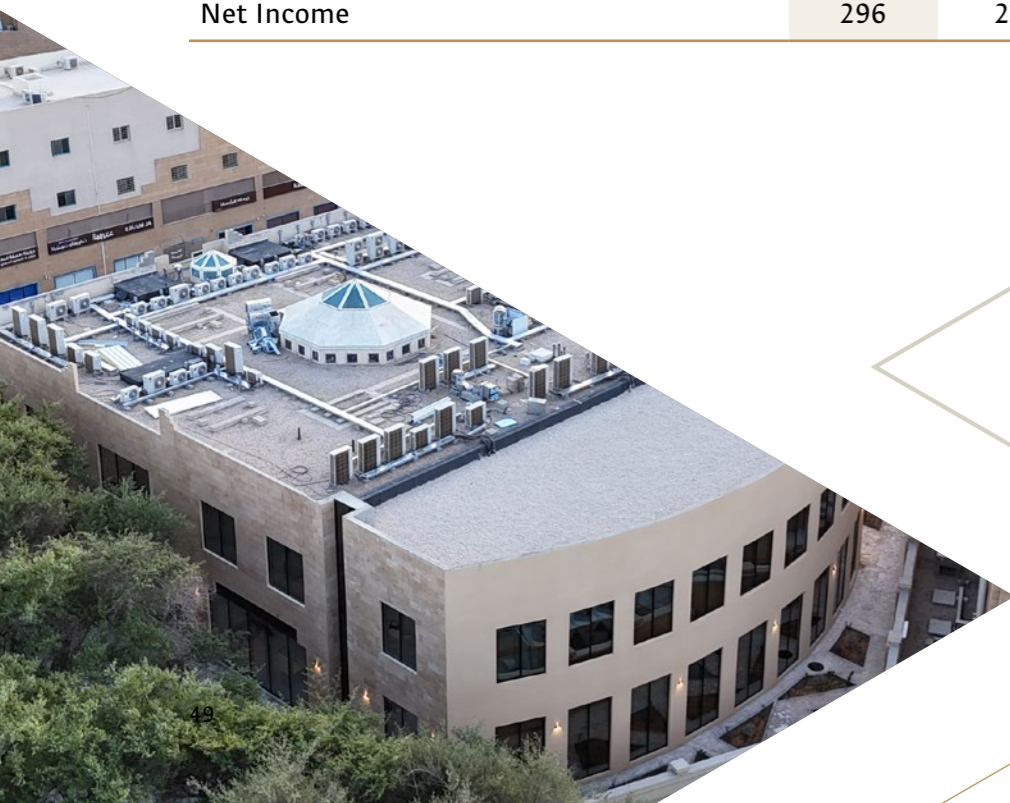
Statement	Mn SAR				
	2024	2023	2022	2021	2020
Cash Flows from Operating Activities	66	226	112	144	166
Cash Flows from Investment Activities	-203	149	-133	-135	-74
Cash Flows from Financing Activities	-137.4	-94.8	-1	-2	-64

* Some figures in previous years have been reclassified to conform to the presentation for the current year.

* The data is prepared under international accounting standards approved in the Kingdom of Saudi Arabia.

Statement of the Statutory Payments Due Value

Statement	2024	2023	Description	Reason
Zakat and Tax	20,392,175	20,320,238	Zakat Expense	Government requirement
General Organization for Social Insurance	4,197,485	3,618,260	Social insurance expenses according to the labor system in the Kingdom of Saudi Arabia	Government requirement
Chamber of Commerce and Industry	3,200	3,200	Governmental fees	Government requirement
Edaa Company	400,000	400,000	Annual fees	Capital Market Authority requirement
Tadawul Company	373,022	355,795	Annual fees	Capital Market Authority requirement
Saudi Authority for Intellectual Property	1,500	12,000	Trademark fees	Government requirement
Ministry of Commerce	1,501	1,501	Governmental fees	Government requirement
Total	25,368,883	24,710,994	-	-



Other Investments

ADRCO carried out various investment activities, which were as follows:

In 2024, the company executed a joint venture with Riyadh Holding Company (AIDirah Development Company- a simplified closed joint stock company), with a cash capital of 1,000,000 SAR, at a rate of 46.34% for Riyadh Development Company and 53.66% for Riyadh Holding Company. The company also made In-kind contributions to AlTameer Center, and Riyadh Holding Company made similar contributions to Al Maiglah Commercial Center and AIDirah Markets in exchange for issuing new shares and increasing the capital of each partner with the same ownership share in AIDirah Investment and Development Company. ARDCO's total investments in AIDirah Investment and Development amounted to approximately 692.6 million SAR on December 31, 2024.

In 2024, the company established AlTilal Real Estate Development Company (a limited liability company) with a capital of 100,000 SAR under a partnership between ARDCO (50%) with Riyadh Holding Company (25%) and the Saudi Real Estate Company (25%). The agreement includes the Educational Plot No. 751 of Plan No. 3175 with an area of 10,875.24 m², and Educational Plot No. 752 of Plan No. 3175 with an area of 10,296.33 m² in Riyadh's AlMalqa District. ARDCO's total investments in AlTilal Real Estate Development Company amounted to approximately 50.7 million SAR on December 31, 2024.

On May 20, 2019, we partnered with Sumou Holding Company to establish Tanal Real Estate Investment and Development Company (a limited liability company) with a capital of 100,000 SAR, with ARDCO owning 69.38% and Sumou Holding Company owning the remaining 30.62%. This corresponds to the ownership percentage of each company in the AlThumama land, which constitutes an area of 3 million m², for the purpose of transferring the assets of the Riyadh Development Real Estate Fund, in which participation was closed on October 15, 2019. This was done to complete the implementation of the remaining infrastructure developments on the land in question. During Q2 2021, it was agreed to transfer 10% of Sumou Holding Company's stake in Tanal to Sumou Real Estate Company. Accordingly, the ownership percentage in Tanal Real Estate Investment and Development Company of Sumou Holding Company decreased to 20.62%, with Sumou Real Estate Company entering at 10% and ARDCO's stake remaining the same. ARDCO's total investments in Tanal amounted to 13 million SAR as of December 31, 2024.

In 2024, the company finalized the liquidation of the Saudi Heritage Hospitality Company (a closed Saudi joint stock company) after it invested 2 million shares with a total value of 20 million SAR, at 8% of the capital. The company paid 5 million SAR as an installment of its share in the investment, of which it recovered 2.2 million SAR after the liquidation.

Investing in short-term Murabaha investment deposits with Alinma Bank amounting to 300 million SAR.

Investing in short-term Murabaha investment deposits with AlRajhi Bank amounting to 630 million SAR.

Investments in Associate Companies

Company Name	Ownership Percentage
AIDirah Development for Development and Investment	46.34%
Abraj AlTilal Real Estate Development	50%
Tanal for Real Estate Development and Investment Co.	69.38%



05 Governance

Corporate Governance

In accordance with Capital Market Authority (CMA) requirements and regulations and our commitment to ethical disclosure and transparency practices, we divulge the following to our valued shareholders:

01. Provisions of the Corporate Governance Regulations and the extent of the company's compliance with them.

The following table is a detailed breakdown of our compliance with the Saudi Corporate Governance Regulations issued by the Capital Market Authority.

Article Number	Article Description	Partially Applied	Not Applied
1	Thirty-Ninth / Evaluation a) The Board of Directors, based on the proposal of the Nominations & Remuneration Committee, shall establish the necessary mechanisms to evaluate the performance of the Board on an annual basis, including its members, committees, and executive management. This is done through appropriate performance measurement indicators measuring success in achieving the company's strategic objectives, risk management performance, adequacy of internal control systems, etc., provided that strengths and weaknesses are identified and addressed in a manner consistent with the company's interest.	✓	Evaluation is carried out without identifying performance measurement indicators.
2	Thirty-Ninth / Evaluation e) The Board of Directors shall make the necessary arrangements to evaluate its performance by a suitable third party every three years.		✓ The article currently serves as a guidance. When it is required, the company will implement it.
3	Sixty-Seventh / Risk Management Committee Establishment By the decision of the company's Board of Directors, a committee called the Risk Management Committee shall be formed, of which the chairman and majority of its members shall include non-executive members of the Board of Directors. Its members are required to have a sufficient level of knowledge of risk management and financial affairs.	✓	Risk control falls within the jurisdiction of the Audit Committee.
4	Sixty-Ninth / Risk Management Committee Meetings The Risk Management Committee meets periodically, at least every six months, and whenever necessary.		✓ The risk register is presented to the Audit Committee and the Board of Directors annually.
5	Eighty-Second / Employee Motivation 1) Forming committees or holding specialized workshops to gather ARDCO employee feedback and discuss issues and topics related to key corporate decisions.		✓ The article currently serves as a guidance. When it is required, the company will implement it.

Article Number	Article Description	Partially Applied	Not Applied
6	Eighty-Second / Employee Motivation 2) Programs for granting employees shares in the company or a share of profits as well as retirement programs, in addition to establishing an independent fund to finance said programs.		✓ The article currently serves as a guidance. When it is required, the company will implement it.
7	Eighty-Second / Employee Motivation 3) Establishing social institutions for the company employees.		✓ The article currently serves as a guidance. When it is required, the company will implement it.
8	Eighty-Fourth / Social Responsibility The Ordinary General Assembly, based on a proposal from the Board of Directors, establishes a policy that ensures balance between its objectives and the objectives of the broader community to develop the social and economic conditions of the community.		✓ It will be adopted when it is deemed mandatory.
9	Eighty-Fifth / Social Work Initiatives 1) Setting measurement indicators linking the company's performance in its social work initiatives, comparing such efforts to other companies with a similar scope.		✓ The article currently serves as a guidance. When it is required, the company will implement it.
10	Eighty-Fifth / Social Work Initiatives 2) Disclosure of social responsibility objectives adopted by the company to its employees, providing them with awareness and education on the subject.		✓ The article currently serves as a guidance. When it is required, the company will implement it.
11	Eighty-Fifth / Social Work Initiatives 3) Disclosure of plans to achieve social responsibility in periodic reports related to the company's activities.		✓ The article currently serves as a guidance. When it is required, the company will implement it.
12	Eighty-Fifth / Social Work Initiatives 4) Develop community awareness programs to bring awareness to the company's social responsibility.		✓ The article currently serves as a guidance. When it is required, the company will implement it.
13	Ninety-Second / Corporate Governance Committee Establishment Should the Board of Directors form a committee specialized in corporate governance, it must delegate to it the powers stipulated in accordance with Article Ninety-Four of these regulations. The committee must follow up on any issues related to governance applications and provide the Board of Directors with its reports and recommendations at minimum on an annual basis.	✓	Monitoring governance and updating its requirements falls within the responsibilities of the legal department. The company does not have a governance committee. When it is mandatory, it shall be formed.

02. Board member classification, number of meetings held during the year, attendance record, and names of joint stock companies in which a board member is a member of its board of directors.

A. Board of Directors Composition

Name	Type of Membership		
	Executive	Non-Executive	Independent
1 Prince Faisal bin Abdulaziz bin Ayyaf, PhD		✓	
2 Sulaiman Nasser AlHatlan			✓
3 Nayef Ibrahim AlHudaithi			✓
4 Majed Nasser Alsubeaei			✓
5 Abdul-Ilah Abdulrahman AlHussein			✓
6 Fahad Abdullah AlKassim		✓	
7 Abdullah Mohammed AlBahouth		✓	
8 Abdulrahman Ayed AlQahtani			✓



B. Board Members' Current and Previous Positions, Qualifications and Experience



Prince Faisal bin Abdulaziz bin Ayyaf, PhD

Current Positions

Mayor of Riyadh Region

Previous Positions

Royal Commission for Riyadh City

Qualifications and Experience

Specializes in city planning and management. Holds a doctorate in city and regional planning and management from the University of California, and obtained a master's degree from Harvard University in 2016 in urban planning and management, and a master's degree in architecture and urban design from Columbia University in New York in 2014. In 2019, His Highness worked at the Royal Commission for Riyadh City. As an urban design and studies consultant, he also worked in 2019 at Skidmore Owings & Merrill (SOM) in Chicago, USA. In 2011, he worked as an architect in the Moriyama and Tashima Urban Planning Office in Canada.



Abdulrahman Ayed AlQahtani

Current Positions

CEO and Managing Director of Bisan Commercial and Real Estate Investment Company

Previous Positions

Vice President of Atar Holding Company

Qualifications and Experience

Obtained a bachelor's degree in financial management from Prince Muhammad bin Fahd University in 2018. He also completed several courses and workshops to further develop his skills and specialization in the field.



Majed Nasser Alsubeaei

Current Positions

Managing Director of Awaser Investment Company

Previous Positions

Diverse experience in the field of investments spanning more than 18 years in various sectors, including his work as CEO of Nasser Al-Subaie and Sons Investment Company.

Qualifications and Experience

Holds a bachelor's degree in economics from King Saud University. He works as the Managing Director of Awaser Investment Company. He is also a board member of the Saudi Automotive Services and Equipment Company (SASCO) as well as Mohammed Ibrahim Alsubeaei Investment Company (MASIC). He also previously worked at Morgan Stanley, and was a board member of the Islamic Bank of Brunei.



Abdullah Mohammed AlBahouth

Current Positions

General Manager of Facilities Services at the General Organization for Social Insurance (GOSI)

Previous Positions

General Manager of the General Administration for Insurance Excellence at the General Organization for Pension

Qualifications and Experience

Holds a master's degree in applied statistics from the University of Guelph, Canada, and has worked in a number of positions at the General Organization for Pension.



Sulaiman Nasser AlHatlan

Current Positions

Chief of Staff at AlHilal Club Company

Previous Positions

CEO of Masar AlNumou Investment Company

Qualifications and Experience

Holds a master's degree in professional accounting from the University of California and holds a bachelor's degree in accounting from King Saud University.



Fahad Abdullah AlKassim

Current Positions

Chairman of the Board at AlKassim Accounting and Consulting Office

Previous Positions

Chairman of the Board at Amwal Financial Consulting Company

Qualifications and Experience

Holds a bachelor's degree in accounting from King Saud University. Also completed a Management and Leadership Program from Oxford University and has membership in the Boards of Directors of a number of joint-stock companies.



Abdul-Ilah Abdulrahman AlHussein

Current Positions

Member of the Board of Directors of Abdul-Ilah AlHussein and Partner Transport Company, and AlImdad AlRaidah Cement Company

Previous Positions

Deputy General Manager of Abdulrahman AlHussein Goods Transportation Company

Qualifications and Experience

Holds a bachelor's degree in economics and management from King Abdulaziz University.



Nayef Ibrahim AlHudaithi

Current Positions

Member of the Board of Directors of Najmat AlMadaen Group, which specializes in real estate development

Previous Positions

Has a professional career of more than ten years in the real estate sector, working at Colliers International in real estate consulting, evaluation and feasibility studies and at Najmat AlMadaen Group in business development.

Qualifications and Experience

Holds a bachelor's degree in financial management from the University of Arizona.

