

Desert Retreat Resort

INVESTMENT OPPORTUNITY SCORECARD

TOURISM & QUALITY OF LIFE

September 2021

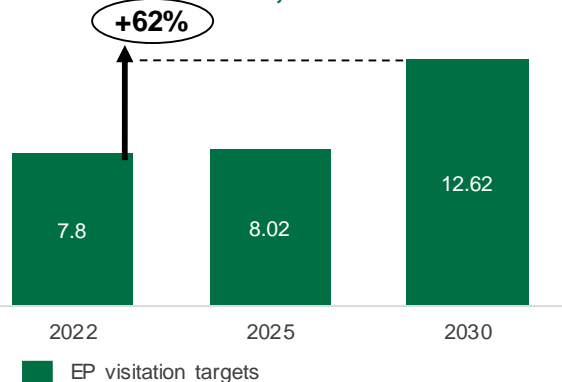


Desert Retreat Resort

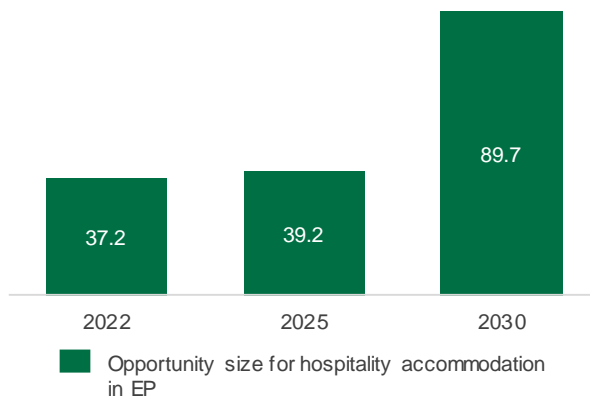
OPPORTUNITY'S DESCRIPTION: Opportunity to develop a luxury desert retreat resort offering unique, unparalleled experiences in the heart of the Empty Quarter

DEMAND

MARKET SIZE, IN MILLION



NUMBER OF KEYS, IN THOUSANDS



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- To develop Luxury Desert Resort Retreat 50-100 keys
- Construction cost 19,178 SAR / sqm
- IRR: 7.6%
- Cap Rate: 7.0%
- Payback period: >10 years
- Location: Eastern province

VALUE PROPOSITION

- Currently, the Empty Quarter is largely undeveloped with minimal infrastructure of any kind, but significant tourism developments are in planning
- Empty Quarter is the largest uninterrupted sand desert in the world
- Characterized by large dunes reaching as high as 250 metres individually
- Interspersed with gravel plains, dried lake beds and salt flats known as "sabkhas"
- Large temperature extremes, with average highs of ~47° C in the summer and lows of ~12° C in the winter

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 Eastern province's 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 secluded retreat with stylish desert décor set among the magnificent dunes of the Empty Quarter. Luxury accommodation, a sumptuous spa, restaurants offering fine Arabic and international cuisines, a Desert Excursion Centre and host of leisure facilities as well as an intimate meetings venue for high end seminars, meetings and incentives.

- **Components:**

- Rooms and suites
- Restaurants with Arabic and international cuisines
- Wellness and Spa and fitness facilities
- Activity centre, camel and equestrian activities
- Bedouin experience night camp
- Sports and leisure facilities



HOTEL INFORMATION	
No. keys	100
Deluxe Rooms	69 (69%)
Junior Suites	20 (20%)
Executive Suites	10 (10%)
Presidential Suite	1 (1%)
Total GFA*	~ 10,800 sqm
Category	Luxury
Years Construction	3

CAPEX requirements



Total development cost



**Development cost per
GFA sqm**



TOURISM & QUALITY OF LIFE Desert Retreat Resort

Restricted / مقيد

LOCATION AND CONNECTIVITY FEATURES

- There are multiple viable sites within the vast expanse of the Empty Quarter, although the most desirable are within 2-3 hours of a major city



Population



~8.7 million

living in Riyadh

~14 million

people within
3-hours driving distance

Location



Distance from Key Cities

1.5

hours from Riyadh

2.5

hours from Hofuf

3

hours from Dammam

Connectivity



Air

via Riyadh,
Dammam and
Hofuf Airports



Road

served by multiple
major highways
connecting to
Riyadh, Dammam,
Hofuf



Rail

Benefit from
new rail/metro
links to cities

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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