

PILGRIM ACCOMMODATION & RETAIL DEVELOPMENT IN MAKKAH

INVESTMENT OPPORTUNITY SCORECARD

REAL ESTATE

SEPTEMBER 2021

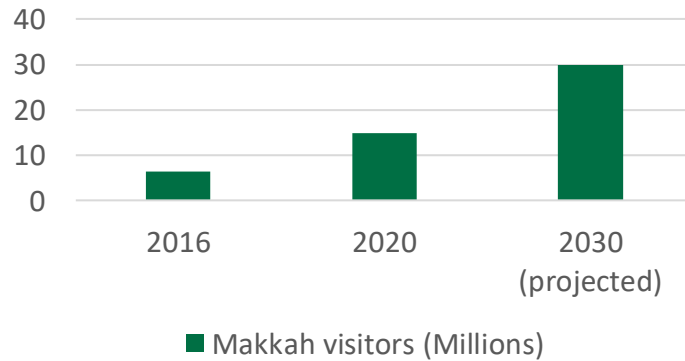


PILGRIM ACCOMMODATION & RETAIL

OPPORTUNITY'S DESCRIPTION: Opportunity for pilgrim accommodation with a retail component.

DEMAND

KEY DEMAND DRIVERS



INVESTMENT HIGHLIGHTS

- Estimated Investment Size: SAR 322.81 Mn
- Investment model options: leasing, shared revenue model or shared revenue model + fixed amount
- Estimated Project IRR (25-year lease term): 9%~11%
- Estimated Equity IRR (25 year lease term & 50:50 D/E ratio): 10%~12%

INVESTMENT OVERVIEW

VALUE PROPOSITION

- In line with Saudi vision 2030, KSA aims to increase the number of religious visitors from 7 million visitors in 2019 to 30 million 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

- With increasing pilgrims visits to Makkah, the proposed development consists of pilgrim accommodation with a retail component.
- The subject site is strategically located north of Makah, along the Al Jazaer Street with access to Hajj Street, leading to the Holy Mosque. The selected land parcel, owned by the municipalities, are strategically selected to be in close proximity to demand generators
- The developed infrastructure and parking spaces around the land plot optimizes the construction costs and enhances the development opportunity.
- Several amenities are located near the project site including:
 - Mecca Museum – 3 km away
 - Al Diyafah Mall– 5 km away
 - Makkah Medical Center: 8 km away.

Land use	Area (sqm)	Gross leasable area (sqm)	%
Hospitality	8,644	49,565	33%
Retail	17,500	9,844	67%
Total	26,144	59,409	100.0%



PILGRIM ACCOMMODATION & RETAIL

PROJECT LOCATION



COORDINATES: 21.458673° N, 39.823510° E

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

The developer will be responsible for marketing the project to the reputed hotel operators

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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