C. Companies in which ARDCO's board members are currently or previously were a director or board member.

#	Member Name	Companies in which the board member is currently a director or board member	Inside/Outside the Kingdom	Legal Entity	Companies in which the board member was previously a director or board member	Inside/Outside the Kingdom	Legal Entity
1	Prince Faisal bin Abdulaziz bin Ayyaf, PhD	Riyadh Holding Company	Inside	Limited Liability	-	-	-
		Remat Al-Riyadh Development Company		Closed Joint Stock	-	-	-
		Qiddiya Investment Company		Closed Joint Stock	-	-	-
		Soudah Development Company		Closed Joint Stock	-	-	-
		New Murabba Development Company		Unlisted Joint Stock	-	-	-
		King Salman International Airport Development Company		Unlisted Joint Stock	-	-	-
		Riyadh Air Company		Unlisted Joint Stock	-	-	-
2	Majed Nasser Alsubeaei	SASCO	Inside	Listed Joint Stock	-	-	-
		Mohammed I. Alsubeaei and Sons Investment Company (MASIC)		Closed Joint Stock	-	-	-
3	Fahad Abdullah AlKassim	Savola Group	Inside	Listed Joint Stock	Bank AlBilad	Inside	Listed Joint Stock
		Dallah Health Services Company	Inside	Listed Joint Stock	Naqel Company	Inside	Closed Joint Stock
		Taiba Investment Company	Inside	Listed Joint Stock	Saudi Post Corporation	Inside	Government Entity
		Jarir Marketing Company	Inside	Listed Joint Stock	Abdullatif Al-Issa Holding Group	Inside	Unlisted Joint Stock
		AlArjan Projects Company	Inside	Closed Joint Stock	AlRajhi Alfa Company	Inside	Limited Liability
		Dr. Mohammed Rashed AlFaqih and Partners Company	Inside	Closed Joint Stock	Raj Real Estate Company	Inside	Limited Liability
		Abdullah Ibrahim Alsubeaei Holding Company	Inside	Closed Joint Stock	National General Automotive Company	Inside	Limited Liability
		Gulf Basqat Company	Inside	Limited Liability	Saudi Heritage Hospitality Company	Inside	Closed Joint Stock
		Century 2I Real Estate Valuation Company	Inside	Limited Liability	Rakeen Najd International Company	Inside	Closed Joint Stock
		AlRajhi United Investment Holding Company	Inside	Closed Joint Stock	Dur Hospitality Company	Inside	Listed Joint Stock
		Areez Commercial Investment Company Limited	Inside	Limited Liability	-	-	-
		Jarir Investment Company	Inside	Closed Joint Stock	-	-	-
		Mohammed Abdulaziz AlHabib and Sons Holding Company	Inside	Closed Joint Stock	-	-	-
		Artal Capital Company	Inside	Unlisted Joint Stock	-	-	-
		Osool Integrated Real Estate Company	Inside	Limited Liability	-	-	-
Liwan Real Estate development Company	Inside	Simplified Joint Stock	-	-	-		
4	Abdullah Mohammed AlBahouth	-	-	-	AlYamamah Cement Company	Inside	Listed Joint Stock
5	Sulaiman Nasser AlHatlan	Maharah Human Resources Company	Inside	Listed Joint Stock	-	-	-
		Saudi Vitriified Clay Pipe Company	Inside	Listed Joint Stock	-	-	-
		Light Buildings Company	Inside	Closed Joint Stock	-	-	-
		AlHilal Club Investment Company	Inside	Closed Joint Stock	-	-	-
6	Abdul-Ilah Abdulrahman AlHussein	Abdul-Ilah AlHussein and Partner Transport Company	Inside	Limited Liability	-	-	-
		AlRaid Cement Supply Company	Inside	Limited Liability	-	-	-
7	Nayef Ibrahim AlHudaithi	Najmat AlMadaen Group	Inside	Closed Joint Stock	-	-	-
		Bisan Commercial and Real Estate Investment Company	Inside	Closed Joint Stock	-	-	-
8	Abdulrahman Ayed AlQahtani	Sumou Holding Company	Inside	Closed Joint Stock	-	-	-
		Dhahiat Murooj Jeddah Company	Inside	Limited Liability	-	-	-
		Atar Holding	Inside	Limited Liability	-	-	-

D. Executive Management's Current and Past Positions, Qualifications, and Experience



Jehad Abdulrahman Alkadi

CEO

Previous Positions

Senior Director - General Administration of Local Real Estate Investments at the Public Investment Fund

Qualifications and Experience

He has served as ARDCO's CEO since December 2021, and has over 20 years of experience in the financial and investment sectors. He has held several leadership positions at prominent entities, including the Public Investment Fund, SEDCO Financial, Jadwa Investment, and Saudi National Bank. He also serves on several boards of directors, including those of Umm Al-Qura for Development and Construction, Riyad Capital, and Osool Integrated Real Estate Co. In addition to his membership in the Executive Committee of the New Murabba Development Company, he also has experience on advisory boards and committees, including the Advisory Board of JLL in the Kingdom. He holds a bachelor's degree in economics from King Saud University and a master's in executive management from Hult International Business School. He has completed executive courses at prestigious institutions such as Harvard Business School, MIT, London Business School, IMD in Lausanne, and IE University in Madrid.



Dr. Wael Azzam Jundi

Chief Investment Officer

Previous Positions

CEO - SinoGulf (KSA)

Qualifications and Experience

Holds a doctorate in economics from the University of Liverpool in the United Kingdom, as well as a master's degree in finance with distinction from the same university, obtained through the Chevening Scholarship awarded by the British Government for outstanding students in the Middle East. He also has a master's degree in political science and a bachelor's degree in accounting and finance. Additionally, he completed the Leadership Program for Executives at the University of Oxford in the United Kingdom.



Anas Tariq Najmi

Chief Strategy & Business Development Officer

Previous Positions

Strategy Advisor & Head of City Marketing & Investment Promotion at the Royal Commission for Riyadh City

Qualifications and Experience

Holds a bachelor's degree in management information systems from King Fahd University of Petroleum and Minerals. He also completed negotiation strategies and Finance for Executives programs at INSEAD. He led several city development initiatives in multiple cities in the Kingdom, and also led several community programs within the Prince of Wales Charities and the Mosaic Leadership Summit in London and Manchester, United Kingdom, focusing on community leadership.



Mohammed Ahmed AIKulaib

Chief Financial Officer

Previous Positions

Chief Financial Officer - Arabian Agricultural Services Company

Qualifications and Experience

Obtained a bachelor's degree in accounting from King Faisal University in 2003. He also holds a master's degree in business administration, specializing in accounting, from Murray State University, as well as a CMA certificate for management accounting.



Waleed Abdullah AIKharji

Chief Public Good Service Markets Officer / Acting Chief Commercial Centers Officer

Previous Positions

General Supervisor of Centers and Markets - Riyadh Development Company

Qualifications and Experience

Holds a bachelor's degree in information systems from King Saud University; he obtained the Digital Transformation Program Completion Certificate from the Massachusetts Institute of Technology (MIT). He is a current National Food Security Committee member at the Federation of Saudi Chambers. He participated in many transformation projects and initiatives with the Ministry of Communications, the Communications Commission, and the General Presidency for the Affairs of the Grand Mosque and the Prophet's Mosque.



Amer Mohammed AIShehri

Chief Shared Services Officer

Previous Positions

Senior Vice President of Human Resources - SALIC

Qualifications and Experience

Holds a bachelor's degree in economics from King Saud University in Riyadh with more than 17 years of experience in human capital and corporate services in various industries including investments, consulting companies, consumer goods, manufacturing, and the public sector. He is currently a member of the Nominations and Remuneration Committees of Al Hilal Club Company and Hunting Reserves Development Company.



Abdulaziz bin Mohammed AIMoajil

Executive Director of Internal Audit

Previous Positions

Chairman of Internal Audit, Derayah Financial

Qualifications and Experience

Obtained a master of business administration from the University of Wolverhampton in the United Kingdom in 2014, and is a member of a number of audit committees, including the Audit Committees at Nice One Company and Rasan Information Technology Company, in addition to the Audit and Risk Committee at The Charity Society for Orphan Care (Insan).

E. Board of Directors measures to inform its members, particularly non-executives, of shareholders' proposals and comments on company performance.

During the first Board of Directors meeting, the Chairman informed all members, particularly non-executives, of any proposals and comments received from shareholders regarding the company and its performance.

The Board of Directors met six times from 01/01/2024 to 31/12/2024.

Member Name	Meeting						Attendance Rate
	First 07/03/2024	Second 08/05/2024	Third 31/07/2024	Fourth 01/09/2024	Fifth 24/10/2024	Sixth 03/12/2024	
1 Prince Faisal bin Abdulaziz bin Ayyaf, PhD	Present	Present	Present	Present	Absent	Present	83.33%
2 Sulaiman Nasser AlHatlan	Present	Present	Present	Present	Present	Present	100%
3 Abdul-Ilah Abdulrahman AlHussein	Present	Present	Present	Present	Present	Present	100%
4 Majed Nasser Alsubaei	Absent	Present	Present	Present	Present	Present	83.33%
5 Nayef Ibrahim AlHudaithi	Present	Present	Present	Present	Present	Present	100%
6 Fahad Abdullah AlKassim	Present	Present	Present	Present	Present	Present	100%
7 Abdullah Mohammed AlBahouth	Present	Present	Present	Absent	Present	Present	83.33%
8 Abdulrahman Ayed AlQahtani	Present	Absent	Present	Present	Present	Present	83.33%

F. The means relied on by the Board of Directors to evaluate its performance and that of its committees and members, and the external party that conducted the evaluation and its relationship with the company, if any.

The Nominations and Remuneration Committee studies the strengths and weaknesses of the Board of Directors whenever they arise, analyzes them, determines their causes, and proposes solutions to address them in order to benefit the company's interests and improve its performance.

03. The interest and rights of board members, senior executives, their spouses and children.

Board Member Rights & Interests

Member Name	Beginning 01/01/2024		Percentage	Until 31/12/2024		Percentage
	Municipality	Personal		Municipality	Personal	
1 Prince Faisal bin Abdulaziz bin Ayyaf, PhD	35,554	0	0.02%	35,554	0	%0.02
2 Sulaiman Nasser AlHatlan	0	0	0	0	0	0
3 Abdul-Ilah Abdulrahman AlHusseini	504,293	0	0.283%	504,293	0	0.283%
4 Nayef Ibrahim AlHudaithi	0	0	0	0	0	0
5 Majed Nasser Alsubeaei	8,669,773	0	4.88%	8,724,112	0	4.91%
6 Fahad Abdullah AlKassim	2,000	0	0.001%	2,000	0	0.001%
7 Abdullah Mohammed AlBahouth	GOSI 8,800,001	Personal 0	4.95%	GOSI 8,800,001	Personal 0	4.95%
8 Abdulrahman Ayed AlQahtani	25,000	0	0.01%	25,000	0	0.01%

Senior Executives Rights & Interests

Name	Beginning 01/01/2024	Percentage	Until 31/12/2024	Percentage
1 Jehad Abdulrahman Alkadi	0	0	0	0
2 Dr. Wael Azzam Jundi	0	0	0	0
3 Anas Tariq Najmi	0	0	0	0
4 Mohammed Ahmed AlKulaib	0	0	0	0
5 Waleed Abdullah AlKharji	0	0	0	0
6 Amer Mohammed AlShehri	3,700	0.002%	0	0

04. Board Committees' Responsibilities

Executive Committee

Overview of Committee Responsibilities

- Review and verify working capital sufficiency, applied business model, strategic plans, and financing activities.
- Review all works and express insights and recommendations before presenting them to the board.
- Review investment, merger and acquisition, and partnership opportunities and provide recommendations to the board.
- Review the impact of the proposed transactions and agreements on the company's financial position statement, including assessing the required financing, impact on liquidity and debt ratios, and providing recommendations to the board.
- Review transition and integration procedures following any mergers or acquisitions during the initial three-month period following the completion of formal procedures for any such agreement in order to ensure the smooth and successful transition of the acquired asset into the company's scope and business.
- The Executive Committee may perform any other tasks consistent with its purposes, tasks, and responsibilities, and any other roles and responsibilities requested by the Board of Directors.
- The committee, through its chairman, must submit a periodic report to the Board of Directors on all the decisions, procedures, and actions it has undertaken.
- The company shall bear any costs necessary for the committee to carry out its work after obtaining the approval of the board.

Members of the Executive Committee and their meetings for 2024



Majed Nasser Alsubeaei
Committee Chairman



Fahad Abdullah AlKassim
Board Member



Nayef Ibrahim AlHudaithi
Board Member



Abdullah Mohammed
AlBahouth
Board Member

Committee Members	Meeting			
	First 20/02/2024	Second 29/04/2024	Third 24/07/2024	Fourth 25/11/2024
1 Majed Nasser Alsubeaei "Committee Chairman"	Present	Present	Present	Present
2 Fahad Abdullah AlKassim "Member"	Present	Present	Present	Present
3 Nayef Ibrahim AlHudaithi "Member"	Present	Absent	Present	Present
4 Abdullah Mohammed AlBahouth "Member"	Present	Present	Present	Present

Audit Committee

Overview of Committee Responsibilities

The committee studies matters within its jurisdiction or those referred to it by the board and submits its recommendations to the board to reach a decision or actions the decisions that the board has delegated upon it. The committee must inform the board of its results or the decisions it actions or recommends. The committee is responsible for monitoring the company's business and financial activities to verify its policies and procedures and ensure the integrity of reports and financial statements and their internal control systems. The committee's specific tasks include the following:

01. Financial Reports:

- ◆ Review preliminary quarterly and annual financial statements before they are presented to the Board of Directors and express insights and recommendations to ensure their integrity, fairness, and transparency.
- ◆ Upon the board's request, provide insights as to whether the board's annual report and the company's financial statements are fair, balanced, and understandable and include all necessary information to allow shareholders and investors to accurately evaluate the company's financial position, performance, business model, and strategy.
- ◆ Analyze any important or extraordinary matters included in financial reports and accounts.
- ◆ Research any matters raised by the company's financial director (or whoever assumes such duties), the company's compliance officer, or the auditor.
- ◆ Verify accounting estimates regarding material matters contained in financial reports.
- ◆ Review accounting policies adopted by the company and express insights and recommendations regarding them to the Board of Directors.

02. Internal Audit:

- ◆ Review and analyze the company's internal, financial, and risk management systems.
- ◆ Supervise the plans and actions of the Internal Audit Department, verify their effectiveness in line with rules, regulations, and professional standards, and provide recommendations to the Board of Directors regarding the appointment of the internal audit department director or an internal auditor and proposed compensation.
- ◆ Review internal audit reports and follow up on implementing corrective measures for observations contained therein.
- ◆ Monitoring and supervising the performance and activities of the internal auditor and the internal audit department in the company in order to verify required resource availability, as well as their effectiveness in performing their assigned tasks. If the company does not have an internal auditor, the committee must submit its recommendations to the board regarding the necessity of appointing one, if any.
- ◆ Ensure internal audit impartiality and enable it to carry out its roles and responsibilities effectively.

03. External Audit:

- ◆ Provide recommendations to the board regarding nominations of external auditors, their dismissal, fees, and performance evaluation, after ensuring their impartiality and reviewing the scope of work and terms of their contracts.
- ◆ Verify the impartiality and objectivity of the external auditor, considering the relevant rules and standards.
- ◆ Review the company's auditor's work plan, verify the absence of transgression and deficiency in their actions, verify that no tasks outside the scope of audit work are performed, and express any insights in relation to this.
- ◆ Answer inquiries from the company's external auditor.
- ◆ Study external auditor reports and observations on financial statements, express insights in relation to them, if any, and follow up on any actions or decisions taken regarding them.

04. Commitment Guarantee:

- ◆ Review the results of reports from regulatory authorities and verify the action of any necessary measures regarding them.
- ◆ Supervise company compliance with the rules, regulations, policies, and instructions related to our scope of work.
- ◆ Review proposed contracts and transactions with related parties and potential conflicts of interest, if any, and submit its recommendations thereon to the board.
- ◆ Submit to the board any issues within its scope it deems necessary to action and provide recommendations on required measures.

