

Cave Hotel

INVESTMENT OPPORTUNITY SCORECARD TOURISM & QUALITY OF LIFE

September 2021

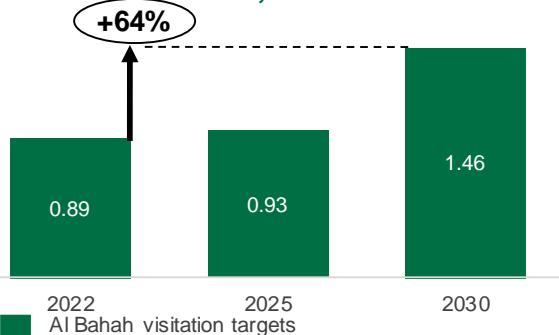


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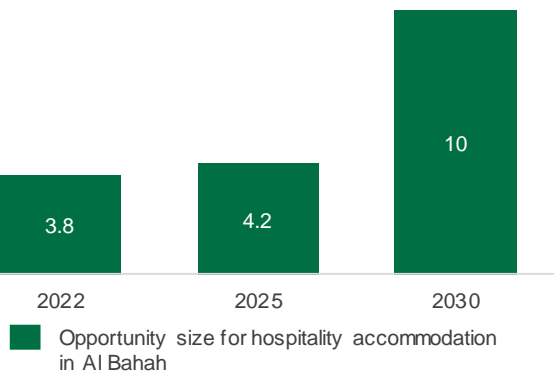
OPPORTUNITY'S DESCRIPTION: : Opportunity to develop a unique hotel in lower Shada Mountain that celebrates the history and heritage of the region and its people while delivering a unique experience of living in a cave

DEMAND

MARKET SIZE, IN MILLION



NUMBER OF KEYS, IN THOUSANDS



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- To develop cave hotel 30 keys
- Construction cost 16,044 SAR / sqm
- IRR 4.7%
- Payback period: >10 years
- 3 Years Construction
- Cap Rate: 7.0%
- Location: Al Bahah

VALUE PROPOSITION

- The reserve boasts unique natural features to attract both domestic and international tourists but also faces four main considerations
- Greatest floral biodiversity in the region, with >500 plant species in a ~70 km2 area
- Variety of rare wildlife including wolves, foxes, striped hyena and the elusive Arabian leopard
- Beautiful geological formations including pre-historic caves and grottoes engraved with drawings & inscriptions
- Part of the extensive Sarawat mountain range stretching through southern KSA, with a peak elevation of >2,000 metres

MARKET OVERVIEW

KEY DEMAND DRIVERS

- KSA is the largest economy in MENA, contributing 20%+ to the total regional GDP and is expected to grow at 2.9% post Covid-19 pandemic crisis which will result in booming tourism sector
- Investments made in infrastructure projects, ease and affordability of tourist visas and overall progress made in tourism sector are set to have a major impact on the growth of Al Bahah's city hospitality sector

MARKET READINESS

- In line with Saudi vision 2030, KSA aims to become an international tourist destination, with aspirations to attract 100 million visitors annually by 2030
- Well established tourism ecosystem led by the Ministry of tourism supporting investors across their journey which includes the tourism development fund, the Saudi tourism authority and Ministry of investment



DEVELOPMENT ASSUMPTIONS

- **Description:** A niche boutique hotel which combines the texture and shapes of the Lower Shada mountains with the history and heritage of the region and its people providing immersive and unique experiences.
- **Components:**
 - Rooms and Suites evocative of cave living in contemporary comfort
 - Suites with private spa
 - Specialty restaurant with secluded terraces among rocky outcrops
 - Spa and wellness
 - Infinity pool with stunning views
 - Activities in surrounding area



HOTEL INFORMATION	
No. keys	30
De luxe rooms	23 (80%)
Cave Suites	5 (15%)
Embassy Suites	2 (5%)
Total GFA*	~ 3,500 sqm
Category	Upper-Upscale
Years Construction	3

CAPEX requirements



Total development cost



Development cost per GFA sqm



LOCATION AND CONNECTIVITY FEATURES

- Shada Mountain Reserve is located within a 2-hour drive from Al Bahah and is relatively accessible by road, although quite remote from major cities



<p>Population</p>	<p>~70,000 living in Al Makhwah</p>	<p>~2 million people within 3-hours driving distance</p>			
<p>Location</p>	<p>Distance from Key Cities</p> <table border="0"> <tr> <td> 1.5 hours from Al Baha</td> <td>3 hours from Taif</td> <td>5 hours from Abha</td> </tr> </table>		1.5 hours from Al Baha	3 hours from Taif	5 hours from Abha
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<p>Connectivity</p>	<p>Air</p> <p>via Al Bahah, Taif, Abha, and Bisha</p>	<p>Road</p> <p>served by multiple major highways connecting to Aseer and Makkah</p>			

DEFINITIONS

#	SCORECARD SECTION	DEFINITIONS
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Demand drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Competitor analysis	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	Latest business developments within the sector/product category
8	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
9	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	Factors that enable investment in the underlying opportunity
13	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of \$1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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