

SAUDI ARABIA

Constructing the future



SAUDI ARABIA SPECIAL

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Constructing an economy that is fit for the future

The world-class and vertically integrated AlBawani Holding Group is a driving force in Saudi Arabia's ongoing transformation

Saudi Arabia's unparalleled economic development is supported by world-class construction specialists like AlBawani Holding Group.

Established in 1991, the Saudi-owned group has quickly advanced to become one of the three biggest operators in the industry thanks to its extensive capabilities. "AlBawani's portfolio of companies covers the lifecycle of development and construction, including infrastructure investment; design, engineering and construction; operations; technology, equipment and manufacturing; water and the environment; and renewable energy. Vertical integration is key to our business model, as it allows us more control over our supply chain, in terms of availability, quality and cost effectiveness. In addition, our investment in technology, diversification, human capital and promoting sustainability have enabled our rapid sustainable growth," explains AlBawani Holding Group's chairman, Fakher AlShawaf, a highly respected engineer and businessman, who was named Construction Executive of the Year at Construction Week's 2022 Middle East Awards in recognition of his positive impact on the industry.

The group's activities are fully aligned with the Saudi Vision 2030 plan, states AlShawaf: "Our contribution to economic diversification is centered on our commitment to innovation, excellence, surety of delivery and sustainability. Our commitment to delivering high-quality results across various sectors has made us a trusted partner of the government and private sectors, and we have played a significant role in promoting national progress and development through our track record of successfully executed projects."

AlBawani has completed over 260 major schemes in Saudi Arabia and the region to date. Right now, its 15,000 skilled employees are working on \$2.4-billion worth of landmark developments that include new cities such as NEOM, gigaprojects like King Salman Park and Red Sea resorts. The group is involved in numerous important infrastructure investments as well, ranging from transportation projects to gas pipelines, renewable energy facilities and desalination plants.

Demonstrating the diversity of its capabilities, AlBawani is also developing entertainment complexes in partnership with Saudi Entertainment Ventures, a subsidiary of the nation's Public Investment Fund, which has recently become a shareholder of the group. Another important contribution the group is making to the future Saudi economy is its construction of a state-of-the-art manufacturing plant for US-based Lucid Group that will produce electric vehicles.

Lucid is not the only investor to benefit from AlBawani's experience and



Fakher AlShawaf
Chairman
AlBawani Holding Group



AlBawani constructed Riyadh's unique Grand Mosque in 2013



knowledge, notes AlShawaf: "We have been working with international players across the supply chain, including in successful joint ventures and partnerships. As part of our participation in public-private partnerships, we are also able to offer equity participation to international investors in infrastructure vehicles that offer healthy returns in well-regulated sectors."

One reason AlBawani is the partner of choice for many inward investors is that it is an early adopter of cutting-edge innovations. "Technologies such as building information modeling, modular construction, drones and virtual reality play a crucial role in enhancing our productivity and efficiency, reducing waste and improving safety in construction projects," he says. "New technologies are introduced to the business as part of a stringent assessment process that takes place at our in-house innovation hub, where aspects such as implementability and return on investment are considered."

Going forward, AlBawani's focuses include progressing its digitalization program to achieve even more efficiencies and streamlined services. The group also intends to strengthen its supply chain via further partnerships, acquisitions and its support of localization. "Vertical integration is important, as we want more control over the full lifecycle and quality of services we offer across asset classes both in the country and overseas. As we strive to maintain our leadership position and unique contribution to the Saudi and regional markets, our ambitions continue to grow," asserts AlShawaf.

"Our contribution to economic diversification is centered on our commitment to innovation, excellence, surety of delivery and sustainability."

Fakher AlShawaf, Chairman, AlBawani Holding Group

Among those ambitions, AlBawani Holding Group aims to carry on recording double-digit annual rises in revenues, he reveals: "Our vision is to become one of the largest, if not the largest, regional players in our industry. We are well positioned to achieve this and to gain a higher share of the over \$800 billion in construction projects planned for the country. Additionally, we are entering new sectors such as mining, either through partnerships or acquisitions, and we will keep exploring new markets, aligned with the investments of the Saudi Fund for Development and the Islamic Development Bank. As we continue our expansion, we are poised to make even greater contributions to Saudi Arabia and the region's development and prosperity, while still delivering value to our clients and shareholders."