Committee Members and their meetings for 2024



Sulaiman Nasser AlHatlan
Committee Chairman



Saleh Moqbel AlKhalaf
Member



Ahmed Abdullah AlKanha
Member



Nayef Ibrahim AlHudaithi
Member

Committee Members	Meeting					
	First 19/02/2024	Second 28/04/2024	Third 20/05/2024	Fourth 23/07/2024	Fifth 20/10/2024	Sixth 20/12/2024
1 Sulaiman Nasser AlHatlan "Committee Chairman"	Present	Present	Present	Present	Present	Present
2 Saleh Moqbel AlKhalaf "Member"	Present	Present	Present	Present	Present	Present
3 Ahmed Abdullah AlKanha "Member"	Present	Present	Present	Present	Present	Present
4 Nayef Ibrahim AlHudaithi "Member"	Present	Absent	Present	Present	Present	Present

Nominations and Remuneration Committee

Overview of Committee Responsibilities

01. The committee is responsible for the following regarding remuneration:

- ◆ Prepare a clear remuneration policy for board members and all committees related to the board and executive management and present it to the Board of Directors for consideration prior to its approval by the General Assembly, provided that the policy takes into account performance standards, their disclosure, and verification of their implementation.
- ◆ Clarify the relationship between the rewards granted and the remuneration policy in effect, and indicate any deviation from this policy.
- ◆ Periodically review the remuneration policy and evaluate its effectiveness in achieving its objectives.
- ◆ Recommend the board remunerate its members, committees, and the company's senior executives in accordance with the approved policies and regulations.
- ◆ Review and approve the CEO's recommendations regarding financial rewards and benefits for senior executives, to be implemented by the CEO as per the established policy mentioned in the first bullet point above.

02. The committee is responsible for the following regarding the nominations:

- ◆ Propose clear policies and qualifications for membership in the board and executive management.
- ◆ Recommend to the Board of Directors to nominate or re-nominate members in accordance with the approved policies and qualifications, taking into account avoiding nominating individuals who have previously been convicted of a crime involving breach of trust.
- ◆ Prepare a description of the competencies and qualifications required for board membership and executive management positions.
- ◆ Determine the time that a member must devote to the Board of Directors.
- ◆ Review necessary skills and experience requirements for board membership and senior management positions annually.
- ◆ Review the structure of the board, the executive management, and their committees, and present to the board should any changes be recommended.
- ◆ Verify the impartiality of independent board members and ensure the absence of any conflicts of interest if the member is also a board member in the board of another company.
- ◆ Develop job descriptions for the board's executive members, non-executive members, independent members and senior management.
- ◆ Establish procedures to fill positions in the event of a vacancy within the board membership or senior management.
- ◆ Identify the strengths and weaknesses of the board and propose solutions to address them that are consistent with the company's interests through proposing the necessary mechanisms to evaluate the performance of the board, its members and committees annually. The solutions should use appropriate performance measurement indicators linked to performance in achieving the company's strategic objectives and the quality and adequacy of the internal control systems in order to identify strengths and weaknesses. The results should be accompanied with a proposal to address them in line with the company's interests.
- ◆ Review the remuneration of the board committees and recommend any amendments thereto and present them to the board for approval.
- ◆ Provide new members of the board and its committees with an appropriate level of training and education regarding the company's scope and achievements, enabling them to perform their work effectively.
- ◆ Develop the necessary policies and procedures to allow each member of the board or executive management to attend training programs and courses on an ongoing basis to develop their skills and knowledge in areas related to the company's scope or management.

03. The committee is also responsible for the following tasks and responsibilities:

- ◆ Assist the Board of Directors in developing and reviewing the company's organizational structure.
- ◆ Monitor the implementation of the employee grievances policy and ensure its effectiveness.

Board of Directors Remuneration Policy and Determination Mechanism

- ◆ The board member remuneration may be a specific amount, a meeting attendance allowance, an expense allowance, in-kind benefits, or a percentage of profits. It is permissible to combine two or more of these benefits, though not exceed what is stipulated in the Companies Law and Regulations, in accordance with the policy and any amendments to it in the future.
- ◆ The remuneration may be of varying amounts as per the policy. The annual report of the Board of Directors to the General Assembly of Shareholders must include a comprehensive statement of all remunerations, expense allowances, and other benefits that board members received during the fiscal year. It must also include a statement of anything received by board members in their capacity as employees or administrators in exchange for technical, administrative, or consulting work (if any). It should also include a statement of the number of board sessions as well as the attendance records of each member from the date of the last meeting of the General Assembly.
- ◆ If the remuneration for board members is to be a percentage of profits, the provisions of Paragraph (2) of Article Seventy-Six of the Companies Law and Article (45) of the Articles of Association must be taken into account, provided that it does not exceed the total amount received by one board member of all financial and in-kind rewards and benefits, set at 500 thousand SAR annually.
- ◆ Ensure that independent board members are not remunerated based on a percentage of the company's profits or in a manner that is directly or indirectly related to the company's profitability.

01. Each member of the board, including its chairman, is entitled to the following remunerations:

- ◆ An annual remuneration, provided that the total amount received by a member of the Board of Directors of financial or in-kind rewards and benefits does not exceed the amount of 500 thousand SAR annually according to the regulations. The Chairman of the Board and the chairmen of the committees may be granted additional remuneration in exchange for the responsibilities and work assigned to them.
- ◆ A remuneration of three thousand SAR per attendance per session.
- ◆ Travel and transportation allowance of 3 thousand SAR for those outside the meeting location city.
- ◆ Profits-related remuneration: A specific percentage of net profits determined based on the recommendation of the Nominations and Remuneration Committee, if the company achieves its profits after fulfilling the regulatory conditions and requirements, provided that the remuneration of the independent board members is not a percentage of the profits gained by the company or is based directly or indirectly on the company's profitability.
- ◆ The lump sum annual remuneration amount for any board member may be reviewed from one period to another based on a recommendation from the committee as per any variables related to performance, followed by receiving the approval of the General Assembly of Shareholders.
- ◆ The meeting attendance remuneration and any additional attendance allowance are paid quarterly, while the annual lump sum bonus is paid after the approval of the General Assembly of Shareholders.

02. Each board committee member is entitled to the following remunerations:

- ◆ An annual lump sum of 150 thousand SAR.
- ◆ A remuneration of three thousand SAR per attendance per session.
- ◆ The annual lump sum and session attendance remuneration are paid on a quarterly basis.

03. Board and committee members are entitled to the following allowances and benefits:

- ◆ The company bears the costs of travel tickets for board and committee members residing outside the city of Riyadh.
- ◆ Should the meeting be held outside the city of Riyadh, the company shall bear the costs of accommodation and tickets for all members of the board, committees, and executive management. Alternatively, if preferred, the member may be given a lump sum, provided that the amount does not exceed 5 thousand SAR.
- ◆ All round-trip travel tickets for board and committee members are to be in the first or business class.

The company also confirms that there is no deviation from this policy.

The Nomination & Remuneration Committee conducted five meetings from 01/01/2024 to 31/12/2024:



Abdul-Ilah Abdulrahman AlHussein
Committee Chairman



Dr. Fahad Mousa AlZahrani
Member



Abdullah Mohammed AlBahouth
Member

Committee Members	Meetings				
	First 18/02/2024	Second 25/02/2024	Third 06/05/2024	Fourth 16/07/2024	Fifth 12/09/2024
1 Abdul-Ilah Abdulrahman AlHussein "Committee Chairman"	Present	Present	Present	Present	Present
2 Dr. Fahad Mousa AlZahrani "Member"	Present	Present	Present	Present	Present
3 Abdullah Mohammed AlBahouth "Member"	Present	Present	Present	Present	Present

05. Remuneration & Compensation

Item	Five senior executives who received the highest rewards and compensation, including the CEO and CFO
1 Salaries and Compensation	9,969,750
2 Benefits	-
3 Periodic and Annual Rewards	-
4 Incentive Plans	12,444,325
5 Any Other Compensation or In-Kind Benefits Paid Monthly or Annually	-

Fixed Remunerations

Variable Remunerations

	Lump Sum	Attendance Remuneration	Total Committee Attendance Remuneration	In-Kind Benefits	Technical, Administrative, and Consulting Work Remuneration	Remuneration of the Chairman, Managing Director, or Secretary if he is a member	Subtotal	Percentage of Profits	Periodic Bonuses	Short-Term Incentive Plan	Long-Term Incentive Plan	Shares granted (including value)	Subtotal	End of Service Benefit	Grand Total	Expense Allowance
First: Independent Members																
1	Majed Nasser Alsubeaei	0	15,000	12,000	0	0	27,000	0	200,000	0	0	0	200,000	0	227,000	0
2	Sulaiman Nasser AlHatlan	0	18,000	18,000	0	0	36,000	0	200,000	0	0	0	200,000	0	236,000	0
3	Abdul-Ilah Abdulrahman AlHussein	0	18,000	15,000	0	0	33,000	0	200,000	0	0	0	200,000	0	233,000	0
4	Nayef Ibrahim AlHudaithi	0	18,000	24,000	0	0	42,000	0	200,000	0	0	0	200,000	0	242,000	0
5	Abdulrahman Ayed AlQahtani	0	15,000	0	0	0	15,000	0	200,000	0	0	0	200,000	0	215,000	25,000
Total		0	84,000	69,000	0	0	153,000	0	1,000,000	0	0	0	1,000,000	0	1,153,000	25,000
Second: Non-Executive Members																
6	His Highness Prince Faisal bin Abdulaziz bin Ayyaf, PhD	0	15,000	0	0	0	15,000	0	400,000	0	0	0	400,000	0	415,000	0
7	Fahad Abdullah AlKassim	0	18,000	12,000	0	0	30,000	0	200,000	0	0	0	200,000	0	230,000	0
8	Abdullah Mohammed AlBahouth	0	15,000	27,000	0	0	42,000	0	200,000	0	0	0	200,000	0	242,000	0
Total		0	48,000	39,000	0	0	87,000	0	800,000	0	0	0	800,000	0	887,000	0

Committee Members Remuneration:

Member Name	Fixed Remunerations (Excluding meeting attendance)	Meeting Attendance	Total
Audit Committee Members			
1 Sulaiman Nasser AlHatlan	150,000	18,000	168,000
2 Saleh Moqbel AlKhalaf	150,000	18,000	168,000
3 Ahmed Abdullah AlKanha	150,000	18,000	168,000
4 Nayef Ibrahim AlHudaithi	150,000	15,000	165,000
Total	600,000	69,000	669,000
Nominations and Remuneration Committee Members			
1 Abdul-Ilah Abdulrahman AlHussein	150,000	15,000	165,000
2 Abdullah Mohammed AlBahouth	150,000	15,000	165,000
3 Dr. Fahad Mousa AlZahrani	150,000	15,000	165,000
Total	450,000	45,000	495,000
Executive Committee Members			
1 Majed Nasser Alsubeaei	150,000	12,000	162,000
2 Fahad Abdullah AlKassim	150,000	12,000	162,000
3 Abdullah Mohammed AlBahouth	108,000	12,000	120,000
4 Nayef Ibrahim AlHudaithi	108,000	9,000	117,000
Total	516,000	45,000	561,000

06. Annual Audit of Internal Control Procedures Outcomes

The external auditor, as part of their review of the company's complete financial statements, evaluates the internal control system, including the accounting system, from both theoretical and practical aspects, and provides the company with a report that outlines any weaknesses in the system, if any, as well as methods of addressing them. They are also provided with internal audit reports for the auditing period. Under the supervision of the Audit Committee, the company's internal audit department carries out continuous financial, operational, and technical audits to verify the effectiveness and efficiency of internal control systems in protecting the company's assets, evaluating business risks, and measuring performance quality. The internal audit department submits its quarterly periodic reports to the Audit Committee, including the company's internal control evaluation results.

The annual Audit Committee report has confirmed the effectiveness and quality of the company's internal control procedures and did not detect any fundamental weaknesses in the company's internal control system during 2024.

Board of Director's Declarations

The account records are prepared in an appropriate and proper manner.

The internal control system was prepared on sound principles and implemented in an effective manner.

There is no doubt regarding the issuer's ability to carry out the audit.

Disclosure and Transparency Policy

ARDCO follows a strict policy of disclosure and transparency in order to ensure that all essential topics, including the company's financial position and performance, are disclosed accurately and in a timely manner. Our disclosure and transparency policy is also considered one of our most important principles of governance. Accordingly, we acknowledge the following:

- ◆ The company does not have any loans.
- ◆ There is no penalty, precautionary measure, or precautionary restriction imposed on the company by the Authority or any supervisory, regulatory, or judicial body.
- ◆ The company confirms that none of the members of the Board of Directors have neither taken any loan, nor has the company offered or guaranteed any member of the Board of Directors a loan or commitment of any kind.
- ◆ The company does not have any information regarding arrangements or agreements under which any member of the Board of Directors or any of the senior executives has waived any salary or compensation.
- ◆ There are no contracts with parties related to members of the Board of Directors, the CEO, his assistants, the CFO, or any of their relatives.
- ◆ The company does not have any information about arrangements or agreements under which any of the company's shareholders waived their rights to profits.
- ◆ There are no investments or other reserves created for the benefit of any of the company's employees.
- ◆ The company has not reported any interest in a class of voting shares nor any change in those rights during the most recent fiscal year.
- ◆ The company does not have debt instruments convertible into shares, nor any option rights, subscription rights notes or similar rights.
- ◆ The company has not issued any conversion or subscription rights under debt instruments convertible into shares, option rights, subscription rights memorandums, or similar rights.
- ◆ The company does not have any redemption, purchase or cancellation of any redeemable debt instruments.
- ◆ During its meeting on 25/02/2025, the Board of Directors recommended to the General Assembly the disbursement of 58,482,704.50 SAR to the company's shareholders at (25 Halala) per share, as dividends for the second half of 2024.

Transactions with Relevant Parties

Establishment/ Company	Type of Transaction	Date	Transaction (SAR)	Related Parties
Riyadh Holding	Establishing a special purpose company (limited liability) between ARDCO, Riyadh Holding Company, and the Saudi Real Estate Company to develop educational facilities, in collaboration with the Misk Foundation. This development will occur on lands the partners own, proportionate to their ownership percentage in Telal AlRiyadh. Specifically, Riyadh Development Company will hold a 50% share of the land's value while Riyadh Holding Company will have a 25% share.	During the 2024 fiscal year	Estimated at 51 Mn SAR	<ul style="list-style-type: none"> • Prince Faisal bin Abdulaziz bin Ayyaf, PhD as Chairman of the Board of both ARDCO and Riyadh Holding • Fahad Abdullah AlKassim as ARDCO Board Member and Riyadh Holding Executive Committee Member • Abdullah Mohammed AlBahouth as ARDCO Board Member and General Organization for Social Insurance (GOSI) Representative.
Riyadh Holding	Establishing a simplified joint stock company between ARDCO and Riyadh Holding Company, to develop AlDirah area, so that ARDCO's share will be an in-kind share, which is the AlTameer Wholesale Center in the new entity at book value, amounting to 46.34%.	During the 2024 fiscal year	Estimated at 693 Mn SAR	<ul style="list-style-type: none"> • Prince Faisal bin Abdulaziz bin Ayyaf, PhD as Chairman of the Board of both ARDCO and Riyadh Holding • Fahad Abdullah AlKassim as ARDCO Board Member and Riyadh Holding Executive Committee Member • Abdullah Mohammed AlBahouth as ARDCO Board Member and General Organization for Social Insurance (GOSI) Representative. GOSI is one of the owners of Riyadh Holding.
Sports Boulevard Company for Real Estate Development and Investment	ARDCO signed an agreement to establish a real estate investment fund in partnership with Sports Boulevard Development Co. and Turkey's FTG Development, which will be managed by Jadwa Investment Co. The ARDCO-FTG alliance will serve as the real estate developer for a mixed-use towers project in URBAN WADI, one of the destinations within the Sports Boulevard project in Riyadh, with a total project value exceeding 3.5 Bn SAR.	During the 2024 fiscal year	Exceeding 3.5 Bn SAR	<ul style="list-style-type: none"> • Prince Faisal bin Abdulaziz bin Ayyaf, PhD as Chairman of the Board of ARDCO and Board Member of Sports Boulevard Development Co, where Sports Boulevard Company for Real Estate Development and Investment is an affiliate of Sports Boulevard Development Co.

