





Presentation of the 8th Extraordinary General Assembly Meeting 2024

Overview of the Proposed Project to Increase Capital by SAR 1.4 Billion through Acquisition & In-Kind Contribution



General Assembly Meeting: Presentation Agenda

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01 Introduction

About Riyadh Development Company



Riyadh Development Company (ARDCO), a joint-stock company, was established in 1994 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 Al-Hukm area in central Riyadh. Since then, ARDCO has become a cornerstone of Riyadh's real estate development and investment sector, through establishing, operating, and managing key projects in the public good services sector.



About Remat Al-Riyadh Development Company



Remat Al-riyadh Development Company is the developmental arm of the Riyadh Municipality and a strategic enabler for partnerships with the private sector to enhance municipal services and contribute to improving the quality of life in the Riyadh region. The company specializes in urban development, focusing on developing high-quality real estate projects on municipal lands. Additionally, the company focuses on managing municipal assets through the development of public parking, providing mobility solutions, and outdoor advertising. Its services also include the operation of municipal services and the management of digital platforms, supporting digital transformation to facilitate the delivery of these services.



02 Proposed Partnership



The agreement regarding the acquisition and in-kind contribution valued at SAR 1.4 billion with Remat Al-Riyadh Development Company has been announced.

Owner



The development arm of the Riyadh Municipality and a strategic enabler of partnerships with the private sector, for the purpose of elevating the level of municipal services and improving the quality of life in Riyadh.



Capital Increase Percentage

31.58%



Total Value Agreed Upon

SAR **1.4** bn



Total Area

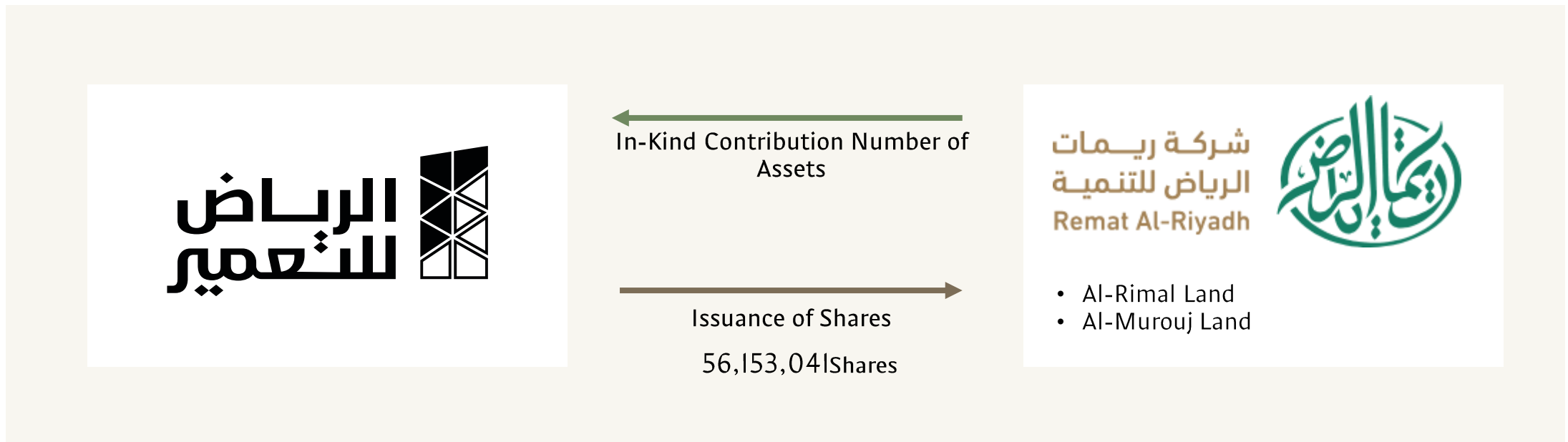
More than **1** mn sqm

Company Capital Increase from SAR 1,777,777,770 to SAR 2,339,308,180



Proposed Strategic Direction

This proposed agreement includes the acquisition of two lands valued at 1.4 billion Saudi Riyals through a capital increase and an increase in the number of shares from 177 million to 233 million shares. This will raise the company's capital from 1.77 billion to 2.33 billion Riyals, an increase of 31.58%, in exchange for issuing new shares Remat Al-Riyadh Development Company, which represents the developmental arm of the Riyadh Municipality and the strategic enabler for partnerships with the private sector to enhance municipal services and contribute to improving the quality of life in the Riyadh region. Remat Al-Riyadh Development Company will achieve 24% ownership of the company after completing the transaction.



