



tuder real estate company



Tuder, Al Rajhi Bank's real estate and property management arm, concluded the reporting period on a highly successful note, exceeding its revenue target by 50% for 2023, and surpassing net income targets by 100%. Tuder also achieved a 9% Return on Investment (ROI) on real estate management, and an outstanding 98% occupancy rate, demonstrating the subsidiary's ability to effectively manage and utilise its real estate properties. At the close of 2023, Tuder recorded a total of SAR 198 Mn. in cost savings for Al Rajhi Bank and its subsidiaries that demonstrated its proven capabilities and readiness to access a wider market outside the Al Rajhi Group.

Strategic growth and expansion

With a roadmap that outlines the company's long-term digital strategy. Tuder set about investing in the implementation of advanced digital solutions in 2023, property management software, advanced ERP systems and other digital tools that would help automate and optimise key business processes in order to reduce manual intervention, increase accuracy, and speed up processing times.

subsidiaries and international branches

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Overview
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Tuder Highlights for 2023

Projects

- Surpassed cost reduction target for 2023 with SAR 84 Mn. savings
- Reduced project time duration by 40%
- Completed 79 projects (including Pre-Operation and SAMA Phase), exceeding target of 72 for reporting period
- Delivered 98% of projects on time
- Achieved remarkable 65% decrease of received incidents from branches

Facility management

- Achieved cost savings of over SAR 30 Mn. in reducing contracts costs
- Completed the installation of solar systems across 61 branches
- Completed the installation of solar canopies on the Al Rajhi headquarter tower parking lots – currently considered to be one of the biggest solar installations in Riyadh
- Installed energy saving tools and equipment in 400 branches.
- Completed power upgrade project in the IT – Hub (NRR) from 4MVA to 9.5MVA, accommodating possibility for future expansion
- Completed power upgrade project in the DRC from 0.5MVA to 1MVA, accommodating possibility for future expansion
- Upgraded cooling units in 60 branches
- Completed retouch and improvements project in more than 65 branches
- Completed the construction fit-out in 6 floors of the headquarters tower
- Operated and formalised Facility Management Frame Agreements with Al Rajhi subsidiaries (Emkan, Neoleap, Tanfeeth, Tawtheeq)

Safety and Security

- Realised cost savings of over SAR 38 Mn. by optimising safety and security measures

Real Estate

- Saved SAR 10.9 Mn. in scheduled payments for terminated contracts
- Achieved 9% ROI from all real estate properties under management
- Achieved 98% occupancy rate in real estate under management

Evaluation

- Evaluation Fees reduced by more than 40% while maintaining high standards
- 15 new valuation companies signed during 2023
- Formalised contracts with 4 new consulting offices with a reduced fee of 20% for technical evaluation
- Reducing real estate appraisal fees by 40%
- Visited 38 valuation companies during 2023
- Integration of a Customer Relationship Management (CRM) application to enhance customer relationships and improve the business
- Criteria-based model developed for the classification of evaluation companies
- Verification of reporting data received by evaluation companies to improve quality

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Enhancing operational energy efficiencies

Under its comprehensive Energy Efficiency Programme implemented across most Al Rajhi Bank properties, Tuder continued to enhance power and energy efficiencies during the year in review. The programme covered a number of initiatives comprising the installation of solar panels, air-conditioner upgrades for energy saving, the introduction of power-down equipment, window film installation, and the adoption of LED lighting. These strategic measures have resulted in an overall reduction in power usage and an estimated cost saving of approximately SAR 2.3 Mn. from the total annual energy bill, a significant reduction in the Bank's operating expenses.

At the close of 2023, Tuder had successfully installed Solar Power System across 61 Al Rajhi properties across the country. While the initial investment amounted to SAR 16 Mn., the solar installations are capable of reducing energy costs by approximately SAR 3 Mn. per year – a high and sustainable return on investment for the Bank. The Solar Power System will also generate clean and green energy, contributing to reducing the Bank's carbon footprint, while also optimising energy efficiency and reducing operational costs for Al Rajhi.

Driving the Al Rajhi Bank rebranding efforts

The year 2023 saw Tuder surpassing planned project targets and achieving a project completion of 109% for the year in review, successfully exceeding targets by 9% at the close of the reporting period. The completed projects comprised 11 subsidiary projects and 68 branch rebranding projects in total, which in turn included 4 projects in the final stage of SAMA-

approved licensing for operation, 14 projects in pre-operation phase, 3 remittance centres and 2 private branches. Tuder also oversaw the set-up and branding of 13 new branches that opened in 2023, as well as the 27 branches that underwent renovation to enhance their infrastructure and improve customer experience. Furthermore, 10 branches were relocated to more strategic locations in order to enhance their reach and accessibility to better service customers.

Tuder also embarked on a project to replace the primary signage at 207 Al Rajhi Bank locations according to the requirements presented by the Retail Banking Group. Tuder's diligent efforts resulted in signage replacements across 187 locations, accounting for an impressive 90% of the agreed-upon plan.

68

branches rebranded

11

subsidiary projects completed

4

Final stage of SAMA-approved licencing

14

properties in pre-operation phase

13

new branches set-up and opened

27

branches renovated

10

branches relocated

Primary signage replaced in

187

locations

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The application of value engineering

Tuder's value engineering process continued to eliminate unnecessary costs in 2023, while gradually insourcing highly sought-after services through applicable means. The execution unit rates for renovation projects were reduced by a significant 41% in 2023, resulting in the completion of renovation projects below projected budget. A value engineering study was conducted on vendors for multiple services including mechanical, electrical and plumbing (MEP) services; the study helped Tuder procure the most cost-effective vendors and materials, resulting in an additional 7% cost reduction with zero compromise on quality. Tuder also saved a further SAR 4 Mn. during the reporting period by repurposing existing assets such as furniture, video walls, and other equipment.

In 2023, Tuder successfully reduced the duration timelines of 'Shell and Core' Projects by 17%, Renovation Projects by a notable 31.3%, Fit-out Projects by over 40%, and ATM Cabinet Projects by a significant 76%, demonstrating excellent project management, planning and execution skills, which resulted in greater savings and efficiencies. Tuder also successfully decreased the number of received incidents from branches by a significant 50% YoY in 2023, evidencing improved capabilities and better management of projects.

Future outlook

In 2023, Tuder created a strategic direction document that outlines its planned trajectory for the next three years from 2024 to 2026. The strategic objectives outlined under this plan includes revenue maximisation with the introduction of new, diversified service offerings such as in-house safety and security management, as well as office furnishings to meet the increasing demand for world-class interiors. The new strategy will also focus on maximising Tuder's real estate portfolio, with a focus on expanding and optimising its property holdings. The subsidiary will also focus on optimising operational expenses and increasing profitability, improving operational efficiencies, and enhancing customer satisfaction through high quality solutions delivery. Tuder aims to foster a highly-engaging company culture where employees feel encouraged, motivated, appreciated and satisfied for their contribution to the overall success of their organisation.