General Assemblies

Name	Attendance Record	
	Ordinary General Assembly Meeting 30/04/2024 (held remotely)	Ordinary General Assembly Meeting 15/08/2024 (held remotely)
1 Prince Faisal bin Abdulaziz bin Ayyaf, PhD	Apologized for Not Attending	Apologized for Not Attending
2 Majed Nasser Alsubeaei	Present	Present
3 Fahad Abdullah AlKassim	Present	Present
4 Abdullah Mohammed AlBahouth	Present	Present
5 Sulaiman Nasser AlHatlan	Present	Present
6 Abdul-Ilah Abdulrahman AlHussein	Present	Present
7 Nayef Ibrahim AlHudaithi	Present	Present
8 Abdulrahman Ayed AlQahtani	Present	Present

Dividends Distribution

Percentage	Percentages of Profits Distributed During the Year			Total Profits
	H2 2023 Profits	H1 2024 Profits	Proposed Percentage of Profits Distributed at the End of the Year	
Percentage	5%	2.5%	52%	10%
Total	88,888,888.50 SAR	44,444,444.25 SAR	58,482,704.50 SAR	191,816,037 SAR

Shareholders Register Requests and Dates

Total of 7 Shareholder Register Requests by the Company	
Reason	Date
Procedures	20/10/2024
Earnings File	04/09/2024
General Assembly	15/08/2024
Other	08/08/2024
Earnings File	28/04/2024
General Assembly	23/04/2024
Other	11/01/2024

ARDCO's Potential Risks

The list of risks described below is not comprehensive. Additional unknown risks that may hinder our operations or risks that we may consider immaterial may exist.

01. Volatility in Company Operations and Reliance on Public Good Services Projects

ARDCO's business is based on two main lines: (1) public good services projects, (2) real estate development projects, and commercial centers. The future income of these projects may be affected by the extent of their demand, which may negatively impact our operating results and financial condition. Our activity in public good services projects may also be affected by any change in seasonal demand witnessed in Riyadh, in particular, and the Kingdom as a whole. However, we have turned to projects that provide various services and goods in transportation, cars, vegetables, fruits, meat, and commercial centers, and their growth correlates directly with Riyadh's population growth.

02. Revenue Collection

ARDCO's revenues from its centers and markets are collected via checks, bank deposits, and cash, with cash being the most prevalent. However, we have addressed these risks by preparing accurate documentation cycles, digitizing and automating our systems, monitoring, and follow-up to reduce such risks.

03. Credit Risk

Credit risk represents the inability of one party to fulfill its obligations, resulting in the other party incurring financial losses. ARDCO constantly seeks to reduce credit risks by periodically following up on any outstanding receivables from other parties.

04. Liquidity Risk

Liquidity risk is defined as the risk of an entity being unable to secure the liquidity necessary to meet obligations related to financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly and at a value close to its fair value. ARDCO manages liquidity risks by ensuring that the necessary financing is available to the company whenever needed.

05. Saudization

We do not view any risk regarding Saudization at ARDCO as the company is classified as platinum according to the Ministry of Labor's Nitaqat system. However, there is no guarantee that we will be able to maintain the current Saudization rate. It is pertinent to note, however, that we have accurate, modern and documented systems, regulations and procedures for all practical tasks, in addition to adopting a policy that seeks to employ Saudis and keep the rate of Saudization high within the company.

06. Obstruction of the Company's Business

ARDCO relies on the high-quality infrastructure of our assets, which has contributed to increasing our customers' confidence in us. We have taken the necessary actions to protect our properties from natural disasters or terrorist incidents by applying the highest levels of safety and security through regular maintenance and security protection. However, such measures cannot be any guarantee against any hindering or obstruction of our business operations, whether directly or indirectly.

07. Fair Value

This represents the fair value at which an asset is exchanged or a liability is settled between willing parties under fair negotiating terms. Since the company's financial statements are prepared according to the historical cost principle, there may be differences between the book value and the estimated fair value. The fair value of our financial assets and liabilities is not significantly different from their carrying value.

08. Currency Risk

Currency risk is the risk of change in the value of financial instruments due to changes in foreign currency exchange rates. Our major transactions are made in Saudi riyals; we believe that currency risk is insignificant.

More risky  Less risky

Dividend Distribution Policy

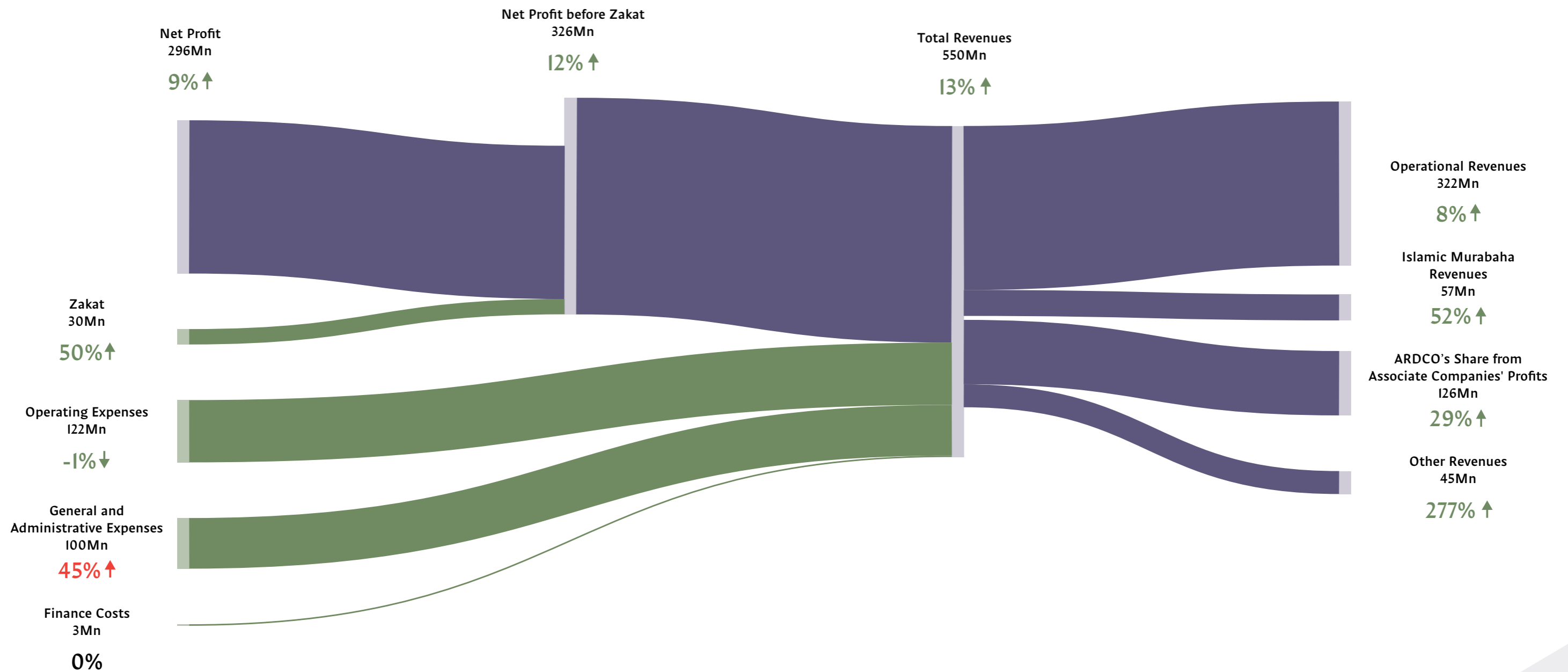
Establishing Sustainable Financial Stability

As a consistent general policy, the Board of Directors recommends distributing profits at the end of each fiscal year, as outlined in Article No. (40) of the company's Articles of Association, as follows:

1. Annual or interim dividends may be distributed to shareholders from the distributable profits, in accordance with regulations set by relevant authorities.
2. The Board of Directors recommends to the General Assembly the allocation of a specific percentage of profits, in accordance with regulations set by relevant authorities.
3. The Ordinary General Assembly (based on the recommendation of the Board of Directors) may allocate a percentage of the net earnings to create reserves, to the extent that serves the interests of the company or facilitates the distribution of fixed profits to shareholders. The Assembly may also allocate amounts from the net profits for social initiatives benefiting the company's employees.
4. The Ordinary General Assembly may (based on the recommendation of the Board of Directors) decide to distribute these reserves, or any previously designated reserves, including any reserves set aside in accordance with any regulatory requirements prior to the adoption of these bylaws, for the benefit of the company or its shareholders.



Summary of Financial Results for 2024 (Mn SAR)



This report includes some financial metrics that are not considered part of the International Financial Reporting Standards. ARDCO presents these metrics to add context.



06 Financial Statements



Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Arriyadh Development Company – A Saudi Joint Stock Company (the “Company”), which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

Key Audit Matters (Continued)

Key Audit Matter

Revenue

The Company's revenue primarily consists of leasing and operating revenue, totaling SR 321,5 million for the year ended 31 December 2024.

We considered this as a key audit matter, as there are inherent risks about the accuracy of the recorded revenue due to the impact of the details of the contracts on the revenue recognition process, which may affect its recoding at a higher or lower value than its actual value, in addition to the materiality of the amounts related to revenues.

Please Refer to note (3) for material accounting policy information related to revenue recognition.

How our audit addressed the key audit matter

Our audit procedures included, among others, the following:

- Assessed the Company's revenue recognition policies for compliance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.
- Tested the effectiveness of the design and implementation of key controls over the revenue recognition process.
- Performed analytical procedures by comparing revenue expectations with actual results and analyzed variances.
- Tested a sample of customer invoices and contracts to verify the revenue recording process.
- Recalculated a sample of lease income for a sample of contracts to verify the accuracy of the recording.
- Assessed the adequacy of the relevant disclosures in the financial statements.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Impairment on investment properties</p> <p>As at 31 December 2024, investment properties amounted to SR 813.6 million, representing 28% of the Company's total assets, which are presented at cost, net of accumulated depreciation and impairment, if any.</p> <p>For the purposes of impairment assessment testing and the disclosure of the fair value in the Company's financial statements, investment properties are valued by an accredited independent external valuer expert ("the Valuer") who performs the valuation using generally accepted valuation approaches and methodology, based on assumptions and estimates related to several factors affecting the fair value of the investment properties.</p> <p>We considered this as a key audit matter as impairment assessment testing of the investment properties requires significant judgments by management and also involves key estimates, in addition to the materiality of the amounts involved.</p> <p>Please refer to note (3) for material accounting policy information related to investment properties and note (5) for details of investment properties and their fair values.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> Assessed the Valuer's objectivity, independence and experience. Compared the fair value of investment properties at year end with the amounts included in the valuation report provided by the Valuer. Assessed the valuation approaches and methodology used by the Valuer. Assessed, on a sample basis, the real estate valuations carried out by the valuer, with the help of our specialists, to assist us in evaluating the reasonableness of the key assumptions used to determine the fair values of the investment properties. Checked the title deeds of the investment properties. Assessed the adequacy of the relevant disclosures in the financial statements.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
<p>Classification of investment in associates</p> <p>The investments in associates amounted to SR 756 million as at 31 December 2024. The Company's shares of the year's results amounted to SR 125.8 million.</p> <p>The Company classified the investments as investments in associates in the financial statements using the equity method due to the lack of control and the existence of significant influence on the investees.</p> <p>We considered this as a key audit matter as the process of assessing the existence of control or significant influence is subject to professional judgment by management, in addition to the materiality of the amounts involved.</p> <p>Please refer to Note (3) for material accounting policy information relating to the investments in associate and note (9) for details of investments in associates.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> Looked into the legal documents and agreements related to associates. Discussed management regarding the management of the operations and management structure of the associates, direction of the related activities under contractual arrangements and checking the relevant minutes. Assessed the factors related to the contractual arrangements adopted by the Company to conclude that there was no control, and there was significant influence. Assessed the adequacy of the relevant disclosures in the financial statements.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

Other information included in the Company's 2024 Annual Report

Other information consists of the information included in the Company's 2024 annual report, other than the financial statements and our auditor's report thereon. The management is responsible for the other information in its annual report. The Company's 2024 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies and the Company's By-laws, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Audit Committee, are responsible for overseeing the Company's financial reporting process.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

Other information included in the Company's 2024 Annual Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit, in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ARRIYADH DEVELOPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Fahad M. Al-Toaimi
Certified Public accountant
License No. (354)

Riyadh: 26 Sha'ban 1446H
(25 February 2025)

	Notes	31 December 2024	31 December 2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	18,695,462	12,524,996
Investment properties	5	813,676,420	1,490,786,762
Investment properties under development	6	1,501,380	19,888,240
Right of use Assets	7	50,323,255	45,113,224
Investments designated at FVOCI	8	-	986,929
Investment in associates	9	756,399,865	237,264,477
Advance payment for subscription to a real estate fund	10	182,481,748	-
Murabaha investment deposits – long term	13	630,000,000	600,000,000
TOTAL NON-CURRENT ASSETS		2,453,078,130	2,406,564,628
CURRENT ASSETS			
Accounts receivable, prepayments and other receivables	11	46,760,117	68,314,757
Due from related parties	12	46,299,775	-
Murabaha investment deposits – short term	13	300,000,000	270,000,000
Cash at banks		40,915,578	44,981,796
		433,975,470	383,296,553
Assets held for sale	14	22,475,649	2,247,695
TOTAL CURRENT ASSETS		456,451,119	385,544,248
TOTAL ASSETS		2,909,529,249	2,792,108,876
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	15	1,777,777,770	1,777,777,770
Statutory reserve	16	184,701,083	155,081,438
Retained earnings		581,365,746	450,786,058
Revaluation reserve of investments designated at FVOCI	8	-	(2,813,070)
TOTAL SHAREHOLDERS' EQUITY		2,543,844,599	2,380,832,196
NON-CURRENT LIABILITIES			
Lease liabilities	7	46,390,001	42,077,256
Employee's defined benefit obligations	17	13,754,456	12,404,275
TOTAL NON-CURRENT LIABILITIES		60,144,457	54,481,531
CURRENT LIABILITIES			
Accounts payable, accrued expenses and other payables	18	172,189,001	249,654,208
Due to related parties	12	12,535,173	-
Lease liabilities - current portion	7	7,794,706	6,009,280
Dividends payable	19	76,387,682	74,251,232
Zakat provision	20	36,633,631	26,880,429

TOTAL CURRENT LIABILITIES	305,540,193	356,795,149
TOTAL LIABILITIES	365,684,650	411,276,680
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,909,529,249	2,792,108,876

	Notes	2024	2023
Revenue	21	321,517,468	339,185,405
Costs of revenue	22	(121,563,544)	(122,974,851)
Gross profit		199,953,924	216,210,554
General and administrative expenses	23	(99,741,339)	(69,102,952)
Profit for the year from main operations		100,212,585	147,107,602
Finance costs on lease liabilities	7	(2,514,633)	(2,707,289)
Murabaha Investment deposits' income	13	57,459,747	37,922,988
Company's share of profit of associates	9	125,859,069	97,498,489
Gains from disposal of investment properties	5	17,187,949	-
Other income	24	28,195,162	12,037,981
Net profit for the year before Zakat		326,399,879	291,859,771
Zakat	20	(30,203,434)	(20,320,238)
NET PROFIT FOR THE YEAR		296,196,445	271,539,533
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified subsequently to the statement of profit or loss			
Actuarial gains of employees' benefit obligations	17	149,291	544,946
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		149,291	544,946
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		296,345,736	272,084,479
EARNINGS PER SHARE			
Basic and diluted earnings per share from net profit for the year	32	1.67	1.53