Al-Murouj Land

General Information



214,000 m²

Area

Residential -
Commercial

Property Use

3,898 SAR/m²

Average Price per Meter (Valuation)

2,977 SAR/m²

Agreed Price per Meter

834 million SAR

Total Value Based on Valuation

637 million SAR

Total Agreed Value

+197 million SAR

Difference Between Market Value
and Agreed Value

Al-Rimal Land

General Information



787,477 m²

Area

Raw Land

Property Use

1,187 SAR/m²

Average Price per Meter (Valuation)

973 SAR/m²

Agreed Price per Meter

935 million SAR

Total Value Based on Valuation

766 million SAR

Total Agreed Value

+169 million SAR

Difference Between Market Value and Agreed Value

03 Impact of the Proposed Partnership on ARDCO



Financial Impact of the Proposed Partnership

This transaction is expected to have a positive impact, providing approximately SAR 497 million in savings for shareholders compared to the option of directly purchasing similar properties.

The Property	Market Value (Million SAR)*	Approved Value for Completing the Transaction (Million SAR)	Area (m ²)	The Difference Between the Approved Value & Market Value (Million SAR)
Al-Rimal Land	934	766	787,477	168
Al-Murouj Land	834	637	214,000	197
Total	1,768	1,403	1,001,477	365

What will be saved through the acquisition of the targeted assets via the company's capital increase	The Difference Between the Approved Value and Market Value	365 million SAR
	Real Estate Transactions Tax**	88 million SAR
	Pursuit	44 million SAR
	The total difference between acquisition through the capital increase of the company and direct acquisition	497 million SAR

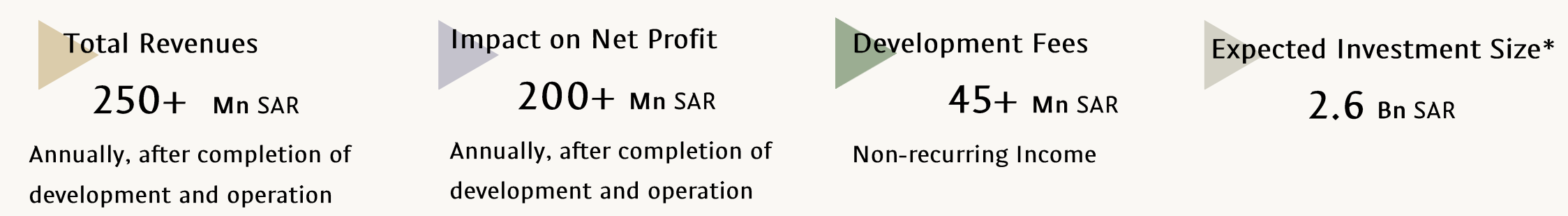
*The assets have been evaluated by certified valuers (Esnad and Ma'yar for Real Estate Valuation).

**No tax will be incurred on the transfer of assets in-kind in exchange for the shares to be issued.

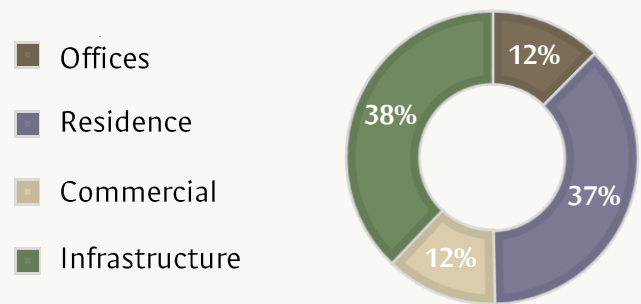
The Financial Impact of the Proposed Partnership

The targeted assets in the capital increase align with the company's strategic objectives in terms of usage and the expected returns on these assets.

The expected positive financial impact on the company resulting from the acquisition of the targeted assets.



Uses of the Targeted Assets



*Includes the value of the lands and the cash investment required to develop the targeted projects.

The Importance of the Deal for Riyadh Development Company

01 Strategic Partnership with Remat Al-Riyadh Development Company

- The acquisition of real estate assets from Remat Al-Riyadh , the developmental arm of the Riyadh Municipality, in exchange for issuing consideration shares to Remat Al-Riyadh and its entry as a shareholder in the company, represents an opportunity to enhance alignment between the developmental objectives of the Riyadh Municipality and its goals of achieving sustainability and financial balance, as well as the company's investment objectives.
- It strengthens the company's position in the real estate market as one of the leading owners, developers, and operators of public utility markets, particularly in the capital city of Riyadh and across the Kingdom in general.

