

# The Southern Suburbs – Knowledge Economic City

INVESTMENT OPPORTUNITY SCORECARD

**REAL ESTATE**

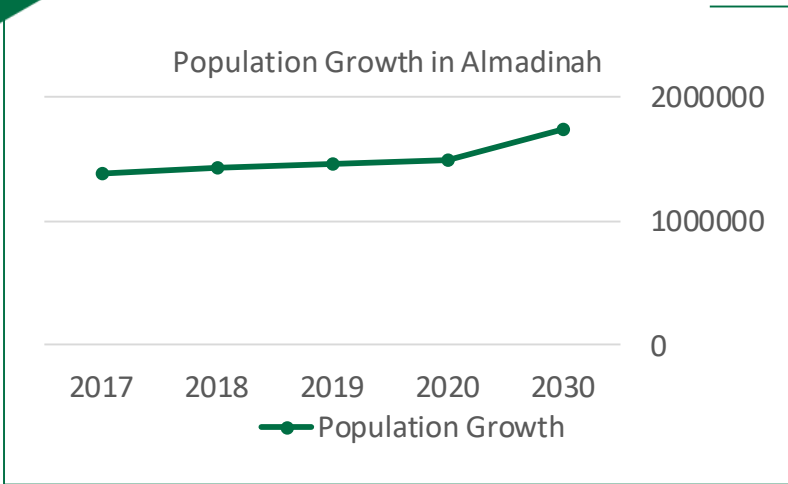
November 2021



# KEC THE SOUTHERN SUBURBS

**OPPORTUNITY'S DESCRIPTION:** An opportunity to develop a mixed-use residential community with retail offerings and services in Al Madinah.

## DEMAND



## INVESTMENT OVERVIEW

### INVESTMENT HIGHLIGHTS

- Estimated Capex: **SAR 2.76 Bn**
- Investment Model:
  - Joint Venture**
  - Land Sale**
- Project IRR: **18%-20%**

### VALUE PROPOSITION

- The city of Al Madinah has a population of 1.5M inhabitants, living in 236,000 households with growth rate of 2.52%.
- Sizable mid income population, around 77% of inhabitants are below the age of 40, which bodes well for residential demand.
- Opportunity to leverage the recent government initiatives to upgrade Al Madinah City, such as the Quality of Life Program and the National Transformation Program.
- The residential market in Al Madinah is expected to benefit from GCC & international market once the 99 leasehold regulation is released.
- The establishment of Economic Cities and Special Zones Authority that aims to enable economical hubs & cities through private/public partnerships.

## PROJECT OVERVIEW

- KEC aims to become a world class destination that stimulates and attracts various real estate investments and knowledge based economic development, offers its residents and visitors of Madinah a distinguished lifestyle with integrated, smart and distinctive services, and delivers rewarding returns to shareholders.
- A mixed-use villa and vertical residential neighborhood, offering affordable upper scale district in Al-Madinah including parks, walkways, F&B, local shops and services
- KEC is the master developer of a 6.8 km of land within the urban development of the city, strategically positioned in King Abdulaziz road that meets all the traffics coming from/ to:
  - Prince Mohammed Bin Abdulaziz International Airport- 8km from subject site.
  - Haramain train station- within KEC masterplan.
  - Al Haram AL Nabawi- 5km from the subject site.
  - Madinah College of Technology – 4 km from subject site.

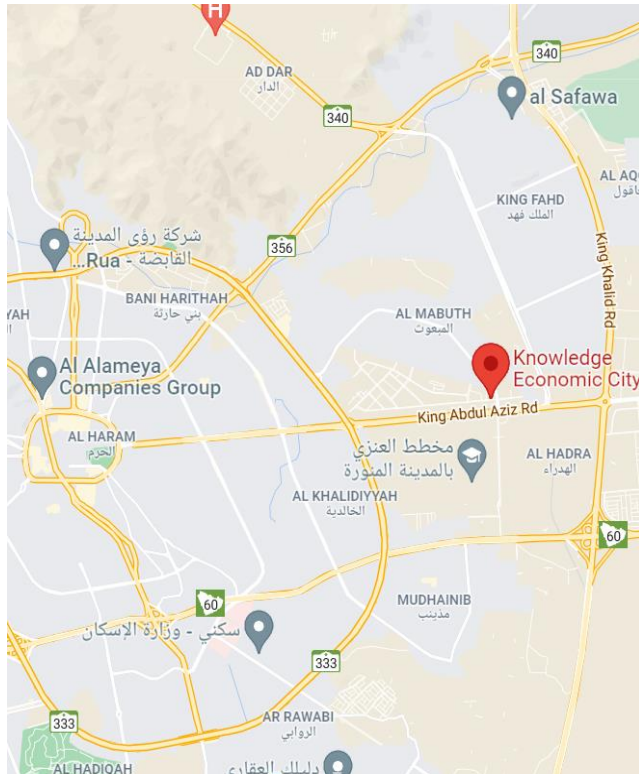
<b>Total Land Area</b>	420,692 sqm
<b>Approx. Residential Units</b>	2,500



# REAL ESTATE KEC THE SOUTHERN SUBURBS

Restricted / مقيد

## PROJECT LOCATION



Knowledge Economic City, Madinah

## 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



### 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



### Operations and maintenance

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



### 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
- 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



Sources for Cost of Doing Business: EIU, World Bank

Bottom 25% | Top 75% | Top 50% | Top 25%

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# DEFINITIONS

#	SCORECARD SECTION	DEFINITION
1	<b>Market size</b>	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	<b>Demand drivers</b>	A select number of factors that will influence future demand for the related product/service
3	<b>Investment highlights</b>	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	<b>Value proposition</b>	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	<b>Key stakeholders</b>	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
6	<b>Enablers</b>	Factors that enable investment in the underlying opportunity
7	<b>Cost of doing business in KSA</b>	Key factors that position KSA as a competitive destination for investment in the region

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