	Share capital	Statutory reserve	Retained earnings	Revaluation reserve of investments designated at FVOCI	Total shareholders' equity
Balance as at 1 January 2023	1,777,777,770	127,927,485	294,744,421	(2,813,070)	2,197,636,606
Net profit for the year	-	-	271,539,533	-	271,539,533
Other comprehensive income for the year	-	-	544,946	-	544,946
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	272,084,479	-	272,084,479
Transferred to statutory reserve	-	27,153,953	(27,153,953)	-	-
Dividends	-	-	(88,888,889)	-	(88,888,889)
Balance as at 31 December 2023	1,777,777,770	155,081,438	450,786,058	(2,813,070)	2,380,832,196
Balance as at 1 January 2024	1,777,777,770	155,081,438	450,786,058	(2,813,070)	2,380,832,196
Net profit for the year	-	-	296,196,445	-	296,196,445
Other comprehensive income for the year	-	-	149,291	-	149,291
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	296,345,736	-	296,345,736
Transferred to statutory reserve	-	29,619,645	(29,619,645)	-	-
Transferred from the revaluation reserve of investments designated at FVOCI to retained earnings (note 8)	-	-	(2,813,070)	2,813,070	-
Dividends (note 30)	-	-	(133,333,333)	-	(133,333,333)
Balance as at 31 December 2024	1,777,777,770	184,701,083	581,365,746	-	2,543,844,599

	Notes	2024	2023
OPERATING ACTIVITIES:			
Net profit for the year		296,196,445	271,539,533
Adjustments:			
Depreciation of property, plant, equipment, investment properties and right of use assets		44,495,407	42,852,694
Finance costs on lease liabilities	7	2,514,633	2,707,289
Settlement of a provision for prior years for Al-Shorouk land contribution	24	(26,771,963)	-
Murabaha Investment deposits' income	13	(57,459,747)	(484,526)
Company's share of profit of associates	9	(125,859,069)	(97,498,489)
Gains from disposal of investment properties	5	(17,187,949)	(37,882,788)
Provided for expected credit loss allowance	11	7,908,539	8,504,112
Provided for employees' defined benefits obligations	17	3,479,775	4,245,315
Settlement of a provision previously provided for prior year for investments designated at FVOCI	8	(13,753)	-
Provided for Zakat	20	30,203,434	20,320,238
		157,505,752	214,303,378
Changes in working capital:			
Accounts receivable, prepayments and other receivables		15,737,295	21,184,244
Accounts payable, accrued expenses and other payables		(50,647,825)	6,737,480
Net change in related parties' balances		(33,764,602)	-
Paid from employees' defined benefit obligations plan	17	(1,980,303)	(1,955,999)
Paid from Zakat provision	20	(20,392,176)	(14,473,751)
Net cash flows from operating activities		66,458,141	225,795,352
INVESTING ACTIVITIES			
Advance payment for subscription to a real estate fund	10	(182,481,748)	-
(Additions to) / proceeds from Murabaha investment deposits	13	(274,689,503)	45,000,000
Dividends received from associates	9	348,287,600	91,581,600
Purchase of shares in associates	9	(513,400)	-
Proceeds from liquidation of investments designated at FVOCI	8	986,929	-
Purchase of investment properties		-	(3,649,080)
Additions to investment properties under development	6	(83,362,838)	(19,021,110)
Purchase of property, plant and equipment	4	(11,354,516)	(5,884,698)
Proceeds from the sale of investment properties	21	-	41,359,395
Net cash flows (used in)/from investing activities		(203,127,476)	149,386,107
FINANCING ACTIVITIES			
Payment of lease liabilities	7	(6,200,000)	(6,200,000)
Dividends	30	(131,196,883)	(88,555,173)

		(137,396,883)	(94,755,173)
Net cashflows used in financing activities		(137,396,883)	(94,755,173)
Net (decrease) / increase in cash and cash equivalents		(274,066,218)	280,426,286
Cash and cash equivalents at the beginning of the year	25	314,981,796	34,555,510
Cash and cash equivalents at the end of the year	25	40,915,578	314,981,796
NON-CASH TRANSACTIONS			
Transferred from investment properties, property, plant, equipment, and investments properties under development to investments in associates		(725,308,121)	952,370
Transferred from investment properties to assets held for sale		(20,227,954)	-
Additions to associates		741,050,519	-
Additions to right of use assets		9,783,538	-
Dividends payable		2,136,450	333,715

I. COMPANY INFORMATION

Riyadh Development Company (ARDCO) (a Saudi joint stock company) (hereinafter referred to as the “Company”) was established by Royal Decree No. M/2 dated 9 Safar 1414H (corresponding to 28 July 1993). The Company is registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010124500 issued in the city of Riyadh on 29 Dhu Al-Qi`dah 1414H (corresponding to 10 May 1994). The Company is listed on the Saudi Stock Exchange (Saudi Tadawul). The Company's head office is located in Riyadh, King Fahd Road, Al-Dirah District, P. O. Box 94542, Riyadh 11614, Kingdom of Saudi Arabia.

The principal activities of the Company are the purchase and sale of lands and real estate, its division, off-plan sales activities, management and leasing of owned or leased out residential and non-residential properties, in addition to real estate development of residential and commercial buildings using modern construction methods, as well as the wholesale and retail sale of new and used private cars, including ambulances, minibuses and four-wheel drive vehicles.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis of preparation

The financial statements have been prepared on the historical cost convention, except for the investments in equity instruments at fair value, and the recognition of employees' benefit obligations at the present value of future liabilities using the expected credit unit method. The financial statements are presented in Saudi Riyals (“SR”), which is the Company's functional currency. All amounts have been rounded to the nearest Saudi Riyal, unless otherwise indicated.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information adopted by the Company in preparing its financial statements are applied consistently as follows:

classification of assets and liabilities to “current” and “non-current”

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- ◆ Expected to be realized or intended to be sold or consumed in the normal operating cycle
- ◆ Expected to be realized within twelve months after the reporting period, or
- ◆ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- ◆ Expected to be settled in the normal operating cycle;
- ◆ Due to be settled within twelve months after the reporting period, or
- ◆ There is no unconditional right to defer the settlement of the liabilities for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash at banks and other short-term highly liquid investments, if any, with maturities of less than three months from the acquisition date.

Assets held for sale

Assets held for sale are recognized and measured in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations.

An asset is classified as held for sale if it meets the criteria specified in the standard, indicating that it is expected to be sold within one year from the financial statement's date.

Assets held for sale are recognized at the lower of their carrying amount and fair value less costs to sell at the date of classification as held for sale. The carrying amount of the asset is not depreciated or amortized once it is classified as held for sale.

Measurement

- ◆ Carrying amount: The carrying amount of assets held for sale is determined based on their historical cost less any accumulated depreciation and impairment losses, adjusted for any revaluation surplus or deficit, where applicable.
- ◆ Fair value less costs to sell: Fair value less costs to sell is determined based on the estimated selling price in an arm's length transaction between knowledgeable, willing parties, less the estimated costs to sell.

Assets held for sale are presented separately in the financial statements under current assets, with separate disclosure of the nature and size of significant assets held for sale.

Significant judgements and assumptions applied in determining assets held for sale, as well as the nature and volume of assets classified as held for sale, are disclosed in the notes to the financial statements.

Fair value measurement

The Company measures financial instruments such as investments in equity instruments at FVOCI, and investments at FVTPL at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ◆ In the principal market for the asset or liability, or
- ◆ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of non-financial assets considers the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to other market participants that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ◆ Level 1: Quoted (unadjusted) prices in an active market for identical assets or liabilities.
- ◆ Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- ◆ Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Investment properties

Investment properties include lands, buildings held by the Company for rental or capital development, or both. Investment properties are initially measured at cost. The fair value is determined on the basis of an annual valuation by an independent external valuer with recognized professional qualifications for the purpose of disclosure in the financial statements.

Investment properties are stated at cost less accumulated depreciation, if any. Such cost includes the cost of replacing part of the investment properties. When significant parts of investment properties are required to be replaced at intervals, the Company depreciates them separately based on their useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the investment properties as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria related to recognized provision are satisfied.

The depreciation of buildings according to the straight-line method is calculated on the basis of their useful life by adopting the following annual ratios:

- ◆ Buildings 1.6% – 7%

Investment lands include lands wholly owned by the Company (except as mentioned in Note 5) that are carried at cost plus development expenses.

An item of investment properties and any significant part is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss for the year when the asset is derecognized. The residual values, useful lives and methods of depreciation of investment properties are reviewed at each financial period end and adjusted prospectively, if appropriate.

Investment properties under development

Investment properties under development are recognized at cost and are not depreciated. Investment properties under development are represented by the amount incurred on the establishment or purchase of investment properties under development. Upon the completion and as appropriate, it is transferred to investment properties. Investment properties under development are stated at cost and any impairment is reviewed annually (if any).

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Such cost includes the cost of replacing part of the property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria related to recognized provision are satisfied.

Depreciation is calculated on a straight-line basis over the expected useful life of the assets as follows:

- ◆ Plant and equipment 4 years
- ◆ Furniture and Decoration 4 years
- ◆ Motor vehicles 4 years

The useful life and depreciation method are periodically reviewed to ensure that the depreciation method and period are consistent with the expected economic benefits of property, plant and equipment.

Projects in Progress

Projects in progress are recognized and are not depreciated. Depreciation of projects in progress begins when the assets are ready for their intended use and have been transferred to property, plant and equipment.

Leases

The Company assesses whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Company recognizes right of use assets and lease liabilities, except for the short-term leases and leases of low value assets as follows:

The Company as A Lessee

At the inception of the contract, the Company determines whether the contract is a lease or involves a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right of use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of commercial buildings, accommodations and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, accommodations and offices that are considered of low value (i.e., less than SR 20,000). Lease payments on short-term leases and leases of low value assets are recognized as an expense on a straight-line basis over the lease term.

The Company as a lessor

Leases that do not transfer significant risk and benefits associated with asset ownership as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred during the negotiation and arrangement of an operating lease are added to the carrying amount of the leased asset and are recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those

policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Company's investments in an associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date.

The statement of profit or loss reflects the Company's share of the operations result of the associate. Any change in OCI of those investees is presented as a part of the Company's statement of comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's share in the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those adopted by the Company.

After applying the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in an associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss in 'Company's share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds disposal is recognized in the statement of profit or loss.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

First: Financial Assets

The Company's financial assets include cash at banks, trade receivables and other receivables, investment in associates, investments at amortized cost, and amounts due from related parties.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model.

The Company classifies its financial assets within the following categories:

Classification

- ◆ Financial assets at amortized cost.
- ◆ Financial assets at fair value through other comprehensive income ("FVTOCI").
- ◆ Financial assets at fair value through profit or loss ("FVTPL").

Trade receivables are initially recognized when originated. Trade receivables that do not contain a significant financing component or for which the Company uses the practical expedient are measured at the transaction price determined under IFRS 15. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument at fair value plus or minus, in the case of financial assets not at fair value through profit or loss, transaction costs.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, an entity may make an irrevocable election on initial recognition of certain investments in equity instruments that they will be measured at fair value unless otherwise made through profit or loss to present subsequent changes in fair value in other comprehensive income.

The Company reclassifies financial assets only when its business model for managing those financial assets changes.

Initial Measurement

Except for trade receivables, at initial recognition, an entity shall measure a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Trade receivables that do not contain a significant financing component or for which the Company uses the practical expedient are measured at the transaction price determined under IFRS 15.

Subsequent Measurement

Financial Assets at Amortized Cost

The Company measures financial assets at amortized cost whether the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Interest received is included in finance income in profit or loss in the statement of profit or loss and other comprehensive income. Gains and losses are recognized in profit or loss in the statement of profit or loss and other comprehensive income when the asset is derecognized, modified or impaired.

Financial assets designated at fair value through OCI ("FVOCI") (equity instruments)

Upon initial recognition, the Company can classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains or losses from these financial assets are never recycled to profit or loss in the statement of profit or loss and other comprehensive income. Dividends are recognized as other income in profit or loss in the statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's statement of financial position) when:

- ◆ The rights to receive cash flows from the asset have expired; or
 - ◆ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- a) The Company has transferred substantially all the risks and rewards of the asset, or
 - b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment

The Company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

For trade receivables only, the Company recognizes expected credit losses for trade receivables based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable. The Company has made a provision based on the experience of historical credit losses, adjusted to future factors related to debtors and the economic environment.

Evidence that financial assets are impaired may include indications that a debtor (or a group of debtors) is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Expected credit losses are initially measured at the difference between the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due cases, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost. The Company measures expected credit losses by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Second: Financial Liabilities

The Company's financial liabilities include lease liabilities, trade payables, accruals and amounts due to related parties.

Classification

The entity must classify all financial liabilities as being measured –subsequently– at amortized cost, except for the following:

- a) Financial liabilities at fair value through profit or loss, and all such liabilities should be subsequently measured at fair value.
- b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Initial measurement

Upon initial recognition, an entity shall measure a financial liability at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Subsequent measurement

After initial recognition, all financial liabilities are measured at amortized cost.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the profit or loss in the statement of profit or loss and other comprehensive income.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis to realize the assets and settle the liabilities simultaneously.

Zakat and Tax

Zakat is provided by the Company in accordance with the Regulations of Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia, and the provision is charged to the statement of profit or loss and other comprehensive income. Differences, if any, resulting from the final assessments are adjusted in the period of their finalization.

The Company is a VAT payer in accordance with the Saudi tax law. It is also responsible for collecting VAT outputs from customers for qualified services provided and to pay VAT inputs to its suppliers against eligible payments. On a monthly basis, net VAT remittances are made to the ZATCA representing VAT collected from its customers, net of any recoverable VAT on payments. Unrecoverable VAT is incurred by the Company and is either expensed or in the case of property, plant, equipment, and intangibles payments, is capitalized and either depreciated or amortized as part of the capital cost.

The Company withholds taxes on certain transactions with non-resident counterparties in the Kingdom of Saudi Arabia as required under ZATCA regulations.

Employees' defined benefits obligations

The obligations recognized in the statement of financial position in respect of the employees' defined benefits obligations, is the present value of the employees' defined benefits obligations at the end of the reporting period. The employees' defined benefits obligations are calculated annually by independent actuaries using the projected unit credit method

The net finance cost is calculated by applying the discount rate to the net balance of the employees' defined benefits obligations. This cost is included in employee benefit expenses in the statement of profit or loss and other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in the statement of profit or loss and other comprehensive income. They are included in retained earnings in the statement of changes in shareholders' equity and in the statement of financial position.

Changes in the present value of the employees' end of service benefits obligations resulting from plan amendments or curtailments are recognized immediately in the statement of profit or loss and other comprehensive income as past service costs.

Revenue

Revenue is measured based on the amount specified in a contract with a customer and excludes the amount collected on behalf of third parties.

The Company recognizes revenue when it transfers control over a product or service to the customer. The application of the principles in IFRS 15 is carried out in five steps:

- Step (1) : Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and the Company criteria for every contract that must be met.
- Step (2): Identify the performance obligations in the contract: A performance obligation is a promise in contract with a customer to transfer goods or render a service to a customer.
- Step (3): Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties.
- Step (4): Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
- Step (5): Recognize revenue when the Company satisfies a performance obligation.

The Company's revenues are as follows:

a) Revenue from selling investment properties

Revenue from the sale of investment lands held for sale (developed or undeveloped) are recognized at a certain point in time when implementing and completing the sale process and transferring significant ownership risks and concessions to the buyer, as well as the revenue resulting from the sale of land contributions (under development) are recognized upon entering into the sale contract and the issuance of a contribution certificate to the new owner.

b) Operating revenue

The revenue resulting from the operation of the investment properties are recognized when contracting or when providing the service, and the revenue is calculated for the period related to the reporting period on a straight-line basis or by operating period. Other revenue is recognized when realized.

c) Rental revenue

The Company is the lessor in operating leases. Rental income arising from operating leases on investment property is recognized on a straight-line basis over the lease terms and is included under revenue in the statement of profit or loss and other comprehensive income due to its operating nature, except for contingent rental revenue which is recognized when it arises. Initial direct costs incurred in negotiating and entering into an operating lease is recognized as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the management are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for damages are recognized in the statement of profit or loss and other comprehensive income when the right to receive them arises.

Costs of revenue

Revenue costs include amounts that are directly attributable to revenue generation such as: expenses related to the management and maintenance of properties, its depreciation and the cost of land sold.

