

THE ECONOMIC CENTER IN JUBAIL INDUSTRIAL CITY

INVESTMENT OPPORTUNITY SCORECARD

REAL ESTATE

JANUARY 2021



The Economic Center In Jubail Industrial City

OPPORTUNITY'S DESCRIPTION: Opportunity to develop an Economic Center in Jubail Industrial City (Mardumah Bay) and transforming the city into a commercial, residential, retail and entertainment destination

DEMAND

KEY DEMAND DRIVERS

- Increasing demand for housing units in KSA due to growing population (2% CAGR over next five years) and reducing household size
- Prospects for the office market are encouraging as the government has eased investment laws and Vision 2030 emphasizes the importance of women in the labour market, setting a goal to increase their participation from 22% currently to 30%, which will impact the demand for office spaces
- Demand for retail space in KSA is rising, supported by a high population base, elevated disposable income and changing lifestyles
- As of 2019, more than 60% of Saudi population is under the age of 34 having considerable appetite for entertainment

INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Expected investment size of USD 5.3-6.7 Bn
- Investment model options:
 - BOT (Build Operate and Transfer) where RCJY allocates the land to the investor and the investor builds, operates and finally transfers the project to RCJY post development
 - Establishing a JV between RCJY and the investor to build and operate the project
- Location: Jubail city
- Potential average revenue of ~ USD 330 Mn

VALUE PROPOSITION

- There is unmet demand for housing in KSA illustrated by low home ownership among Saudi families ~ 53% in 2019. Government is supporting to increase it to 70% by 2030 through the Housing Program and the Sakany initiative
- The National Transformation Plan (NTP) and Vision 2030 will contribute to diversified and vibrant Saudi economy which will lead to growth in the commercial real estate market
- KSA's Vision 2030 aspires to grow household spending on entertainment, which requires developing cutting-edge entertainment experiences, launching new entertainment attractions and hosting world-class events and festivals
- The Royal Commission of Jubail and Yanbu's is committed to investors by co-sponsoring the development projects and extending other regulatory support

MARKET OVERVIEW

- The Jubail Industrial City is known as the largest industrial area in the world. Jubail is located in the Eastern province of Saudi Arabia and hosts the fourth largest petrochemical company in the world and the largest in the Middle East
- Jubail Industrial City is strategically located in the dynamic and expanding Eastern Region of Saudi Arabia. Its location is distinguished by its proximity to the Gulf and international marine routes, its proximity to energy sources in addition to raw materials, which are used in the petrochemical and refining industries
- The project site will be Jubail's City Center which is located at the heart of Jubail Industrial City's community area
- The project site is in close proximity to other developed and developing neighborhoods and modern amenities

PROJECT OVERVIEW

Land use	Area (sqm)	Number of units	%
Mixed (Retail & Residential)	1,617,809	10,327	60%
Commercial (office)	515,907	--	19%
Mixed (Retail & Office)	464,308	--	17%
Hospitality	81,200	--	3%
Total	2,679,224	--	100%

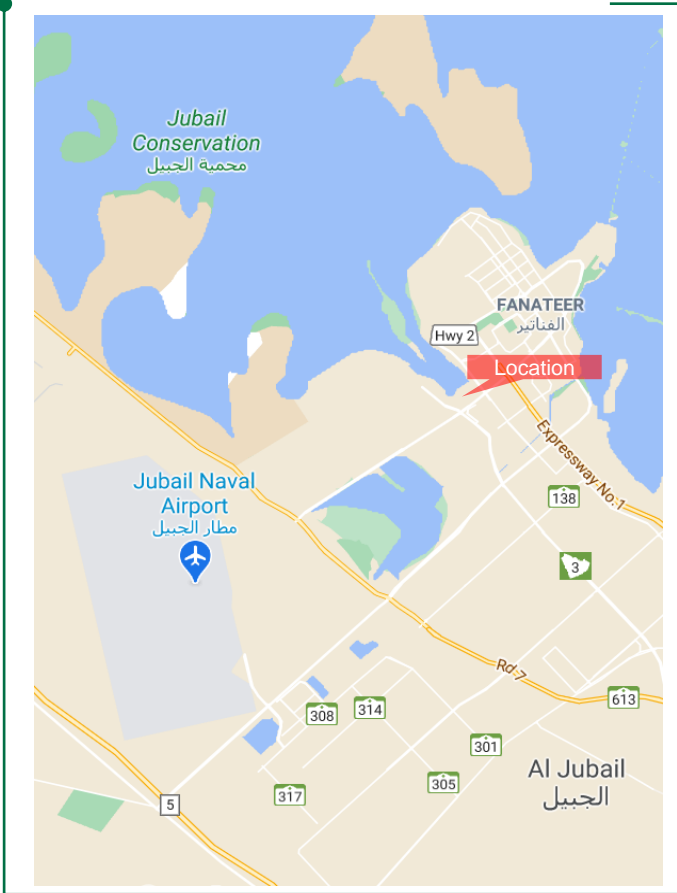


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ENABLING FACTORS

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 and leasing

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

Execution

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

ENABLERS

- Long lease period up to 50 years, with grace period upto 5 years
- Investor friendly regulations to enable higher participation of private sector especially for infrastructure development projects

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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