

General Assembly Meeting (32) Presentation

2024

An overview of the partnership proposal between Riyadh Development Company and Riyadh Holding Company through the establishment of Dirah Investment & Development Company

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01 Introduction



About Riyadh Development Company



Riyadh Development Company (ARDCO) was established by Royal Decree No (M/2) in 1994 as a joint-stock company by a vision from King Salman bin Abdulaziz, during his time in office as the Governor of Riyadh, with its first mandate being the development of the Qasr AlHukm area in central Riyadh.

The company takes pride that under His Majesty's honorary chairmanship of the company's board of directors, it progressed to become a cornerstone of Riyadh's real estate development and investment sector, through establishing, operating, and managing key projects in residential development and the public good services sector.

ARDCO has built and currently manages several key service projects, operated by more than 150 highly qualified Saudis and leased to over 2,000 tenants, serving more than 20 million people across the nation.



About Riyadh Holding



Riyadh Holding is a leading company in the field of real estate development providing innovative solutions for public services projects in Riyadh for four decades, within the domains of quality of life and prosperity of cities through fostering development of service projects and activation of public realms, parks, logistics and transportation.

Riyadh Holding was established to contribute to achieving this vision, and over the course of 4 decades, the company played a vital role in reviving the center of Riyadh to set new standards for urban growth.

Al Maigliah Market Center in Riyadh is the first center of this commercial activity in the form of closed markets in the Kingdom, which was opened in 1990. These markets specialize in wholesale and retail trade in oud products, incense, cosmetics, and men's clothing through upscale showrooms that fulfill all demands under one roof.

Al-Dirah Market, which was established in 1988, is considered one of the oldest and most prestigious markets in Riyadh. The market contains many diverse goods such as women's clothing, shoes, cosmetics, aloes and spices, sweets, stationery, bedcovers, antiques, and handicrafts.