General And Administrative Expenses

General and administrative expenses include direct and indirect costs not specifically part of direct costs of revenue, sales or marketing activities of the Company.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, they are probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-Zakat rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Segment information

A business segment is a set of assets and operations that together share the delivery of products or services subject to risks and returns that differ from those of other business sectors and that are measured according to reports used by the Chief Executive Officer and the Company's chief operating decision maker.

Earnings per share

Basic and diluted EPS is calculated using the weighted average number of outstanding shares as at end of the year.

Use of significant assumptions, estimates and judgments

The preparation of financial statements in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia requires the use of certain significant estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually

evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions regarding the future that, by definition, will rarely equal the relevant actual results.

Key estimates and assumptions are reviewed on an on-going basis. Revisions to estimates are recognized prospectively.

a) Significant assumptions and estimates

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ◆ In the principal market for the asset or liability; or
- ◆ In the absence of a principal market, in the most advantageous accessible market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of non-financial assets considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Allowance for expected credit losses of trade receivables

For accounts receivable, the Company applies a simplified approach in calculating ECLs. Accounts receivable have been grouped in accordance with common credit risk and past due dates. Expected loss rates were derived from historical information of the Company and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Note 11.

Impairment in non-financial assets

The Company assess the asset on the reporting date whether there is an indication that the asset has impaired. If any such indication exists, then the Company estimates the asset's recoverable amount. The asset's recoverable amount is the higher of an asset's fair value asset less costs to sell and value in use. In assessing value in use, the estimated future cash flows of the asset are discounted to their present value using a discount price that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in statement of profit and loss. If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the adjusted value of the recoverable amount, but only to the extent that the carrying amount is no more than the carrying amount that would have been determined in the absence of impairment loss of the asset's carrying amount in previous years. A reversal impairment loss is recognized immediately in statement of profit and loss.

Provision on Employee's end of service benefit

The cost of the employees' defined benefits obligations is determined using actuarial valuations. An actuarial valuation involves making various assumptions, which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complex nature of the valuation and underlying assumptions and their long-term nature, the defined benefit obligation is significantly affected by changes in these assumptions, and all assumptions are reviewed at each reporting date.

Useful lives and residual values of property, plant, equipment and investment properties

The useful life of each item of the Company's property, plant, equipment and investment properties is estimated based on the period during which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation, experience with similar assets and application of judgment as to when the assets become available for use and the commencement of the depreciation charge.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other restrictions on the use of the asset. Any change in the estimated useful life or depreciation pattern will be accounted for prospectively.

Leases - estimating the incremental borrowing Rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that a Company would have to pay to borrow, over a similar period and with similar security, the financing necessary to obtain assets of similar value to the right-of-use asset in the same economic conditions. The incremental borrowing rate thus reflects the amount a Company might have to pay which requires an estimation when no observable rates are available, or when they need to be modified to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Going concern

These financial statements have been prepared under the going concern basis. The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Zakat assessments

The provision for Zakat and withholding tax is determined by the Company in accordance with the requirements of Zakat, Tax, and Customs Authority ("ZATCA") and is subject to change based on the final assessments received from ZATCA. The Company recognizes liabilities related to expected Zakat and withholding tax based on management's best estimates of whether additional Zakat/taxes will be due. The final outcome of any additional amounts assessed by ZATCA depends on the final result of the appeal process, which the Company is entitled to pursue. If the final tax outcome differs from the amounts initially recorded, these differences may impact the statement of profit or loss and

other comprehensive income in the period in which the final determination is made.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, they are probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-Zakat rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

b) Significant judgments

Property lease classification – the Company as a lessor

The Company has entered into leases on its property portfolio. The Company has determined, based on evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risk and reward of ownership of these properties and accounts for the contracts as operating lease rentals.

Determining the lease term of contracts with renewal and termination options – company as lessee.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew lease or termination i. e. all relevant factors are taken into consideration creating an economic incentive to exercise renewal option or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

New Standards, Amendments and Interpretations

New and amended standards and interpretations

Below are the standards and amendments effective on or after 1 January 2024 (unless otherwise stated), with no material effect on the financial statements of the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendment to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the Board issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ◆ What is meant by a right to defer settlement.
- ◆ The right to defer settlement must exist at the end of the reporting period.
- ◆ That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- ◆ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- ◆ Disclosures

The new standard had no impact on the Company's financial statements.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure that the seller-lessee does not recognize any amount of gain or loss that relates to the right to use and retain it.

The new standard had no impact on the Company's financial statements.

Disclosure of Supplier Financing Arrangements - Amendments to IAS 7 and IFRS 7

The amendments establish disclosure requirements to enhance existing requirements, which are intended to assist users of financial statements in understanding the effects of supplier financing arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The new standard had no impact on the Company's financial statements.

New standards and amendments issued but not yet effective

New and amended standards and interpretations that are issued but not yet effective and have not been early adopted by the Company will be applied on their effective date if applicable. The application of these standards and interpretations is not expected to have any material impact on the Company on the date of their effective date.

Name of Standard and Interpretation	Effectiveness date
Amendment to IAS 21: Lack of exchangeability	1 January 2025
Amendments to IFRS 9 & IFRS 7: Classification and measurement of financial instruments	1 January 2026
Volume (II): Annual Improvements to IFRS	1 January 2026
Amendments to IFRS 9 and IFRS 7: Power Purchase Agreements	1 January 2026
IFRS 18: Presentation and disclosure in financial statements - IFRS 18 replaces IAS 1 Presentation of Financial Statements	1 January 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date was deferred indefinitely

4. PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment	Furniture and Decoration	Motor vehicles	Projects in progress	Total
Cost:		173,942			
At 1 January 2023	13,714,032	-	1,546,216	3,248,261	23,597,915
Additions	604,518	5,263,348	-	5,106,238	5,884,698
Transferred from projects in progress to property, plant and equipment	4,768,128	1,973,426	-	(4,768,128)	-
At 31 December 2023	19,086,678	-	1,546,216	3,586,371	29,482,613
Additions	1,169,005	(1,445,551)	419,760	7,792,325	11,354,516
Transferred to an associate company (note 5)	(3,183,693)	-	-	(300,000)	(3,483,693)
Disposals	-	5,791,223	-	-	(1,445,551)
Transferred from projects in progress to property, plant and equipment	7,583,342	-	-	(7,583,342)	-
At 31 December 2024	24,655,332		1,965,976	3,495,354	35,907,885
		4,626,200			
Depreciation:		181,560			
At 1 January 2023	8,730,952	4,807,760	1,081,316	-	14,438,468
Charge for the year	2,181,465	414,503	156,124	-	2,519,149
At 31 December 2023	10,912,417	-	1,237,440	-	16,957,617
Charge for the year	3,298,272	(1,441,328)	177,679	-	3,890,454
Transferred to an associate company (note 5)	(2,194,320)	3,780,935	-	-	(2,194,320)
Disposals	-	-	-	-	(1,441,328)
At 31 December 2024	12,016,369	2,010,288	1,415,119	-	17,212,423
		455,588			
Net Book Value:	12,638,963	2,010,288	550,857	3,495,354	18,695,462
At 31 December 2024	8,174,261	455,588	308,776	3,586,371	12,524,996
At 31 December 2023					

The depreciation of property, plant and equipment was charged as follows:

	31 December 2024	31 December 2023
Cost of Revenue (note 22)	2,824,106	1,715,926
General and administrative expenses (note 23)	1,066,348	803,223
	3,890,454	2,519,149

5. INVESTMENT PROPERTIES

	Lands	Lands on which buildings are constructed	Buildings	Total
Cost:				
1 January 2023	241,751,732	439,689,861	1,280,678,263	1,962,119,856
Additions	-	-	3,649,080	3,649,080
Transferred from projects in progress to investment properties	-	-	952,370	952,370
Transferred from lands to lands on which buildings are constructed	(102,834,953)	102,834,953	-	-
Transferred to assets held for sale	(2,247,695)	-	-	(2,247,695)
Disposals	(3,476,606)	-	(22,637,459)	(26,114,065)
31 December 2023	133,192,478	542,524,814	1,262,642,254	1,938,359,546
Transferred from projects in progress to investment properties	-	-	32,977,150	32,977,150
Transferred to associates (*)	-	(353,067,984)	(472,234,811)	(825,302,795)
Transferred to assets held for sale	(20,227,954)	-	-	(20,227,954)
31 December 2024	112,964,524	189,456,830	823,384,593	1,125,805,947
Depreciation:				
1 January 2023	-	-	434,367,419	434,367,419
Charge for the year	-	-	35,842,824	35,842,824
Disposals	-	-	(22,637,459)	(22,637,459)
31 December 2023	-	-	447,572,784	447,572,784
Charge for the year	-	-	36,031,446	36,031,446
Transferred to associates (*)	-	-	(171,474,703)	(171,474,703)
31 December 2024	-	-	312,129,527	312,129,527
Net book value:				
31 December 2024	112,964,524	189,456,830	511,255,066	813,676,420
31 December 2023	133,192,478	542,524,814	815,069,470	1,490,786,762

As set out in the material accounting policy information, investment properties are presented at cost less accumulated depreciation. The fair value of the investment properties amounted to SR 2,522,854,054 as at 31 December 2024 (31 December 2023: SR 3,318,701,013, includes the fair value of Ta'meer market properties), based on the valuations performed by a real estate valuer, Esnad and its Partner for Real Estate Appraisal, with license no. 1210000448 (independent valuer accredited by the Saudi Authority for Accredited Valuers).

(*) The Company entered into an agreement with Dira Development Company for Real Estate Development and Investment on 1 December 2024, for the transfer of Ta'meer market properties. Under the terms and conditions of this agreement, a land with a carrying amount at SR 353,067,984, buildings with a carrying amount at SR 300,760,108, investment properties under development with a carrying amount at SR 18,060,363, property, plant and equipment with a carrying value at SR 989,373, and property, plant and equipment in progress with a carrying amount at SR 300,000 (Note 4) were transferred to Dira Development Company for Real Estate Development and Investment in exchange for the issuance of shares amounting to SR 705,209,071, the necessary legal procedures for issuing the new shares are ongoing. The realized gains from the asset transfer amounted to SR 17,187,949, and the excluded gains were SR 14,843,264 (Note 9).

Investment properties include buildings constructed on land leased from the Riyadh Municipality (Atiqa Market) under a 23-year lease starting from 30 March 2011, which will be transferred to the Municipality at the end of the lease. The net book value at 31 December 2024 was SR 160 million (31 December 2023: SR 164.8 million).

The investment properties include lands totaling an amount of SR 28,872,546 not yet registered in the name of the Company as it was expropriated in favor of the Company under Royal Decree No. 4 / B / 2732 dated 8 Rabi Al Awal 1412H. However, the previous owners of the lands have not submitted their claims and have not transferred the land ownership to the Company until 31 December 2024. (Note 18).

All investment properties are located in the Kingdom of Saudi Arabia.

6. INVESTMENT PROPERTIES UNDER DEVELOPMENT

	31 December 2024	31 December 2023
Balance at the beginning of the year	19,888,240	1,819,500
Additions	83,362,838	19,021,110
Transferred to an associate - Abraj Al-Tilal Real Estate Development Company (*)	(50,712,185)	-
Transferred to an associate - Dira Development Company for Real Estate Development and Investment (Note 5)	(18,060,363)	-
Transferred to investment properties (Note 5)	(32,977,150)	(952,370)
Balance at the end of the year	1,501,380	19,888,240

(*) The Company concluded an agreement with Riyadh Holding Company and the Saudi Real Estate Company during 2024 to build educational complexes (Misk Schools Project), pursuant to which investment properties under development were transferred at a value of SR 50,712,185.

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The carrying value of the recognized right-of-use assets and changes during the year are as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the year	45,113,224	49,603,946
Additions during the year (Note 12)	9,783,538	-
Depreciation for the year	(4,573,507)	(4,490,722)
Balance at the end of the year	50,323,255	45,113,224

Lease liabilities as at 31 December are as follows:

	31 December 2024	31 December 2023
Non-current lease liabilities	46,390,001	42,077,256
Current lease liabilities	7,794,706	6,009,280
Total lease liabilities	54,184,707	48,086,536

The carrying amount of lease liabilities and changes during the year are as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the year	48,086,536	51,579,247
Additions during the year (Note 123-)	9,783,538	-
Paid during the year	(6,200,000)	(6,200,000)
Finance costs - lease liabilities	2,514,633	2,707,289
Balance at the end of the year	54,184,707	48,086,536

The following are the amounts recognized in the statement of profit or loss and other comprehensive income:

	31 December 2024	31 December 2023
Depreciation of right-of-use assets	4,573,507	4,490,722
Finance costs - lease liabilities	2,514,633	2,707,289
	7,088,140	7,198,011

8. INVESTMENT DESIGNATED AT FVOCI

During the year ended 31 December 2024, the Company settled an amount of SR 986,929 for the liquidation of the Saudi Hospitality Heritage Company ("Nuzul"). Additionally, the revaluation reserve for investments classified at fair value through other comprehensive income, which had been established in previous years, was transferred to retained earnings.

9. INVESTMENT IN ASSOCIATES

The summarized details of investments in associate companies are as follows:

Company's name	% of Ownership		Balance	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Dira Development Company for Real Estate Development and Investment (a)	46.34%	-	692,634,122	-
Abraj Al-Tilal Real Estate Development Company (b)	50%	-	50,734,712	-
Tanal Investment and Real Estate Development Company (c)	69.38%	69.38%	13,031,031	237,264,477
Balance at the end of the year	-	-	756,399,865	237,264,477

a) Dira Development Company for Real Estate Development and Investment:

In 2024, the Company reached an agreement with Riyadh Holding Company to establish a joint venture (Dira Development Company for Real Estate Development and Investment) ("Dira") – a simplified/closed joint-stock company with a cash capital of SR 1,000,000, with 46.34% ownership for Arriyadh Development Company and 53.66% ownership for Riyadh Holding Company. Additionally, in-kind contributions were made by Arriyadh Development Company in Ta'meer market properties, with total value at SR 705,209,071, while Riyadh Holding Company contributed in Al-Muqayyah Market and Dira Markets, with total value at SR 816,605,929 in exchange of new shares issuance through a capital increase for each partner in accordance with their respective share in Dira Development Company for Real Estate Development and Investment. This was done in accordance with the asset transfer agreement signed on 1 December 2024, and the necessary legal procedures for issuing the new shares are currently being completed.

The financial statements of Dira Development Company for Real Estate Development and Investment have not been consolidated due to the lack of control by the Company. Currently, the Company does not have majority voting rights on operational and administrative decisions. According to the agreement between the parties, the management of the Company is managed by a Board of Directors consisting of three members, where Riyadh Holding Company appoints two members, and Arriyadh Development Company appoints the third member. All administrative and operational decisions are made in accordance with the legal quorum. As a result, Arriyadh Development Company is considered to have significant influence over Dira Development Company for Real Estate Development and Investment, and the investment is accounted for using the equity method.

The financial statements for this associate are prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountant (SOCPA). The accounting policies used in preparing the financial statements of the associate are consistent with those used by Arriyadh Development Company.

The registered office of Dira Development Company for Real Estate Development and Investment is located in Riyadh, and its financial statements are prepared in accordance with the IFRS adopted in the Kingdom of Saudi Arabia, along with other standards and pronouncements endorsed by SOCPA. The accounting policies used in preparing the financial statements of the associate are consistent with those used by Arriyadh Development Company.

b) Abraj Al-Tilal Real Estate Development Company:

In 2024, the Company reached an agreement with Riyadh Holding Company and the Saudi Real Estate Company to incorporate Abraj Al-Tilal Real Estate Development Company ("Abraj Al-Tilal") (A Limited Liability Company) with a capital of SR 100,000, where Arriyadh Development Company's shareholding was by 50%, Riyadh Holding Company's shareholding by 25%, and the Saudi Real Estate Company's shareholding by 25%. This shareholding structure is in line with their respective shares in the shared property, which includes Educational Plot No. 751 of Scheme No. 3175 (with an area of 10,875.24 m²) and Educational Plot No. 752 of Scheme No. 3175 (with an area of 10,296.33 m²) located in AlMalqa district in Riyadh. The construction of the educational complexes (a boys' complex and a girls' complex) has begun, and a lease agreement has been signed for these complexes with the Mohammed bin Salman Foundation (Misk Foundation) for a period of 25 years, starting from the academic year 2025/2026, as per the agreement signed with Misk Foundation by Arriyadh Development Company.