AlBawani has developed many landmark projects in Saudi Arabia

Promoting sustainable and inclusive development

AlBawani is at the forefront when it comes to helping Saudi Arabia attain the goals of Vision 2030. According to AlShawaf: "We are a key part of the country's success in delivering on its diversification program and making it a reality in tourism, entertainment, industries, mining and renewable energy, across all of which we are delivering large projects." Additionally, AlBawani is enabling the nation to meet its net-zero carbon commitments. For instance, as AlShawaf points out, "We are an investor in the first and largest desalination plant in the world to be partially powered by renewable energy." On top of its green infrastructure investments, the group is driving the decarbonization of the construction industry. Among other measures, it incorporates environmental best practices in its designs by utilizing sustainable building materials, optimizing the use of natural resources, implementing energy-efficient systems and utilizing renewable energy sources, while prioritizing green spaces, biodiversity, waste reduction and recycling in its development projects.

The group has also made substantial progress in the localization and Saudization of industrial supply chains, another objective of Vision 2030. "As an integral local player in the country's development and construction sector, we have made a significant contribution to the empowerment of small and medium-sized enterprises and entrepreneurs that have supported our group as suppliers and subcontractors. We support them through training, financial backing and other resources. Through our rapid but sustainable growth, we are making a major contribution to job creation as well and have plans to grow our workforce to over 50,000 employees in the coming years," he says.



AlBawani's stunning IT and Communication Complex in Riyadh

Furthermore, AlBawani will qualify 2,500 trainees over the next three years through the National Construction Academy, an institute the group has established with the support of the Technical and Vocational Training Corporation, the Human Resources Development Fund and partnerships with national and international operators. Students will receive training targeting the infrastructure, construction and building sectors to meet increasing market demand, which is set to expand much further, as momentum continues to build in the region's largest economy. "The country has made remarkable progress, largely as a result of Crown Prince Mohammed bin Salman bin Abdulaziz Al Saud's launch of Saudi Vision 2030 in 2016. Saudi Arabia is committed to diversifying and developing its economy, enabling the growth of its private sector and providing investment opportunities for Saudi and foreign investors," AlShawaf explains.

Recent policies enacted to facilitate that investment include the initiation of four economic zones in strategic locations—Riyadh, Jazan, Ras Al-Khair and King Abdullah Economic City—which will open up new horizons for sectors such as logistics, industry and technology. Other examples include gigaprojects focused on tourism and policies incentivizing mining and industrial development. "Many global companies are moving their regional headquarters to Saudi due to the sheer volume of opportunities across these diverse sectors," he states. "Our group regularly hosts delegations of organizations looking to establish themselves in the country to assess synergies and promote collaboration. I would encourage companies to visit Saudi Arabia through their trade bodies and embassies—AlBawani and other local businesses will gladly host them and show them the deep transformation that is taking place in a potential future hub of the region and even the world."

AlBawani: Delivering success for clients, shareholders and Saudi Arabia



Over **260** construction projects completed across a wide variety of sectors



A current portfolio of development and investment projects worth **\$2.4 billion**



15,000 skilled employees, with plans to grow its workforce to over **50,000**



Consistently achieving **double-digit** year-on-year growth in its revenues

Jeddah Central: Contemporary culture by the sea

Celebrating the past while focusing on the future, a \$20-billion modern city is taking shape on the banks of the Red Sea

Backed by the Public Investment Fund (PIF), Jeddah Central is one of the biggest leisure and tourism developments in the region, presenting an open canvas for investment in the historic city. Ahmed A. Al-Sulaim, CEO of Jeddah Central Development Company, shares his vision of the incredible development.



Ahmed A. Al-Sulaim
CEO
Jeddah Central
Development Co.

With phase one set for completion by 2027, what progress has been made in achieving the main goals of the exciting development?

Jeddah Central Development is a contemporary interpretation inspired directly from the layout and design principles of Jeddah's UNESCO heritage old town, Al-Balad. A simple and powerful premise of learning from the past appreciating the present and inspiring the future. Jeddah Central stretches along 9.5 kilometers of waterfront in the center of the city, enjoying over 2.1 kilometers of public sandy beaches. It will be home to 17,000 new residential units, 2,700 hotel rooms, innovative office and retail space and a thriving cultural metropolis with an opera house, industrial museum, a FIFA-compliant football stadium and an oceanarium revealing the secrets of the Red Sea. Strong progress has been made with site preparation at its peak and the largest haul of construction contracts Jeddah has seen, to be awarded soon.