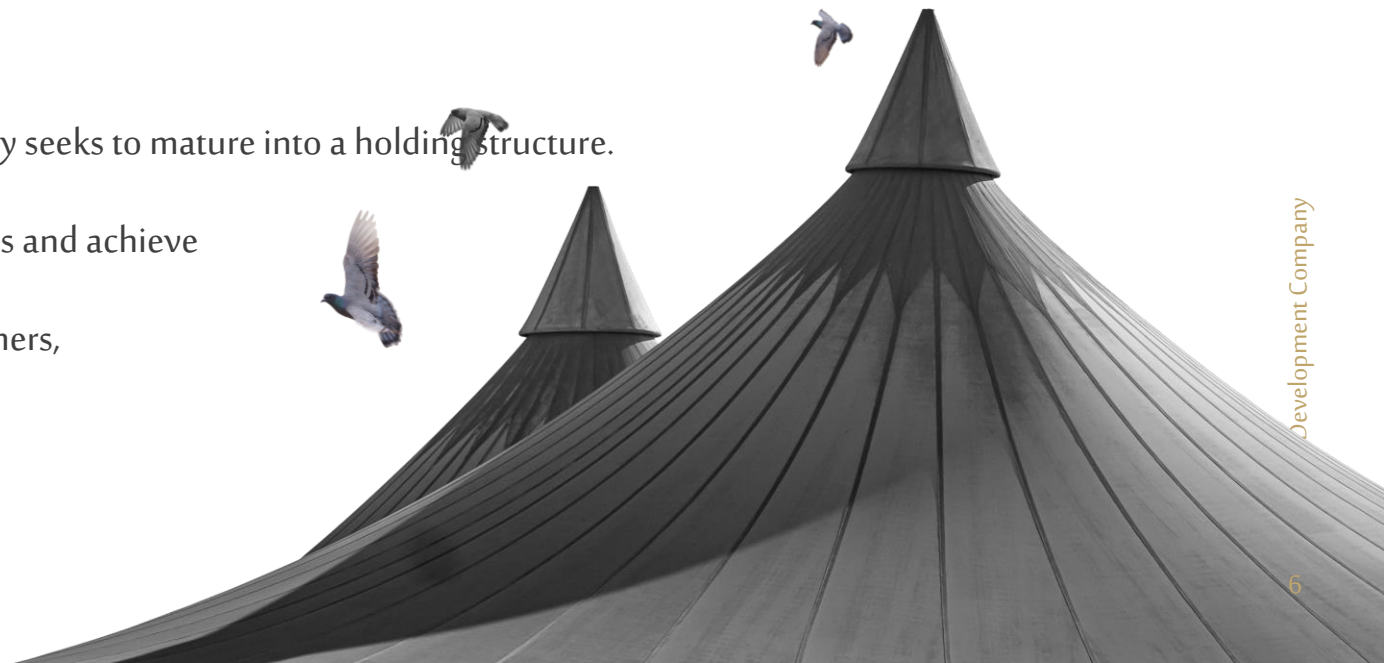


Strategic Direction Fueled with Partnerships

At the beginning of 2023, Riyadh Development Company launched its strategy, “Invest for Growth” as the company’s strategy aims to achieve sustainable growth and strive towards excellence in real estate development and development management and strengthening its leadership position in the targeted sectors through development and investment. Primarily, by developing our markets and expanding into value chain activities/opportunities and working to improve our operational excellence through driving efficiencies in operational activities and real estate management. Keeping a focus on diversifying our investments, increasing the return on asset, and maximizing the total shareholder returns.

Through the implementation of this sustainable strategy, the company seeks to mature into a holding structure.

Thus, it adopts a business model that seeks to create impact around us and achieve sustainability in its broadest sense and a positive effect on our customers, colleagues, and our shareholders.



02

Proposed Partnership



Signing a Memorandum of Understanding With the Aim of Establishing an Entity to Develop Markets in Dirah District

In May 2023, Riyadh Development Company announced the signing of a memorandum of understanding with Riyadh Holding Company, aiming to enhance cooperation between the two parties to launch investment and service projects that meet the increasing needs of the city's residents and visitors, as well as strengthening the company's position in the real estate development sector and public benefit projects.

The memorandum of understanding was signed under the patronage of His Highness Prince Faisal bin Ayyaf, Mayor of Riyadh Region, Chairman of the Board of Directors of both Riyadh Development Company and Riyadh Holding. The memorandum was signed by Mr. Jehad Alkadi, CEO of Riyadh Development Company, and Eng. Assim AlSuhaibani, CEO of Riyadh Holding, at the Riyadh Municipality.

The memorandum of understanding aims to explore the establishment of an entity that enhances the partnership between the two parties, located on lands owned by the two companies in the center of Riyadh, which includes Al-Tameer Wholesale Center, Al Maigliah Center, and Al-Dirah Market, by establishing an entity that owns and manages the assets as well as playing a pivotal role as the main developer and operator of the markets in the Qasr Al-Hukm area, benefiting from the experience of the two companies in establishing, managing and developing commercial and service real estate projects.



The signing took place in the presence of His Highness Prince Dr. Faisal bin Abdulaziz bin Ayyaf, Chairman of the Board of Directors of the two companies. The announcement was published on Tadawul on 11/2/1444 AH, corresponding to 5/22/2023 AD.

Location and Assets

This proposed partnership contributes to achieving the company's goals of maturing towards a holding structure as stipulated in the company's strategy approved by the Board of Directors and launched in early 2023. The importance of this partnership lies in its many positive aspects, including:

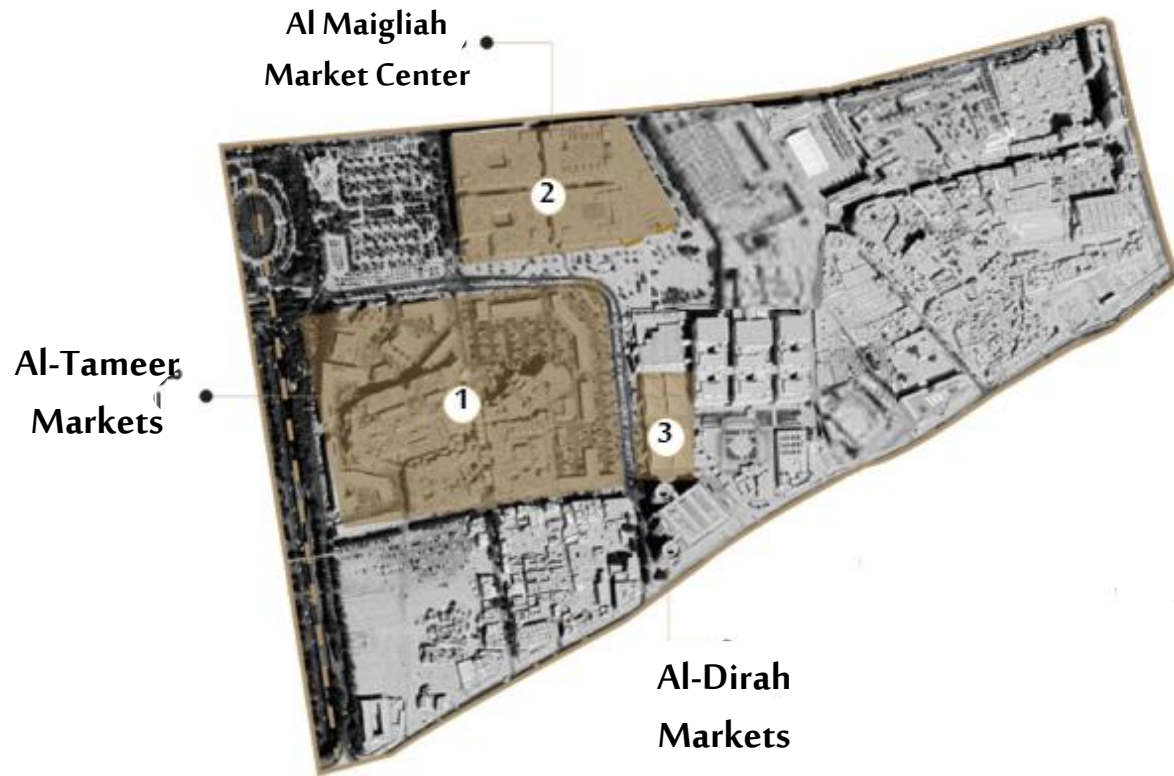
Pioneering the Sector

- Establishing a pioneering entity: This partnership aims to establish a pioneering entity in the real estate development and management sector in central Riyadh.
- Underpinning the importance of the city center: benefiting from increasing the vitality of the city center and enhancing the economic, commercial and touristic positioning of the destination and the capital at large.

Location & Assets

- **Strategic location:** at the heart of Riyadh city historical area, near the Qast Al Hokm, on an area of about 170k m².
- **Assets of Interest:** Al-Tameer Wholesale Center, Al-Miaqiliah Market Center, and Al-Dirah Markets.
- **Vast Spaces in the City Center:** the new entity's portfolio consists of 3 commercial centers with total leasable areas close to 209k m².
- **Asset Value:** the total value of the assets exceeds 1.5 billion SAR (fair value based on latest valuation).