The financial statements of Abraj Al-Tilal Real Estate Development Company have not been consolidated due to the lack of control by the Company. The Company does not have majority voting rights on operational and administrative decisions. According to the Company's articles of association. The management of Abraj Al-Tilal Real Estate Development Company is managed by a Board of Directors consisting of four members representing the partners, with Arriyadh Development Company appointing two directors, one of whom is either a member of Misk Foundation or an independent member; Riyadh Holding Company appointing one director; and the Saudi Real Estate Company appointing one director. For the Board of Directors meeting to be valid, three members must be present, including the Chairman of the Board, with at least one member from the Saudi Real Estate Company and one member from Riyadh Holding Company. Decisions of the Board of Directors are issued with the approval of the majority of the board members present, either in person or by proxy. The articles of association can only be amended with the approval of 75% of the partners. As a result, Arriyadh Development Company is considered to have significant influence over Abraj Al-Tilal Real Estate Development Company, and the investment is accounted for using the equity method.

The financial statements for this associate are prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia, as well as other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountant (SOCPA). The accounting policies used in preparing the financial statements of the associate are consistent with those used by Arriyadh Development Company.

The registered office of Abraj Al-Tilal Real Estate Development Company is located in Riyadh. The Company's activities include the construction of buildings, various types of retail sales in non-specialized stores, real estate activities on owned or leased properties, as well as administrative services and support services.

c) Tanal Investment and Real Estate Development Company:

During 2019, the Company, agreed with Sumou Holding Company, to incorporate Tanal Real Estate Investment and Development Company ("Tanal") (a Limited Liability Company) with a capital of SR 100,000 with shareholding 69.38% for Arriyadh Development Company and 30.62% for Sumou Holding Company - which is The same proportions of ownership of companies in the First Riyadh Al-Tameer Real Estate Fund - for the purpose of transferring the assets and liabilities of the First Riyadh Al-Tameer Real Estate Fund, which was closed and its assets were transferred in 2019 to Tanal Investment and Real Estate Development Company and its subsidiary (Ruba Real Estate Building Company), which is 100% owned.

The financial statements of Tanal Real Estate Development and Investment Company have not been consolidated due to the lack of control by the Company. Currently, the Company does not have majority voting rights on operational and administrative decisions. According to the articles of association, the management of Tanal is managed by a Board of Directors consisting of five directors who represent the partners. The board is formed such that the partner Sumou Holding Company appoints three directors, while the partner Arriyadh Development Company appoints two directors. The articles of association can only be amended with the unanimous approval of all partners. Accordingly, significant influence exists for the Arriyadh Development Company on Tanal Real Estate Development and Investment Company, and the investment was accounted for using the equity method.

During the second quarter of 2021, it was agreed between partners in Tanal Company to transfer part of the share of Sumou Holding Company to Sumou Real Estate Company - a Saudi Joint Stock Company, and the Company's article of association was amended accordingly. Thus, the percentage of ownership in Tanal Real Estate Investment and Development Company became 69.38% for the Arriyadh Development Company, 20.62% for the Sumou Holding Company and 10% for the Sumou Real Estate Company. The method of accounting the investment in Tanal Real Estate Investment and Development Company was not affected due to the non-change in the voting rights referred to above in the articles of association.

The financial statements of this associate and its subsidiary are prepared in accordance with the International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The accounting policies used in preparing the financial statements of the associate are consistent with those used by Arriyadh Development Company.

The registered office of Tanal Real Estate Development and Investment Company is located in Riyadh. The Company's activities include the management and leasing of owned or leased (residential) properties, as well as the management and leasing of owned or leased non-residential properties.

The movement of investment in associates is as follows:

	31 December 2024	31 December 2023
At the beginning of the year	237,264,477	231,347,588
Share of profits	125,859,069	97,498,489
Investments made during the year	741,563,919	-
Dividend received	(348,287,600)	(91,581,600)
At the end of the year	756,399,865	237,264,477

Below is the Statement of Financial Position of the associates:

As at 31 December 2024

	Dira Development Company for Real Estate Development and Investment	Abraj Al-Tilal Real Estate Development Company	Tanal Investment and Real Estate Development Company	Total
Current assets	49,211,612	44,941,229	20,868,597	115,021,438
Non-current assets	1,520,219,233	107,039,425	-	1,627,258,658
Current liabilities	(33,720,679)	(50,511,229)	(2,086,483)	(86,318,391)
Non-current liabilities	(9,000,226)	-	-	(9,000,226)
Equity	1,526,709,940	101,469,425	18,782,114	1,646,961,479
Company's share in equity %	46,34%	50%	69,38%	
Company's share in equity	707,477,386	50,734,712	13,031,031	771,243,129
Elimination of unrealized gains (Note 5)	(14,843,264)	-	-	(14,843,264)
The carrying amount of the investment in the associate	692,634,122	50,734,712	13,031,031	756,399,865

As at 31 December 2023

	Dira Development Company for Real Estate Development and Investment	Abraj Al-Tilal Real Estate Development Company	Tanal Investment and Real Estate Development Company	Total
Current assets	-	-	352,294,129	352,294,129
Non-current assets	-	-	-	-
Current liabilities	-	-	(10,315,327)	(10,315,327)
Non-current liabilities	-	-	-	-
Equity	-	-	341,978,802	341,978,802
Company's share in equity %	-	-	69,38%	-
Company's share in equity	-	-	237,264,477	237,264,477
The carrying amount of the investment in the associate	-	-	237,264,477	237,264,477

The following is the statement of profit or loss and other comprehensive income of the associates:

As at 31 December 2024

	Dira Development Company for Real Estate Development and Investment	Abraj Al-Tilal Real Estate Development Company	Tanal Investment and Real Estate Development Company	Total
Revenue	10,952,205	-	414,580,280	425,532,485
Net profit	3,894,940	-	178,803,912	182,698,852
Company's % share in net profit	46.34%	50%	69.38%	-
Company's share in net profit	1,804,915	-	124,054,154	125,859,069

As at 31 December 2024

	Dira Development Company for Real Estate Development and Investment	Abraj Al-Tilal Real Estate Development Company	Tanal Investment and Real Estate Development Company	Total
Revenue	-	-	269,468,247	269,468,247
Net profit	-	-	140,528,234	140,528,234
Company's % share in net profit	-	-	69.38%	-
Company's share in net profit	-	-	97,498,489	97,498,489

10. ADVANCE PAYMENTS FOR SUBSCRIPTION TO A REAL ESTATE FUND

The Company decided to participate in the "Riyadh Real Estate Development ANB Capital Fund" (the "Fund"), which is a private closed real estate investment Fund compliant with Islamic Sharia principles. The Fund was incorporated in the Kingdom of Saudi Arabia in accordance with the Investment Funds Regulation and applicable laws, and its management is entrusted to ANB Capital. The objectives of the Fund are to invest in three raw plots of lands located in the Al-Rimal and Al-Qadisiyah districts in Riyadh. This will be done through the development of infrastructure for these lands, subdividing them into residential and commercial plots, and then selling them as developed land. The Company entered into an agreement on 10 October 2024 to develop the infrastructure for the Fund's purposes. The Fund's term is four years, with extension possibility for two additional periods, each lasting one calendar year.

During December 2024, the Company paid its share in the Fund, amounting to 8.7%, through a cash contribution of SR 182,481,748.

As at 31 December 2024, the paid investment amount was classified as an advance payment, pending the completion of the procedures related to the incorporation of the Fund. The operations of the Fund officially began on 9 January 2025, after the required subscription amount (both in-kind and cash) was fully completed (Note 33).

II. ACCOUNTS RECEIVABLE, PREPAYMENTS AND OTHER RECEIVABLE

	31 December 2024	31 December 2023
Accounts receivable	88,114,015	108,263,352
Less: Provision for expected credit loss*	(52,197,860)	(48,376,304)
Net accounts receivable	35,916,155	59,887,048
Prepaid expenses	2,605,214	1,613,480
Accrued revenue on Murabaha investment deposits	2,149,250	484,524
Employees' advances	1,519,631	1,507,528
Advances to suppliers and contractors	802,594	1,522,060
Others	3,767,273	3,300,117
	46,760,117	68,314,757

* The movement of the provision for expected credit loss during the year was as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the year	48,376,304	39,872,192
Provided during the year (note 23)	7,908,539	12,510,445
Debt write off during the year	(4,086,983)	(4,006,333)
Balance at the end of the year	52,197,860	48,376,304

The following is an analysis of the aging of receivables and the provision for expected credit losses as at 31 December:

	Total	1- 90 Days	91- 180 Days	181- 270 Days	271- 365 Days	More than one year
Accounts Receivable						
2024	88,114,015	22,718,689	10,540,524	4,749,801	5,089,061	45,015,940
2023	108,263,352	33,102,582	16,108,442	3,310,450	12,896,362	42,845,516
Provision for expected credit losses						
2024	52,197,860	1,196,431	1,679,945	1,106,903	3,198,641	45,015,940
2023	48,376,304	1,134,814	1,510,010	571,379	3,478,861	41,681,240

12. RELATED PARTIES TRANSACTIONS AND BALANCES

Related party transactions and balances include transactions with associates, members of the Board of Directors (and its sub-committees), and the Company's senior management personnel. Senior management employees are those who have authority and responsibility in planning, directing, and controlling the activities of the Company, either directly or indirectly, including the directors.

12.1 RELATED PARTY TRANSACTIONS:

During the normal course of its business, the Company had the following significant transactions with major related parties during the year ended 31 December 2024 and 2023, as follows:

Description	Nature of Relationship	Nature of transaction	31 December 2024	31 December 2023
Tanal Investment and Real Estate Development Company	Associate	Dividends	348,287,600	91,581,600
Dira Development Company for Real Estate Development and Investment	Associate	Capital deposit	463,400	-
Dira Development Company for Real Estate Development and Investment	Associate	Contribution with Ta'meer Market	673,177,858	-
Abraj Al-Tilal Real Estate Development Company	Associate	Capital deposit	50,000	-
Abraj Al-Tilal Real Estate Development Company	Associate	Transfer of Investment properties under development	50,684,712	-
Board of directors (Note 23)	Board of directors' members	Bonus and allowances	3,178,000	3,156,000
Senior management personnel	Key Management Personnel	Salaries, allowances and incentives	19,719,546	17,379,521
Senior management personnel	Key Management Personnel	End of service benefit	1,417,053	793,205

12.2 RELATED PARTIES' BALANCES

Due from related parties:

	31 December 2024	31 December 2023
Abraj Al-Tilal Real Estate Development Company	46,299,775	-
	46,299,775	-

Due to related parties:

	31 December 2024	31 December 2023
Dira Development Company for Real Estate Development and Investment	8,323,719	-
Abraj Al-Tilal Real Estate Development Company	4,211,454	-
	12,535,173	-

12.3 LEASE LIABILITIES WITH RELATED PARTIES:

In December 2024, the Company entered into a lease agreement for the office building of the General Administration from Dira Development Company for Real Estate Development and Investment ("Dira") – a related party. The lease term is 10 years, starting from 1 December 2024, with a total value of SR 13,060,605.

The following are the lease liabilities - related parties as at 31 December

	31 December 2024	31 December 2023
Non-current lease liabilities	8,010,968	-
Current lease liabilities	1,775,722	-
	9,786,690	-

13. MURABAHA INVESTMENT DEPOSITS

As at 31 December 2024, total Murabaha investment deposits amounted to SR 930 million (31 December 2023: SR 870 million), which were placed with a number of local financial institutions. The Murabaha agreements' rates ranged from 5.48% to 6.3% during the year.

Below is long or short-term Murabaha classification:

Murabaha investment deposits:

	31 December 2024	31 December 2023
Murabaha Deposits - Short-term	300,000,000	270,000,000
Murabaha Deposits - Long-term	630,000,000	600,000,000
	930,000,000	870,000,000

The following is a statement of the revenue collected / accrued from deposits during the year:

	31 December 2024	31 December 2023
Revenue from Murabaha Deposits - Long-term	17,448,876	300,864
Revenue from Murabaha Deposits - Short-term	40,010,871	37,622,124
	57,459,747	37,922,988

14. ASSETS HELD FOR SALE

On 26 October 2023, the Board of Directors of the Company adopted a resolution in which a decision was taken to sell its share in Telal Arriyadh plots land with total of 4,861 m². The sale of Telal Arriyadh plots is expected to be completed in 2025, following the completion of all legal procedures.

On 24 October 2024, the Board of Directors adopted a resolution to approve an in-kind contribution of 98,000 m² of land from the Technical Services land for a special purpose company in partnership with Afaq Modern holding Company ("Agility"). The purpose of this partnership is to develop a logistics complex. The transfer of the land's ownership and the completion of the incorporation procedures of the special purpose company are expected to be finalized within a year from the date of issuance of the 2024 financial statements. Therefore, the aforementioned land was reclassified under assets held for sale.

	31 December 2024	31 December 2023
Technical Services land	20,227,954	-
Telal Arriyadh lands	2,247,695	2,247,695
	22,475,649	2,247,695

15. CAPITAL

The share capital consists of SR 1,777,777,770 fully paid, divided into 177,777,777 shares with value of SR 10 each. On 3 February 2025, the Company's extraordinary general assembly approved an increase in the Company's capital from SR 1,777,777,770 to SR 2,339,308,180 through the issuance of 56,153,041 ordinary shares for the purpose of purchasing two real estate assets owned by Remat Al-Riyadh Development Company, so that the number of new shares became 233,930,818 shares, each valued at SAR 10, following the approval decision of the Capital Market Authority on 7 January 2025, regarding the capital increase, and in February 2025, the ownership of the purchased real estate was transferred in favor of the Company, and the shares were issued in favor of Remat Al-Riyadh Development Company (Note 33).

16. STATUTORY RESERVE

According to the Company's By-laws, the Company must transfer 10% of its net income each year until this reserve totals 30% of the capital. This reserve is not available for distribution.

On 3 February 2025, the Company's General Assembly approved an amendment to the Company's by-laws to align with the new Companies' Law issued on 1 Thul-Hijjah 1443H (corresponding to 30 June 2022), which no longer requires the formation of a statutory reserve, as the paragraph regarding setting aside a percentage of the Company's net profits to form a statutory reserve for the Company was removed. The Board of Directors recommended on 25 February 2025, to transfer the statutory reserve balance of 184,701,083 Saudi Riyals, as stated in the financial statements for the year ended 31 December 2024, to retained earnings. This recommendation will be presented to the General Assembly at its upcoming meeting for voting (Note 33).

17. EMPLOYEES' DEFINED BENEFIT OBLIGATIONS

The Company grants end-of-service benefits to its employees after taking into account the applicable labor law in the Kingdom of Saudi Arabia. These benefits are an unfunded defined benefit plan.

The benefits provided by these pension plans are based primarily on years of service and employee compensation. The plan funding is in line with local requirements. The obligations are subject to demographic, legal and economic risks. Economic risks are primarily attributable to unexpected developments in the commodities, capital markets and changes in the discount rate used to calculate employees' defined benefit obligations.