What are some of the main targets the development aims to achieve in terms of its scale, size and impact on the local economy?

The first phase will be fully open in 2027 and by 2030 Jeddah Central is set to create 25,000 direct and indirect jobs with over \$12-billion gross value added to the economy. Jeddah is the second-largest city in Saudi Arabia, with a temperature rarely below 15°C or above 40°C, making it a welcoming, waterfront haven for leisure visitors and locals. As the gateway



Jeddah Central will use themed districts as a rich tapestry of life

to Makkah, Jeddah already welcomes 12 million Umra and Hajj pilgrims a year, a figure predicted to grow to 30 million, all eager to discover more and stay a little longer.

With its multicultural influence and coastal location, Jeddah already has a vibrant culture and Jeddah Central is the first significant leisure and tourism destination in the region. We offer investors first mover advantage as Jeddah, we believe, is currently under-invested with limited competition.

How is the government creating an enabling policy and incentive environment for real estate investment?

The ongoing transformation of Saudi Arabia under the Vision 2030 plan is unlocking new opportunities at an unprecedented pace. The Ministry of Investment of Saudi Arabia (MISA) is facilitating access to these opportunities by developing a vibrant cross-government investment ecosystem, while supporting businesses throughout their investment journey. Vision 2030 is creating a thriving economy and the PIF has established nearly 80 firms in significant, strategically important sectors to help drive this. The Jeddah Central Development Company plays an important part in that goal by developing a waterfront in the heart of Jeddah in a sustainable manner. We do this through providing an authentic, vibrant cultural destination while placing the health and wellbeing of locals and visitors at the core.

“Jeddah Central is one of the biggest leisure and tourism destinations in the region. We offer investors first mover advantage as Jeddah is under-invested with limited competition.”

Ahmed A. Al-Sulaim, CEO, Jeddah Central Development Co.

Jeddah Central is set to become a prominent landmark, while the city becomes even more of a leisure destination hub with increasing airline routes. How do you envision the development shaping the future of the city and positioning it as a prominent tourist destination?

Our uniqueness comes from the local heritage and design of Al-Balad and we know visitors are always drawn globally to the laneways and cultural discovery that old towns provide. With a design that naturally blends with architecture, flora, fauna, land and sea-scaping, Jeddah Central is set to be the leisure lifestyle destination of the kingdom.



A new industrial museum will preserve the old desalination plant



An attractive new marina will provide easy access to the Red Sea

Most global downtowns are based on a conventional grid layout. Jeddah Central's design is inspired by Al-Balad, so this is not just about getting from A to B but reflects a cultural and social purpose. The distinct laneways, squares and meeting places that locals call sikkas and barahats provide unexpected discovery around each corner, bringing people together, ensuring everyone is part of a community, not apart from it. This brings a cultural vibrancy and soul to a contemporary development rarely seen across other cities and developments, essentially making people feel that they belong to something rich and powerful.

Innovation and technology are key drivers of urban development. How are you leveraging cutting-edge technologies, smart city solutions and design innovation to create a unique and modern urban experience?

Jeddah Central is a contemporary version of Jeddah's Old Town—smart and sustainable, driven by latest design, but making use of locally sourced materials. Everything is conveniently designed to be within 15 minutes walking distance and being a smart city, access and connectivity will be smooth and seamless. Sustainable materials and operations with shading and cooling ensure optimal energy efficiency towards carbon emissions. A smart tech city, yet fitting into the authentic cultural community.

As the development attracts global attention, what opportunities exist for international investors and what types of partnerships are you after?

The development offers investment opportunities across four major asset classes: hospitality, residential, retail and office. We recently expanded our masterplan to offer: 17,000 homes to all types of investors; 2,700 keys across a luxury beach resort, with 5-, 4- and 3- star and serviced apartments; 370,000 square meters of retail space and food and beverage opportunities across marina, beachfront and streets; and 525,000 square meters of office space with over 60-percent Grade A campus-style offices.