Assets Associated With the Proposed Partnership



Total area of the centers
170k m²



Residential spaces
24k m²



Commercial spaces
85k m²



Office spaces
67k m²

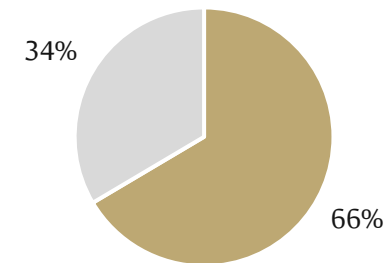
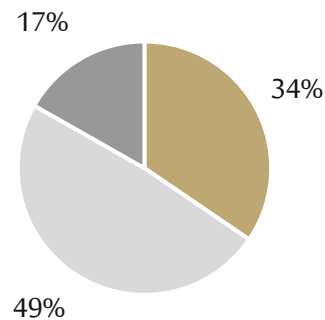
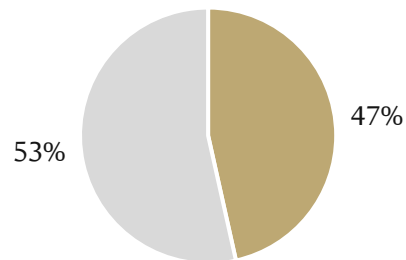
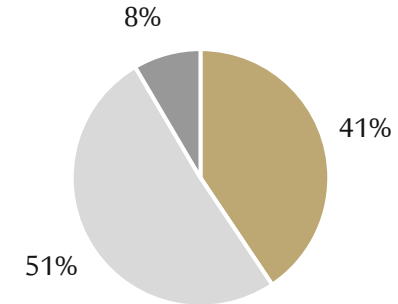
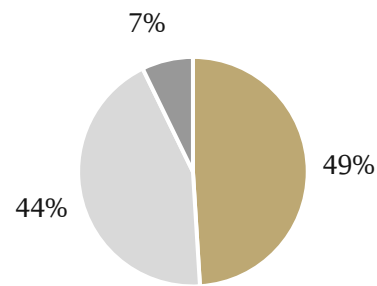
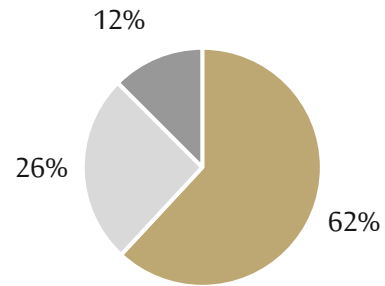


Total # of parking spaces
3500 spaces

- ① Al-Tameer Wholesale Center
- ② Al Maigliah Market Center
- ③ Al-Dirah Markets



Proposed Assets Types



Proposed Assets Types

Property	Area (m ²)	Parking spaces	Rental Units	Rental Areas (m ²)
Al-Tameer Wholesale Center	104,475	1200	1032	96,817
Al-Miaglah Center	43,832	2300	1133	86,408
Al-Dirah Markets	21,780	0	410	25,914
	170,087	3500	2,575	209,139

Average Asset Valuation Exercise for the Proposed Partnership amounted to 1.5 billion SAR



The assets of the two companies under discussion underwent 3rd party valuation through specialized companies