Key actuarial assumptions:

	31 December 2024	31 December 2023
Financial assumptions:		
Discount rate	4.8%	5.7%
Salary growth rate	3%	4%
Demographic assumptions:		
Retirement age	60 Years	60 Years
Mortality rate	WHO-SA Age table	WHO-SA Age table

Below is a quantitative sensitivity analysis of significant assumptions regarding employee end-of-service benefit obligations:

Assumptions	Salary growth rate:		Discount rate	
	1% increase	1% decrease	1% increase	1% decrease
31 December 2024	14,389,922	13,423,944	13,436,280	14,386,066
31 December 2023	12,944,655	12,066,496	12,077,233	12,941,619

Movement in the present value of defined benefit obligations:

	31 December 2024	31 December 2023
Balance at the beginning of the year	12,404,275	10,659,905
Finance cost	599,866	433,396
Current service cost	2,879,909	3,811,919
Actuarial gains of employees' benefit obligations	(149,291)	(544,946)
Paid during the year	(1,980,303)	(1,955,999)
Balance at the end of the year	13,754,456	12,404,275

18. ACCOUNT PAYABLE, ACCRUED EXPENSES AND OTHER PAYABLES

	31 December 2024	31 December 2023
Advance revenue	42,020,112	44,001,330
Payable from expropriated real estate (a)	28,872,546	28,872,546
Employees' accrued wages and other benefits	25,139,357	17,194,380
Accrued expenses	17,337,165	11,122,900
Insurance for others	15,569,046	18,550,087
Provisions (b)	14,142,172	14,142,172
Accruals for Car Auction	9,941,741	21,558,615
Litigation provision	9,912,134	1,396,418
Bonuses and allowances of board members & committee members	3,366,000	3,441,000
Securing reservation of rental units	2,073,827	3,868,044
Payables of Al-Shorouk land contribution (c)	-	84,280,797
Others	3,814,901	1,225,919
	172,189,001	249,654,208

- a) The amount represents the payable amounts to the previous owners of the properties that were expropriated under Royal Decree No. 4 / B / 2732 dated 8 Rabi Al-Awal 1412 H who have not yet claimed their dues until 31 December 2024.
- b) The amount of the provisions represents commitments for construction works for the implementation of a canal for draining flood and rain in Al-Shorouk lands in Al-Remal district, according to the request of the regulatory authorities in the region.
- c) Based on the letter from the Real Estate Contributions Commission (Tasfiah) No. 2851 dated 7 Ramadan 1445H (corresponding to March 17, 2024), which referred to the issuance of the Commission's decision No. (5317/) in its five hundred and thirty-first meeting dated 11 Sha'ban 1445H (corresponding to February 21, 2024), obligating Riyadh Development Company (manager of Al-Shorouk land contribution) to pay an amount of SR 57,508,834, representing the remaining amounts due by the company. The company has paid the full amount referred to and settled the provision that had been previously established for this purpose in previous years (Note 24).

19. DIVIDENDS PAYABLE

The balance represents the amounts approved by the ordinary general assembly of the Company for previous years, which the shareholders did not receive until 31 December 2024 amounting to SR 76,387,682 (31 December 2023: SR 74,251,232).

20. ZAKAT PROVISION

Assessment status

The Company submitted Zakat declarations and received Zakat assessments for all previous years up to 2023. During the year, the Company finalized its Zakat status for the disputed years from 2015 to 2018 and paid Zakat differences amounting to SR 6.3 million.

Movement in Zakat provision

	31 December 2024	31 December 2023
Balance at the beginning of the year	26,880,429	21,033,942
Provided during the year	29,122,212	20,320,238
Additional Provision	1,081,222	-
Balance with ZATCA from the liquidation procedures of the Saudi Heritage Hospitality Company ("Nuzul") (Note 8)	(58,056)	-
Paid during the year	(20,392,176)	(14,473,751)
Balance at the end of the year	36,633,631	26,880,429

Zakat base

Zakat provision is calculated based on the following:

	31 December 2024	31 December 2023
Shareholders' equity	2,249,780,437	2,200,449,677
Closing / opening provisions	115,207,299	59,147,386
Other additions	106,076,714	122,328,080
The book value of the adjusted long-term assets	(884,196,517)	(1,570,560,917)
Investments	(756,399,864)	(238,251,406)
Investments revaluation reserve	-	(2,813,070)
Other deductions	-	(89,175,737)
Adjusted net profit for the year	296,227,338	316,735,332
Zakat base	1,126,695,407	797,859,345
Zakat for the year	29,122,212	20,320,238

21. REVENUE

	2024	2023
Rental income	227,104,811	220,941,681
Operating income	88,742,657	76,884,329
Revenue from real estate development	5,670,000	-
Sale of lands revenue	-	41,359,395
	321,517,468	339,185,405

22. COSTS OF REVENUE

	2024	2023
Depreciation expenses	43,346,273	42,033,057
Employees' salaries, wages and other benefits	26,642,870	24,042,553
Market and center maintenance expenses	14,017,759	15,742,141
Market and center cleaning expenses	12,064,877	13,212,986
Security and safety expenses	9,743,437	9,901,886
Market and center service expenses	4,878,600	3,986,942
Market and center event expenses	3,645,868	2,833,142
Franchise expenses	2,497,172	2,500,000
Land selling costs	-	3,476,607
Other expenses	4,726,688	5,245,537
	121,563,544	122,974,851

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Employees' salaries, wages and other benefits	46,806,096	35,429,779
Professional and consultation fees	21,933,943	13,511,582
Litigation expense provision	14,679,353	-
Provision for expected credit losses (Note 11)	7,908,539	12,510,445
Board of directors' allowances and compensation (Note 12)	3,178,000	3,156,000
Maintenance and operation	2,236,789	1,263,624
Depreciation expenses	1,149,134	819,638
Others	1,849,485	2,411,884
	99,741,339	69,102,952

24. OTHER INCOME

	2024	2023
Settlement of a provision previously provided in previous years for the contribution of Al-Shorouk Land (Note 18-c)	26,771,963	-
Others	1,423,199	12,037,981
	28,195,162	12,037,981

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

	2024	2023
Cash at banks	40,915,578	44,981,796
Deposits maturing within three months from the placement date	-	270,000,000
	40,915,578	314,981,796

Credit risk on cash at banks is limited, as the cash is held with banks with good credit ratings.

26. SEGMENT INFORMATION

The segment information is attributable to the Company's activities and business on the bases of which the Company's management used to prepare its financial information in line with financial reporting process.

The assets, liabilities and operating activities of the segments include items that are directly related to a specific segment and items that can be allocated to the different segments on a reasonable basis. Items that cannot be allocated between the segments are classified under common assets and liabilities.

the following is a summary of the segmental financial information in Saudi Riyals for the years ended 31 December 2024 and 31 December 2023 according to the nature of the activity:

	Commercial centers segment	Public benefit segment	Lands, contributions, and property development segment	Common assets and liabilities segment	Total
31 December 2024:					
Total assets	682,121,169	113,727,438	112,964,523	2,000,716,119	2,909,529,249
Total liabilities	102,908,888	28,422,438	14,142,172	220,211,152	365,684,650
31 December 2023:					
Total assets	1,412,878,033	116,230,870	135,440,173	1,127,559,800	2,792,108,876
Total liabilities	121,189,654	25,252,478	98,422,969	166,411,579	411,276,680
31 December 2024:	164,069,882	151,777,586	5,670,000	-	321,517,468
Revenue	(93,075,148)	(28,488,396)	-	-	(121,563,544)
Costs of revenue	-	-	-	(99,741,339)	(99,741,339)
General and administrative expenses	(2,511,481)	-	-	(3,152)	(2,514,633)
Finance costs	-	-	-	57,459,747	57,459,747
Murabaha income	-	-	-	125,859,069	125,859,069
Company's share of profit of associates	-	-	-	17,187,949	17,187,949
Disposal gains of investment property	-	-	-	28,195,162	28,195,162
Other income	68,483,253	123,289,190	5,670,000	128,957,436	326,399,879
Net profit for the year before Zakat	-	-	-	(30,203,434)	(30,203,434)
Zakat	68,483,253	123,289,190	5,670,000	98,754,002	296,196,445
Net profit for the year					
	162,510,242	135,315,768	41,359,395	-	339,185,405
31 December 2023:	(94,450,684)	(25,047,560)	(3,476,607)	-	(122,974,851)
Revenue	-	-	-	(69,102,952)	(69,102,952)
Costs of revenue	(2,707,289)	-	-	-	(2,707,289)
General and administrative expenses	-	-	-	37,922,988	37,922,988
Finance costs	-	-	-	97,498,489	97,498,489
Murabaha income	-	-	11,274,109	763,872	12,037,981
Company's share of profit of associates	65,352,269	110,268,208	49,156,897	67,082,397	291,859,771
Other income	-	-	-	(20,320,238)	(20,320,238)
Net profit for the year before Zakat	65,352,269	110,268,208	49,156,897	46,762,159	271,539,533

The commercial centers segment represents the public transportation market, Ta'meer International Car Auction, Ta'meer market , Atiqa market, Meat market, Riyadh market, the office tower, and the leased land of Al-Aziziyah. The public benefit segment represents the wholesale center for vegetables and fruits. The lands, contributions and property development segment represents the Company's projects represented by the sale of developed lands and real estate development. The common assets and liabilities segments represent all items that do not fall under any of the specific segments.

27. FAIR VALUE MEASUREMENT

The following table shows the fair value measurement hierarchy of the Company's financial assets and financial liabilities as at 31 December 2024 and 31 December 2023:

As at 31 December 2024	Carrying value	Level 1	Level 2	Level 3	Fair Value
Investments designated at FVOCI	-	-	-	-	-
	-	-	-	-	-
As at 31 December 2023					
Investments designated at FVOCI	986,929	-	-	986,929	986,929
	986,929	-	-	986,929	986,929

The management concluded that the fair value of cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their book value due to the short maturity of these instruments.

28. RISK MANAGEMENT POLICIES AND OBJECTIVES

The Company's principal financial liabilities consist of lease obligations, trade payables, accruals, amounts due from related parties, and other liabilities. The Company's principal financial assets include trade and other receivables, cash and cash equivalents, and amounts due from related parties arising directly from its operations.

The Company may be exposed to the following risks arising from financial instruments:

- ◆ Market risk
- ◆ Commission rate risk
- ◆ Foreign currency risk
- ◆ Credit risk
- ◆ Liquidity risk

The Company's overall risk management program focuses on liquidity management in addition to monitoring various market related changes; thus, constantly seeks to reduce potential negative impacts on the Company's financial performance. The Board of Directors reviews and approves policies for managing each of these risks, which are summarized below:

Market risk

Market risk is the risk of the potential impact of changes in market prices such as foreign exchange rates, profit rates and stock prices on the Company's revenue or the value of its financial instruments. Market risk management aims at managing and controlling risk exposure within acceptable limits while achieving best returns.

Commission rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Management believes that the financial instruments on the statement of financial position are not subject to commission rate risk.

Foreign currency risk

The Company is not exposed to significant foreign exchange risk and therefore there is no need for effective management of this risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and its financing activities, including deposits with banks and financial institutions and other financial instruments.

To reduce exposure to credit risk, the Company has approval procedures through which credit limits are applied to its customers. The management also constantly monitors exposure to credit risks related to customers and sets aside a provision for expected credit losses, based on the customer's status and payment history. Outstanding customer receivables are also monitored on a regular basis.

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 December 2024	31 December 2023
Murabaha investment deposits*	930,000,000	870,000,000
Due from related parties	46,299,775	-
Cash at banks	40,915,578	44,981,796
Accounts receivables, net	35,916,155	59,887,048
Investments designated at FVOCI	-	986,929
	1,053,131,508	975,855,773

* As at 31 December 2024, the Company has Murabaha investment deposits amounting to SR 930 million (31 December 2023: SR 870 million) with several local financial institutions, representing approximately 32% of the Company's assets as at 31 December 2024 (31 December 2023: 31%).

Cash at banks, Murabaha investment deposits, and accounts receivable are accounted for at amortized cost.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to realize financial assets quickly at an amount close to its fair value.

Liquidity risk is managed through monitoring such risks on a regular basis to assure sufficient funds are available to meet the Company's future obligations.

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to realize financial assets quickly at an amount close to its fair value.

Liquidity risk is managed through monitoring such risks on a regular basis to assure sufficient funds are available to meet the Company's future obligations.

As at 31 December 2024	Carrying value	1 year or less	More than one year and less than five years	More than five years
Accounts payable, accrued expenses and other payables	172,189,001	172,189,001	-	-
Due to related parties	12,535,173	12,535,173	-	-
Lease liabilities	68,860,605	8,022,410	30,449,467	30,388,728
Dividends payable	76,387,682	76,387,682	-	-
Zakat provision	36,633,631	36,633,631	-	-
	366,606,092	305,767,897	30,449,467	30,388,728

As at 31 December 2023	Carrying value	1 year or less	More than one year and less than five years	More than five years
Accounts payable, accrued expenses and other payables	249,654,208	249,654,208	-	-
Lease liabilities	62,000,000	6,200,000	24,800,000	31,000,000
Dividends payable	74,251,232	74,251,232	-	-
Zakat provision	26,880,429	26,880,429	-	-
	412,785,869	356,985,869	24,800,000	31,000,000

29. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company continues as a going concern and gains maximum returns through optimal debt and shareholders' equity.

The Company's capital structure includes the Company's shareholders' equity, which consists of capital, reserves, fair value reserve and retained earnings as included in the statement of changes in shareholders' equity.

30. DIVIDENDS

The Board of Directors recommended on 26 Sha'ban 1446H (corresponding to 25 February 2025) distributing cash dividends to shareholders for the second half of 2024 at a rate of 25 halalas per share (233,930,818 ordinary shares) (Note 15) amounting to a total of SR 58,482,704. This recommendation will be presented to the General Assembly at its upcoming meeting for voting.

On 3 Rabi' al-Awwal 1446H (corresponding to 1 September 2024), the Company's General Assembly approved the Board's decision to distribute dividends for the first half of 2024 at a rate of 25 halalas per share, amounting to a total of SR 44,444,444.

On 14 Shawwal 1445H (corresponding to 23 April 2024), the Company's General Assembly approved the Board's decision to distribute dividends for the second half of 2023 at a rate of 50 halalas per share, amounting to a total of SR 88,888,888.

31. COMMITMENTS AND CONTINGENCIES

The Company has contingent liabilities from time to time relating to certain disputed matters, including claims from and against contractors, litigation and arbitration proceedings involving a variety of cases. These contingencies arise in the ordinary course of business. No significant additional liabilities are expected to be incurred from these potential claims.

32. EARNINGS PER SHARE

Basic earnings per share for the year ended 31 December 2024 and the year ended 31 December 2023 are calculated by dividing the net profit of the main business and the net profit for the year by the weighted average number of shares outstanding during the year, amounting to 177,777,777 shares.

Diluted earnings per share for the years ended 31 December 2024 and the year ended 31 December 2023 are calculated by dividing net profit for the year by the weighted average number of shares outstanding during the year and adjusted according to the effect of potential dilution of common shares. Since there is no obligation that can be converted into equity instruments, diluted earnings per share does not differ from basic earnings per share.

33. SUBSEQUENT EVENTS

Aside from the subsequent events which were disclosed in Notes (15), (16) and (10), there were no other significant subsequent events after 31 December 2024, up to the date the financial statements approval by the Board of Directors, which could have a material impact on the financial statements as at 31 December 2024.

34. COMPARATIVE FIGURES

Some comparative figures for the previous year have been reclassified to align with the current year's classification. However, there are no other material reclassifications that require disclosure.

35. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 26 Sha'ban 1446H (corresponding to 25 February 2025).

Closing Remarks

Working together towards a sustainable and prosperous tomorrow!

We would like to thank every individual who has contributed to realizing ARDCO's vision, from our partners in the public and private sectors, to the exceptional teams whose work has driven sustainable development. This fruitful collaboration reflects our ongoing commitment to maximizing total shareholder returns by developing value-added investment projects, while abiding by the principles of sustainability and social responsibility and adopting best practices to achieve a brighter and more prosperous future





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