Jeddah Central Development sets the standard for scale and ambition



9.5 km
of waterfront



2.1 km
of free
public beach



17,000
units



2,700
keys



+370,000
square meters



525,000
square meters



Eyes on the prize as a world-class sports stadium inspires victory

Compared to other developments in the kingdom, why does Jeddah Central represent a great investment opportunity?

We can summarize our uniqueness through both the heritage inspiration combined with the enviable location at the heart of Jeddah city, with almost five million residents, sitting right on the shores of the pristine Red Sea. When you couple that with PIF's ownership of our development, you have significant assurances in place.

Add the fact that we are the only development in the world to have the landmarks built together as attractions/anchors, we look forward to welcoming your business to Jeddah Central.

“We are transforming into a global tourism and business hub, moving away from oil and gas to a more diversified economy, with PIF as a major catalyst for assured investment.”

Ahmed A. Al-Sulaim, CEO, Jeddah Central Development Co.

What is your final message to the readers of Newsweek about looking to Saudi Arabia for investments and pursuing growth opportunities in Jeddah?

Now is the time to invest in Saudi Arabia. We are transforming into a global tourism and business hub, moving away from oil and gas to a more diversified economy with PIF as a major catalyst for assured investment.

As an investor you are basically partnering with PIF. Jeddah Central is one of the biggest leisure and tourism developments, presenting an open and assured canvas for investment in a major city with limited competition. Jeddah Central, at the heart of the city, is a place with a rich cultural heritage celebrated by a vibrant beachfront community. We very much look forward to welcoming you.



Bujairi Terrace, a Najdi-inspired dining destination



At-Turaif, a UNESCO World Heritage Site

300-year-old story of Saudi Arabia's birthplace

As a unique global hub for culture, heritage and tourism, historic Diriyah city is a catalyst for the country's Vision 2030 goals

In December 2022, a critical part of the Vision 2030 strategy to turn Saudi Arabia into a global leader in tourism, entertainment and hospitality opened its doors and started welcoming visitors from across the world.

Over 14 square kilometers that lie just 15 minutes from Riyadh, the \$63.2 billion Diriyah gigaproject is forging a destination whose quality of life, cultural offering and place in history will be unrivalled anywhere in the Arabian peninsula, which is expected to draw in more than 27 million visitors by 2030 and create 55,000 jobs. Owned by the Saudi Public Investment Fund, the awe-inspiring project encompasses the cultural and historical epicenter of Saudi Arabia: Diriyah city, which contains the UNESCO World Heritage Site of At-Turaif—the ancestral home of the Al Saud family and birthplace of the Saudi state—and is surrounded by the unspoilt, outstandingly beautiful Wadi Hanifah valley.

"We have been given the opportunity to create the premier destination to live, work, visit, shop, dine and celebrate the wonders of the country's rich history, heritage and culture."

Jerry Inzerillo, Group CEO, Diriyah Company

"We have been given the opportunity to create the premier destination to live, work, visit, shop, dine and celebrate the wonders of the country's rich history, heritage and culture, which will attract Saudi nationals, tourists, investors and the best in cultural and artistic talent," says Jerry Inzerillo, group CEO of Diriyah Company, the project's developer. He is keen to point out that: "This is not just another new-build tourism scheme catering to every

whim of global travelers. As the cradle of Arabian civilization, Diriyah has been a great gathering place for the world for almost 300 years: its uniqueness and value lie in its centuries-old storied history, culture, architecture and landscape." Instead, Diriyah Company has restored the majestic At-Turaif, one of the most important mud-brick settlements worldwide, and is reviving the quintessential Najdi architectural style throughout the city. "The design, natural building materials and human-scale elements we are incorporating respect its heritage. Diriyah will offer a spectacularly distinctive identity, blending tradition with contemporary living," states Inzerillo.

At-Turaif is one part of the project that has been completed and visitors have been flocking to explore the settlement. Overlooking it is another element now open to public that has attracted over one million visitors since opening in December 2022: Bujairi Terrace. Already gaining a reputation as the Middle East's best dining experience, the terrace brings together an amazing variety of gastronomical adventures, including four Michelin-starred restaurants, renowned international names like Angelina and Sarabeth's, plus Saudi specialists such as Maiz and Takya. Since December, Diriyah has also started hosting a wide array of cultural and sporting events, ranging from Saudi Arabia's first Contemporary Art Biennale to Formula E electric car races.

