

DEVELOP 5 STAR HOTEL IN ASEER

INVESTMENT OPPORTUNITY SCORECARD

TOURISM & QUALITY OF LIFE

September 2021



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Restricted / مقيد

High Potential

Moderate Potential

Low Potential

OPPORTUNITY'S DESCRIPTION: Opportunity to develop 5 stars hotels in Aseer

DEMAND

- Expected demand for numbers of keys in 2019:
 - Total of Trips 5,032K
 - Total Tourist Receipts 6,577M SAR
 - Avg. Visitor Spend 1,453 SAR
 - Avg. Occupancy: Hotel 57%, Apartment 55.7%
- Expected demand for number of keys in 2025 is 14K and in 2030 is 32K



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- To develop 5 star hotel 150-300 keys
- Expected Investment size 150-280 Mn SAR
- Investment model options: leasing, shared revenue model or 100% ownership
- Location: Aseer
- Estimated Project IRR: 10-12 %

VALUE PROPOSITION

- Aseer possesses a unique variety of cultural and natural assets, distinct across five geographical layers; from coast to mountain to desert
- In KSA and beyond, Aseer will be known as a globally leading, year-round leisure, culture and outdoors destination. Balancing preservation with progress, the region will thrive in the modern world as a cohesive, inclusive community. Aseer will become a recognized leader in natural preservation in the Kingdom
- Opportunity to develop 32K number of keys in Aseer 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

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 Aseer's city hospitality sector
- The region will offer a mix of affordable assets and luxury anchor projects [50% of hotel keys at 3 stars]. The existing PIF projects, Abha downtown, Al Souda, and Habala will play a crucial role as high-end anchor assets and have been factored into our strategy
- Aseer will attract 8.6 m visits in 2030 tripling the current leisure visits. Growth mainly originates from domestic leisure [+250%] and international tourism

MARKET READINESS

- Tourism is Aseer's priority. Aseer mainly cater towards the Saudi middle class leisure tourist, ensuring complementarity to other destinations. This is flanked by international visits
- Tapping into Aseer's natural and cultural assets, 5 well-differentiated tourism development areas has been identified which highlighted the need for 23k additional keys and a comprehensive investment package of ~81B SAR to vitalize these areas

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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