

HEALTHCARE DEVELOPMENT IN MAKKAH

INVESTMENT OPPORTUNITY SCORECARD

REAL ESTATE

SEPTEMBER 2021



REAL ESTATE HEALTHCARE - MAKKAH

Public / متاح

High Potential

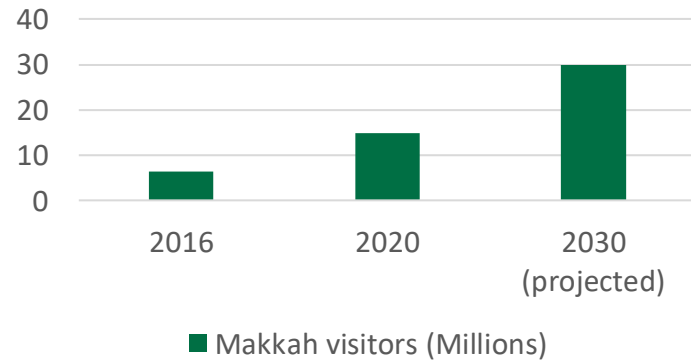
Moderate Potential

Low Potential

OPPORTUNITY'S DESCRIPTION: Opportunity to develop a private hospital in Makkah with an area of 20,000 sqm.

DEMAND

MARKET DEMAND



INVESTMENT HIGHLIGHTS

- Expected investment size of SAR 314,38 Mn
- Investment model options: leasing, shared revenue model or shared revenue model + fixed amount
- Location: Makkah
- Estimated Project IRR (25 year lease term) 7%~9%
- Estimated Project IRR (50 year lease term) 9.%~11%
- Estimated Equity IRR (50:50 D/E ratio) 8%~10%

INVESTMENT OVERVIEW

VALUE PROPOSITION

- Healthcare is one of the main focus areas of the Kingdom's vision 2030 and the National Transformation Program. Research indicates that to keep pace with population growth, Saudi Arabia would require additional 20,000 beds by 2035.
- For religious tourism alone, KSA will increase the number of visitors from 7 mn visitors in 2019 to 30 mn visitors by 2030.
- Opportunity to leverage the recent government initiatives to upgrade Makkah City, such as the establishment of The Royal Commission of Makkah City and the Holy Sites (RCMC)
 - RCMC was created in 2018, which sets plans and strategies to upgrade the services in Makkah Al-Mukarramah and the holy places.
 - RCMC will work closely with stakeholders in the private sector to identify programs and projects that help realize the vision of making Makkah City among the world's most attractive cities.

PROJECT OVERVIEW

- Given the shortage of hospital beds in Makkah, it is proposed to develop a 183- bed private hospital. Furthermore, the developed infrastructure and parking spaces around the land plot optimizes the construction costs and enhances the development opportunity. The subject site is located in Waly Al Ahed district, within the Al Safa residential masterplan The site also benefits from good frontage to the Fourth Ring Road.
- Several amenities are located near the project site including:
 - Elaf Kendah -5 star hotel 7 Km from Site
 - Haramain Railway station 11 Km from Subject Site
 - Al Masjid Al Haram 15 Km from Subject Site
 - Makkah Mall 16 Km from Subject Site
 - Holy Sites (Mina, Muzdalifa, Jamaraat, Arafah) 20 Km from Subject Site

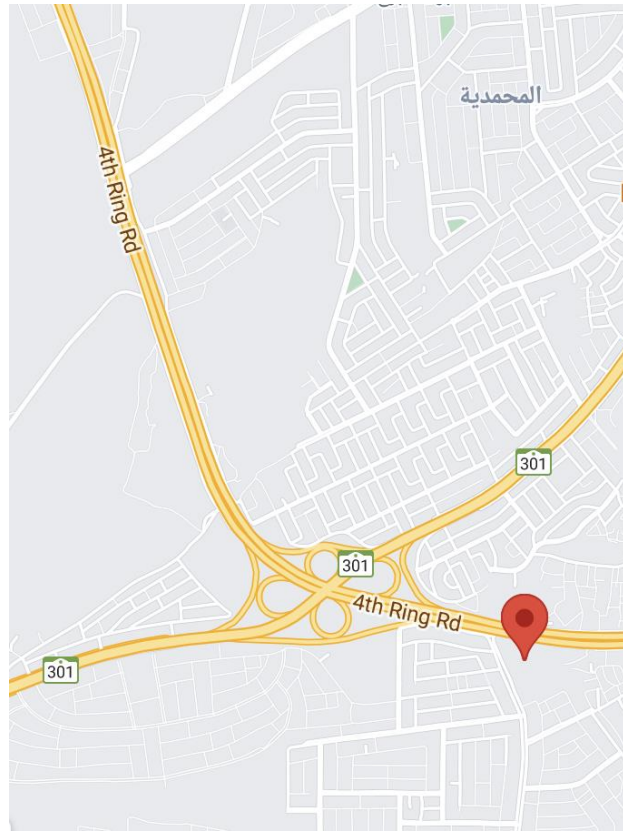
Land use	Area (sqm)	Gross Leasable Area (sqm)	# of floors
Healthcare (private hospital)	20,000	32,000	4
Total	20,000	32,000	4



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PROJECT LOCATION



COORDINATES: 21.346255, 39.788275

INVESTOR/ DEVELOPER ROLE

Studies, design and permits

The developer will be responsible for conducting all the necessary studies to secure commercial aspects of the project, develop all the designs of the project, and obtain the necessary government permits

Operations and maintenance

The developer will be responsible for the operations and maintenance either by himself or through another professional entity

Financing

The developer will bear the burden of securing funding of the project, whether through private sources, financing entities, or mix of various financing instruments

Marketing and leasing

The developer will be responsible for marketing and leasing out the units in the project

Execution

The developer will be responsible for the execution of all aspects of the project

ENABLING FACTORS

ENABLERS

- Developed lands or raw lands based on the tendered project
- Expedite attainment of permits and approvals
- Long term leasing contract for up to 50 years

COST OF DOING BUSINESS IN KSA

Factor	Ranking Amongst Regional Peers
Macroeconomic risk (100=high)	30
Productivity adjusted wages	\$3.3 /hour
Ease of getting credit (0 – 100)	50
Contract enforcement (0-100)	55
Construction Costs (Indexed to US, % 0 is cheapest)	74

KEY STAKEHOLDERS



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DEFINITIONS

#	SCORECARD SECTION	DEFINITION
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	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
7	Enablers	Factors that enable investment in the underlying opportunity
8	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region

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