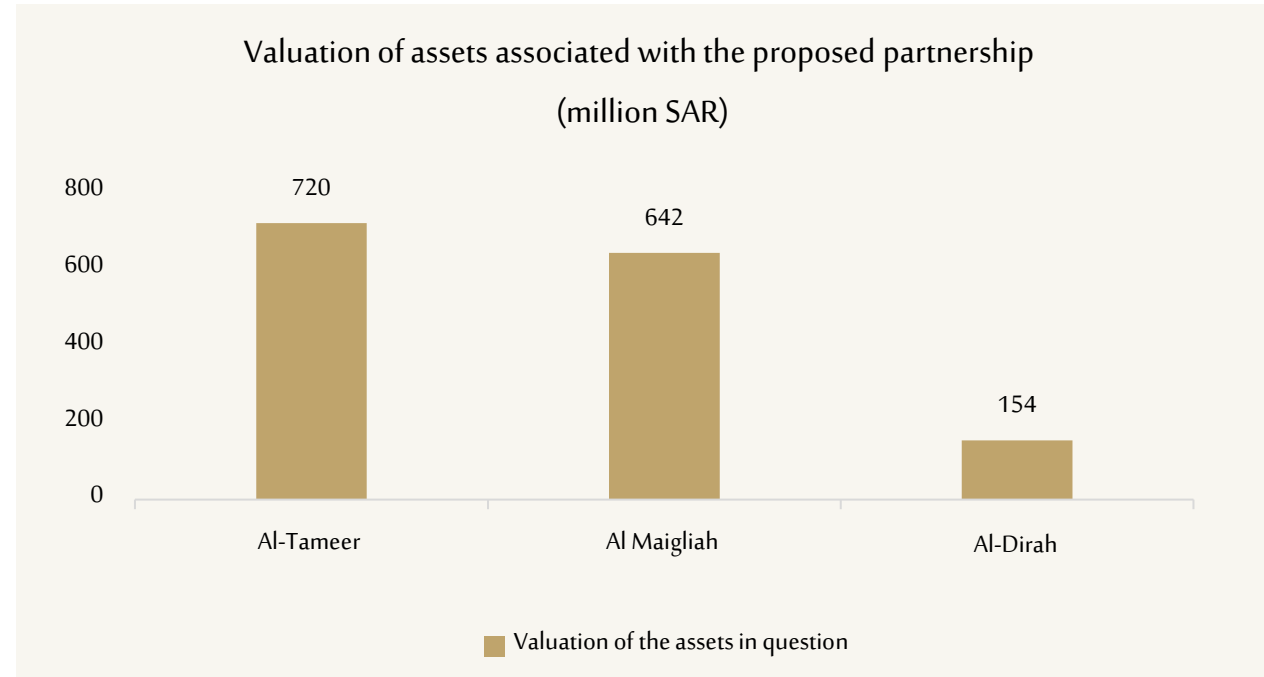


July 2024



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June 2024



Riyadh Development Company's Share in the Proposed Partnership Represents 46.34% , While the Income of Al Tameer Wholesale Center Represents 38.8% of the Total Income of the Combined Markets



Al-Tameer Wholesale Center



**ARDCO's share
720 million SAR**

46.34%



**Al Maiglah Commercial Center
– Al-Deera Market**



**Riyadh Holding share
796 million SAR**

53.66%

Proposed Partnership

**Al-Tameer Wholesale Center
Al Maiglah Commercial Center
Al-Dirah Market
Any other assets in Qasr Al-Hukm area
Expected company value: 1.5 billion SAR**

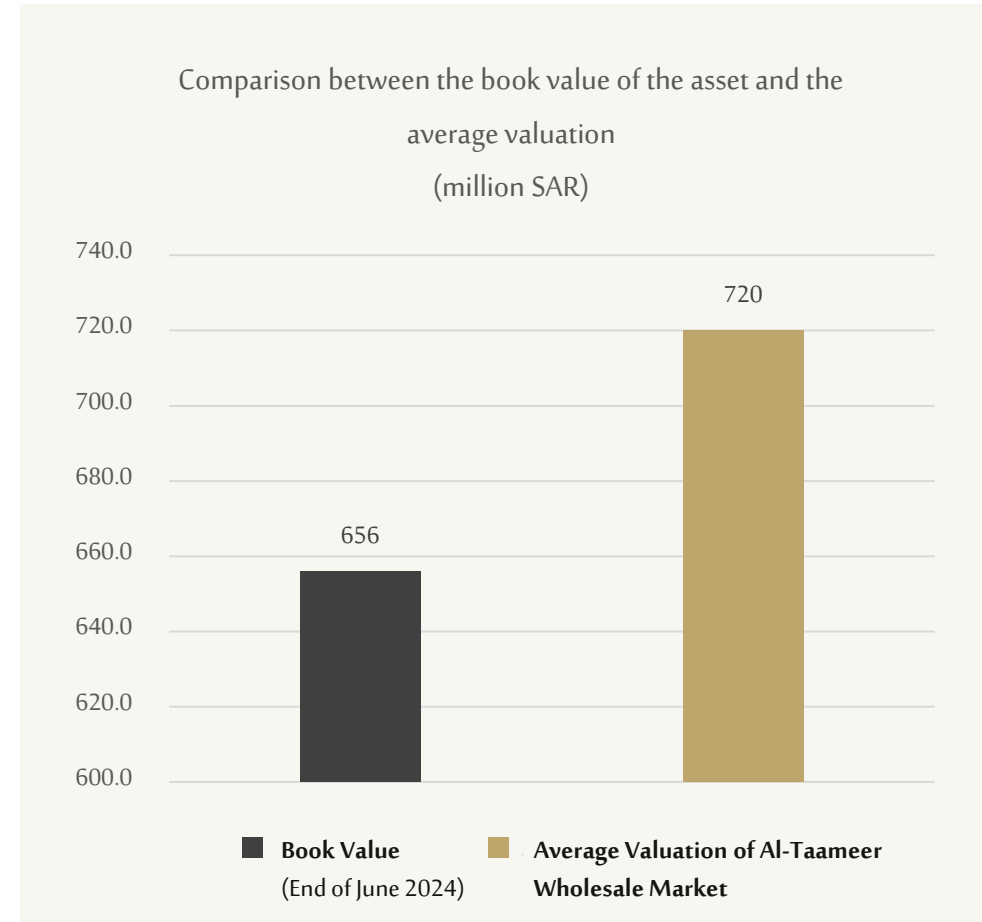
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The Impact of the Proposed Partnership on ARDCO