02 Avoiding the financial burdens associated with direct land purchase transactions.

- Acquiring assets through in-kind contributions offers an opportunity to avoid the financial burdens associated with direct cash land purchases, including pursuit costs.
- Providing an opportunity to benefit from exemptions from real estate transaction tax.

03 Achieving Growth and Expansion

- Acquiring new lands enables the company to expand its operations and increase its real estate projects in the targeted sectors.
- The opportunity to benefit from the growing demand for commercial and residential real estate in Saudi Arabia, especially with the plans of the National Transformation Program and the Kingdom's Vision 2030, and the Riyadh city strategy, whose initiatives focus on attracting investments in promising sectors, developing the capital, and developing infrastructure.

04 Benefiting from the Rise in Asset Values

- Real estate assets are known for their increasing value over time, especially in areas witnessing urban growth and infrastructure expansion.
- The company's acquisition of new lands can be a strategic investment, generating high financial returns in the future due to increased value.

The Importance of the Deal for Riyadh Development Company

05 Economies of Scale

- This deal involves acquiring significant assets with vast areas, which presents an opportunity to leverage economies of scale and reduce the costs associated with real estate development processes. These costs include planning, design, supervision, quality control, procurement, and contracting costs. These economies of scale will also help achieve savings in operating, maintenance, and marketing costs after the completion of development operations, which will positively impact the return on investment..

06 Diversification of Income Sources

- Real estate assets can provide new opportunities for partnerships in the real estate development sector by acting as the main developer for projects in partnership with various real estate development companies.
- This contributes to diversifying the company's income sources, such as development management fees and asset management fees. This diversification helps reduce financial risks and increase financial sustainability.

07 Strengthening the Asset Portfolio

- Acquiring real estate assets contributes to strengthening the company's owned asset portfolio, enhancing its financial strength and market value.
- Increased ability to obtain financing and funding from financial institutions with better offers and more favorable terms, supporting future growth plans.

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04 Recommendation



Recommendations

Item One – Capital Increase:

- Approval to increase the company’s capital from SAR 1,777,777,770 (One Billion Seven Hundred Seventy-Seven Million Seven Hundred Seventy-Seven Thousand Seven Hundred Seventy Riyals) to SAR 2,339,308,180 (Two Billion Three Hundred Thirty-Nine Million Three Hundred Eight Thousand One Hundred Eighty Riyals), representing an increase of 31.58% from the current capital. This increase will raise the company’s total shares from 177,777,777 (One Hundred Seventy-Seven Million Seven Hundred Seventy-Seven Thousand Seven Hundred Seventy-Seven) ordinary shares to 233,930,818 (Two Hundred Thirty-Three Million Nine Hundred Thirty Thousand Eight Hundred Eighteen) ordinary shares. The purpose of this capital increase is to acquire two real estate assets from **REMAT AL-RIYADH Development Company**:
 1. A plot of land with a total area of 787,477.19 square meters located north of Dammam Road, Al-Rimal District, Riyadh, Saudi Arabia.
 2. A plot of land with a total area of 214,000 square meters located south of Northern Ring Road, Al-Murooj District, Riyadh, Saudi Arabia (“the Real Estate Assets”).
- As part of this transaction, 56,153,041 (Fifty-Six Million One Hundred Fifty-Three Thousand Forty-One) ordinary shares will be allocated to **REMAT AL-RIYADH Development Company** after obtaining the necessary regulatory approvals, including approval of the following matters related to the transaction:
 - a. The terms of the Acquisition and In-Kind Contribution Agreement signed between the company and **REMAT AL-RIYADH Development Company** on 28/02/1446H (corresponding to 01/09/2024G).
 - b. Amending Article (7) of the company’s bylaws concerning the capital.
 - c. Authorizing the company’s Board of Directors, or any person authorized by the Board, to issue any decision or take any action necessary to implement the aforementioned resolutions.



Recommendations



Item Two – Competing Businesses

- Approval of the transactions and agreements between the company and **REMAT AL-RIYADH Development Company**, in which the Chairman of the Board, Prince Dr. Faisal bin Abdulaziz bin Ayyaf, has an indirect interest as he is the Chairman of the Board of **REMAT AL-RIYADH Development Company**. These transactions include the Acquisition and In-Kind Contribution Agreement signed between the company and **REMAT AL-RIYADH Development Company** on 28/02/1446H (corresponding to 01/09/2024G).

Item Three – Bylaws Amendment

- Approval to amend the company’s bylaws to align with the new Companies Law, rearrange the articles of the bylaws, and renumber them to reflect the proposed amendments.