The showcase of the nation's culture and heritage will soon offer many more unforgettable and immersive experiences, with over 26 cultural attractions, six museums and galleries, academies teaching local traditions, plus open-air recreational and event spaces. The walkable city will also house hundreds of luxury and lifestyle shopping outlets, where visitors and residents will be able to purchase everything from handcrafted local goods to the products of leading international brands. In addition, 38 of the most prestigious global hotel companies will be welcoming guests in Diriyah, including Ritz-Carlton, Rosewood and Six Senses. "We are immensely proud to have attracted such iconic brands and partners so far," Inzerillo says. "Looking ahead, Diriyah Company will be a global leader in hospitality, tourism and real estate, and a project of this magnitude offers a huge variety of opportunities for businesses in hospitality and many other sectors. As we forge this peerless, unique destination, the possibilities are limited only by our imagination. There is only one Diriyah—come and see it for yourselves!"



Jerry Inzerillo
Group CEO
Diriyah Company

A preeminent force in the global hospitality and tourism industry and recently named Hotels magazine's Corporate Hotelier of the World, Jerry Inzerillo was appointed as the first CEO of Diriyah Gate Development Authority. We asked him why he accepted the role.

The chance to work on a project of such historical significance and national importance is a once-in-a-lifetime opportunity—I was honored and feel greatly privileged to have been asked by His Royal Highness Crown Prince Mohammed bin Salman bin Abdulaziz Al Saud to serve as CEO. When I joined, he empowered me to bring together the best and brightest from across the world: marketing, architecture, culture, heritage, design, construction and planning—you name it, we have the best. For more than five decades, I have championed the global hospitality sector and its people. To now be leading this formidable team in bringing the world to such a magnificent cultural icon like Diriyah is undoubtedly the pinnacle of my career.

When I considered the impact that developing a place like Diriyah would have on people not just across the country, but across the world, I was very excited. Throughout my time here, that passion and motivation has only grown stronger. I have been so struck by the pride and sense of connection that the Saudi people have with Diriyah: it is the birthplace of the nation and where the roots of many of its values and traditions can be traced back to. When you recognize the project's importance, it is not difficult to understand why all of us who have joined the Diriyah Company were attracted to work here. Each one of us is a guardian of Diriyah's legacy, all of us are cognizant of the project's significance and we are working hard to deliver its completion.

As I always say, our workforce of around 1,600 employees is a family. Almost 85 percent of Diriyah Company's staff are Saudi and 14 percent are Diriyah locals. This is important as, first and foremost, Diriyah is about Saudis, their history and culture—who better to understand the incredible intricacies and nuances of this place. Female empowerment also forms a key aspect of our recruitment policy and 36 percent of our staff are women, with 16 percent of them holding management roles.

"To now be leading this formidable team in bringing the world to such a magnificent cultural icon like Diriyah is undoubtedly the pinnacle of my career."

Jerry Inzerillo, Group CEO, Diriyah Company

Given your vast experience in the global travel and hospitality industry, particularly in New York, what has it been like to work in Saudi Arabia?

I have lived in many countries, but never have I been so warmly welcomed. The kindness, generosity and spirit of the Saudi people has inspired me since day one. When you work in a place as special and treasured as Diriyah, you develop a deep connection with being a part of this project. I don't think it's possible to comprehend the beauty and depth of rich heritage that is embodied by Diriyah unless you are here in person.

From the views of Salwa Palace from Bujairi Terrace, to the striking juxtaposition of seeing King Abdullah Financial District on the far horizon from atop At-Turaif, there is a feeling of poise and tranquility that I have never experienced before. I have adored my time in the country, and I feel privileged to live and work among such extraordinary people and wondrous surroundings. We have achieved an astonishing amount in just five years, and I am more enthused, passionate and invigorated than ever for all that is to come.