The Financial Impact of the Proposed Partnership

- Revenue growth:** the target is to achieve higher revenue growth in the medium term compared to the previous market revenues in 2023, with an average growth rate of 12%*.
- Accounting treatment:** the accounting treatment will be in accordance with international standards applicable in the Kingdom of Saudi Arabia. Details of the financial impact will be announced upon completion of the asset transfer, which is expected to take place during the second half of 2024.



*The financial impact of the deal and the performance of the new company will be announced in accordance with the relevant regulations and instructions

The Importance of the Deal to Riyadh Development Company

The proposal for this partnership falls within the company's goals to move towards the holding company structure, as stipulated in the company's strategy approved by the Board of Directors and launched in early 2023. The importance of this partnership lies in its many positive aspects, including:

- Benefiting from economies of scale in maintenance and operation
- Increasing operational efficiency and stronger control over risk management
- Advance digital footprint & presence as well as improving arrival experience
- Improving and raising the quality of the area and commercial centers
- Asset appreciation of the commercial centers
- Seizing horizontal expansion opportunities in similar traditional markets

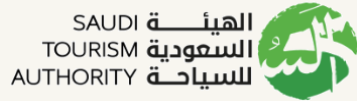


The Importance of the Proposed Partnership for ARDCO



Alignment with Vision 2030

- **Contributing to achieving the city's strategic aspirations:** contributing to achieving the goals of the city of Riyadh's strategy, which aims to attract more than 42 million visitors by 2030 through developing a tourist attraction center.
- **Integration with the vision:** achieving complete integration with the vision ecosystem in government counterparties and entities.
- **Developing the Qasr Al-Hukm area in central Riyadh:** creating a cornerstone entity that contributes to the development of the Qasr Al-Hukm area and creating a distinguished commercial and tourist destination in the city center.



04

Recommendation



Recommendation About the Relevant Parties in the Proposed Partnership



Voting on the business activities and contracts to be concluded between ARDCO & Riyadh Holding Company, in which the below:

1. Prince Faisal bin Abdulaziz bin Ayyaf, PhD, in his capacity as Chairman of the Board of Directors of Riyadh Development Company and Chairman of the Board of Directors of Riyadh Holding.
1. Mr. Fahd bin Abdullah Al-Qassim, in his capacity as a member of the Board of Directors of Riyadh Development Company and a member of the Executive Committee of Riyadh Holding Company.
2. Mr. Abdullah bin Muhammad Al-Bahouth, in his capacity as a member of the Board of Directors of Riyadh Development Company (representing the General Organization for Social Insurance), which has ownership in Riyadh Holding Company.

have an indirect interest in, with regards to the formation and establishment of a simplified joint stock company to develop the Dirah area, and there are no preferential terms for these contracts.

Related parties resulting from their description:

<p>His Highness Prince Faisal bin Abdulaziz bin Ayyaf, PhD</p> <p>Relationship: Chairman of the Board of Directors of Riyadh Development Company Chairman of the Board of Directors of Riyadh Holding</p>	<p>Mr. Fahad Abdullah AlKassim</p> <p>Relationship: Member of the Board of Directors of Riyadh Development Company Member of the Executive Committee of Riyadh Holding</p>	<p>Mr. Abdullah Mohammed AlBahouth</p> <p>Relationship: Representative of the General Organization for Social Insurance and member of the Board of Directors of Riyadh Development Company The General Organization for Social Insurance owns a stake in Riyadh Holding</p>
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Note: that the completion of this proposed deal is subject to obtaining a non-objection from the General Authority for Competition regarding the economic concentration resulting from this deal.

