

HOTEL DEVELOPMENT IN ALMADINAH

INVESTMENT OPPORTUNITY SCORECARD

REAL ESTATE

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Hotel Development In Almadinah

OPPORTUNITY'S DESCRIPTION: Opportunity for 4-star hotel development in Almadinah

DEMAND

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 real estate 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 the Almadinah's hospitality sector
- KSA's focus to increase the number of religious visitors from 7 mn visitors in 2019 to 30 mn visitors by 2030 is likely to drive the demand for hospitality assets in and around the Holy Cities

INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 58.2 Mn
- Investment model options: leasing, shared revenue model or shared revenue model + fixed amount
- Location: Almadinah city
- Estimated Project IRR (25-year lease term): 5.48%
- Estimated Project IRR (50-year lease term): 8.02%

INVESTMENT OVERVIEW

VALUE PROPOSITION

- In line with Saudi vision 2030, KSA aims to become an international tourist destination, with aspirations to attract 100 million visitors annually by 2030
- KSA is aiming to attract ~USD 59 Bn in investments in its tourism sector by 2023, growing to more than USD 130 Bn by 2030
- Opportunity to leverage the recent government initiatives to boost tourism and hospitality in the Kingdom such as the launch of tourist visas
- The Ministry of Municipality and Rural Affairs firm commitment to investors by creating supporting regulatory ecosystem and easy issuance of necessary permits coupled with the Ministry of Investment's rigorous efforts in creating investor friendly environment

MARKET OVERVIEW

- The project site is strategically located in the central area within the vicinity of Prophet's Mosque (Al Masjid Al Nabawi)
- The site is composed of two lands adjacent to each other (measuring 550 sqm each) which are combined
- The developed infrastructure around the land plot optimizes the construction costs and enhances the development opportunity
- Several amenities are located near the project site including:
 - Al Masjid Al Nabawi – 0.5 km away
 - Al Ansaar General Hospital – 2 km away
 - Al Noor Mall – 5 km away
 - King Fahd Central Park – 8 km away
 - Taibah University – 10 km away
 - Prince Mohammed Bin Abdulaziz International Airport – 20 km away

PROJECT OVERVIEW

Land use	Area (sqm)	Gross leasable area (sqm)	Number of units	%
Hospitality	1,100	6,864	174 (keys)	100.0%
Total	1,100	6,864	174	100.0%



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PROJECT LOCATION



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



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	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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