Diriyah, a development for the future

14 km²
Historic, cultural and lifestyle destination



50 million
annual visits expected by 2030



An experience in world-class hospitality

38 global luxury hotel brands and resorts across Diriyah and Wadi Safar



The future of academics

1 university focusing on culture and heritage, and **9 K-12** schools and **7** kindergartens



A destination enriched by nature

Over **6.5 million** trees, plants and shrubs, over **8 parks**, and **3 km walkways** overlooking Wadi Hanifah



A discovery of ancient heritage

At-Turaif: A UNESCO World Heritage Site, **6** galleries showcasing Saudi heritage and culture



A vibrant shopping experience

100+ local brands within a traditional setting, **400+** luxury lifestyle brands and **150+** retail, food and beverage stores



An unparalleled living experience

Over **200** branded residential units and over **18,000** luxury Najdi residences



Bujairi Terrace, a fine-dining experience

Bujairi Terrace, the Najdi-inspired global fine-dining destination, which includes **4 Michelin-starred** restaurants and coffee shops



Saudi Exchange is the third-largest emerging stock market



Saudi Exchange is shaping Saudi's capital market development

A cornerstone of Saudi economic development

Saudi Arabia's increasingly dynamic economy is reflected in the remarkable growth in size and sophistication of its capital market

Last year, Saudi Exchange was the biggest market in the Middle East and Europe for initial public offerings. Whereas in the past it would expect to host about five IPOs a year, in 2022 it launched over 50 new listings and that impressive momentum has shown no sign of slowing down in 2023.

"This demonstrates the vibrancy of our economy and the significant level of interest, not only from companies seeking to be listed, but also from local and international investors wanting to share in the success of Saudi Arabia's economic growth journey," says Mohammed Sulaiman Al-Rumaih, CEO of Saudi Exchange, which is now one of the world's 10 largest stock exchanges in terms of its market capitalization that stood at almost \$3 trillion in June.

Alongside the Securities Clearing Center Company, the Securities Depository Center Company and technology-innovation specialist Wamid, Saudi Exchange is a subsidiary of the integrated Saudi Tadawul Group, which itself recorded a hugely successful IPO in 2021. Together, the four companies are driving the realization of Saudi Vision 2030's Financial Sector Development Program that aims to make the country an attractive, advanced destination for investors and issuers. Saudi Exchange, for example, is transforming its regulations to gradually open up the market. "We are simplifying investor access and facilitating increased activity across various sectors of the capital market, including asset managers, brokerages, institutions and custodians," explains Al-Rumaih.

Processes for potential new issuers have been streamlined too, he adds: "Our goal wasn't to make it easy, but to make it appropriate and appealing for companies to list, while at the same time meeting the expectations of investors in a capital market. We have introduced major structural changes as well, including a parallel market for small and medium-sized enterprises,



Mohammed Sulaiman Al-Rumaih
CEO, Saudi Exchange

and we have seen growing interest from international and regional companies considering listing in this market due to its strong liquidity and robust regulations." In 2022, Saudi Exchange also established single stock futures as part of its broader plan for the country's derivatives sector that is continuously evolving. "Moving forward, we'll continue to enhance the market and implement improvements," Al-Rumaih asserts.

Another priority is embedding environmental, social and governance principles in Saudi companies, the CEO notes: "We raise awareness of ESG and encourage issuers to incorporate ESG practices in their businesses and disclosures. As a result of our efforts, we've noticed a shift: in 2021, only 8 percent of our issuers disclosed on ESG, but that had gone up to 21 percent by 2022. We've also introduced a voluntary carbon market in collaboration with the Saudi Public Investment Fund to help listed entities in the region navigate to net zero by providing an opportunity to purchase carbon credits. Last year, we conducted an auction that was the largest in history at that time—which resulted in a reduction of 1.4 million tons of carbon—and in June 2023, we held an auction in Kenya, where Saudi companies purchased carbon credits from African countries."

"We are simplifying investor access and facilitating increased activity across various sectors of the capital market."

Mohammed Sulaiman Al-Rumaih, CEO, Saudi Exchange

The growing participation of foreign investors in the country's capital market has been pivotal to its transformation. "Saudi Exchange now serves as a key hub that links markets from East to West, connecting global investors with opportunities in the Middle East and North Africa and vice versa," states Al-Rumaih. "The international investment community has a greater understanding of Saudi Arabia than ever before and our conversations have shifted toward collaboration and exploring avenues for increased investments from their side, as well as discussions around how we can align ourselves with other international markets. We invite feedback from investors, look to implement changes where practical, and are eager to continue finding new, innovative ways to serve as a cornerstone of the Saudi economy's growth and development."