Recommendation About the Relevant Parties in the Proposed Partnership



- Voting on the business and contracts to be concluded between the company and Riyadh Holding Company, which are for both:
 1. Prince Faisal bin Abdulaziz bin Ayyaf, PhD, in his capacity as Chairman of the Board of Directors of Riyadh Development Company and Chairman of the Board of Directors of Riyadh Holding.
 1. Mr. Fahd bin Abdullah Al-Qassim, in his capacity as a member of the Board of Directors of Riyadh Development Company and a member of the Executive Committee of Riyadh Holding Company..
 2. Mr. Abdullah bin Muhammad Al-Bahouth, in his capacity as a member of the Board of Directors of Riyadh Development Company (representing the General Organization for Social Insurance), which has ownership in Riyadh Holding Company.

He has an indirect interest in it, which is establishing a simplified joint stock company to develop the Deira area, and there are no preferential terms for these contracts.

His Highness Prince
Faisal bin Abdulaziz bin Ayyaf,
PhD

Relationship:
Chairman of the Board of Directors
of Riyadh Development Company
Chairman of the Board of Directors
of Riyadh Holding

Mr.
Fahad Abdullah AlKassim

Relationship:
Member of the Board of Directors of
Riyadh Development Company
Member of the Executive Committee of
Riyadh Holding

Mr.
**Abdullah Mohammed
AlBahouth**

Relationship:
Representative of the General Organization
for Social Insurance and member of the Board
of Directors of Riyadh Development
Company
The General Organization for Social Insurance
owns a stake in Riyadh Holding

Thank you



Financial Information, Evaluation, Forecasts and Future Statements

This presentation has been prepared, including future evaluations and expectations based on assumptions based on the company's information based on its market experience, in addition to market information announced and available to the public. The Company's future circumstances may differ from the assumptions used, and therefore no warranty or representation is made as to the accuracy or completeness of any such forecast. Some of the expectations and statements contained in this presentation represent "future expectations and statements," which can be inferred using some words with future connotations such as "will," "may," "plan," "seek," "intend," and "estimate.", "believes", "expects" or "it is expected", "could" or "it is possible", "potentially" or "likely" and their negative forms and other words that are close or similar in meaning.

These forecasts and statements reflect the current view of the company and its management regarding future events, but do not constitute a guarantee or assurance of any actual future performance of the Company. There are many factors that may affect the company's actual performance, achievements or results and cause them to differ significantly from what was explicitly or implicitly expected.

If the company faces some risks that may affect what the company seeks, or if any of the future expectations and statements contained in this presentation prove to be incorrect or inaccurate, the company's actual results may differ materially from those that were expected, estimated, or Planned or assumed in this presentation.

Considering the requirements of the Capital Market Authority and continuing obligations, the company is obligated to submit all supplementary offers or information if: 1. There is an important change in material matters contained in this offer, or 2. The emergence of any important matters that should have been included in the offer.

As for the financial information or financial impact: the accounting treatment will be according to the international standards in force in the Kingdom of Saudi Arabia. Details of the financial impact will be announced upon completion of the asset transfer, which is expected to take place in the second half of 2024. The company displays its financial statements in Saudi Riyals, and the shareholder can find them published in Tadawul or on the company's official website. Some of the financial and statistical information contained herein has been rounded, so if the numbers contained in the tables are summed, their sum may not correspond to what was stated in this presentation.

As for real estate evaluation information for assets, all information and data included in the offer were taken from their source and assumed to be correct and accurate. Also, all financial analysis data included in the offer reflects the market value of the property at the time of evaluation and was selected directly from the real estate market and studied, analyzed, and verified for accuracy. The reader or contributor must also take into account the controls and regulations and understand the scientific and practical theories adopted locally and internationally in applying real estate valuation work.

