

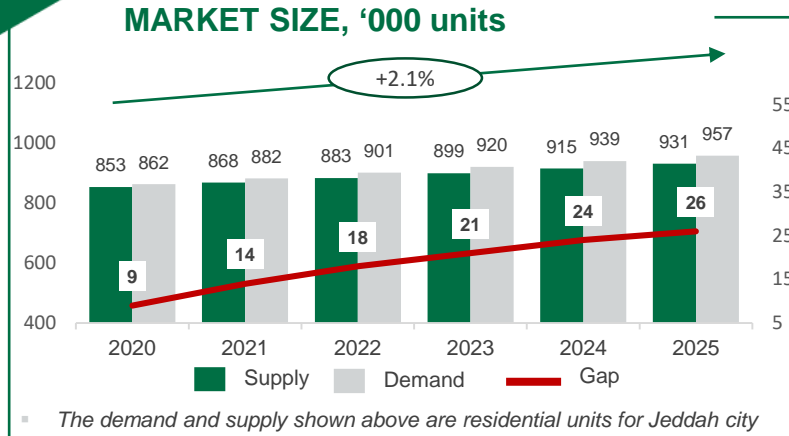
[RESIDENTIAL AND RETAIL DEVELOPMENT IN JEDDAH]
INVESTMENT OPPORTUNITY
[REAL ESTATE]



RESIDENTIAL AND RETAIL DEVELOPMENT IN JEDDAH

OPPORTUNITY'S DESCRIPTION: Opportunity for high end residential and retail development in Jeddah

DEMAND



INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 78.3 Mn
- Investment model options: leasing, shared revenue model or shared revenue model + fixed amount
- Location: Jeddah city
- Estimated Project IRR (25 year lease term): 7.51%
- Estimated Project IRR (50 year lease term): 9.39%

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 Sakany initiative
- Real estate is a high priority sector for Saudi Arabia and is supported by the government through Ministry of Housing initiatives, including Sharakat (partnership to codevelop properties), Wafi (marketing support for selling off plan units), Etmam (developer services centre providing certificates and licenses for removing obstacles and fast-track development)

KEY DEMAND DRIVERS

- Increasing demand for housing units in KSA due to growing population (2% CAGR over next five years) and reducing household size
- Saudi Arabia is a young country with ~45% of the population comprising of citizens in the age group of first time home owners and soon to enter the working class
- Low home ownership in KSA is spurring demand for housing among Saudi families
- Government support for developing the nascent mortgage financing market will lead to higher demand for residential units
- The need for "Quality of Life" Projects that offer a modern and environment friendly communities

MARKET OVERVIEW

- The project site is located in Ash Shati district and consists of an existing park (Tahlia Park) along King Abdulaziz Road
- The project is in a strategic location in an established neighbourhood, which is considered a gateway to the New Jeddah Downtown project. The developed infrastructure around the land plot will optimize the construction costs and enhance the development opportunity
- Several amenities are located near the project site including:
 - King Fahad Armed Forced Hospital – 2 km away
 - King Road Tower – 2 km away
 - Al Shallal Theme Park –5 km away
 - Stars Avenue – 6 km away
 - North Corniche – 8 km away
 - King Abdulaziz International Airport – 20 km away

PROJECT OVERVIEW

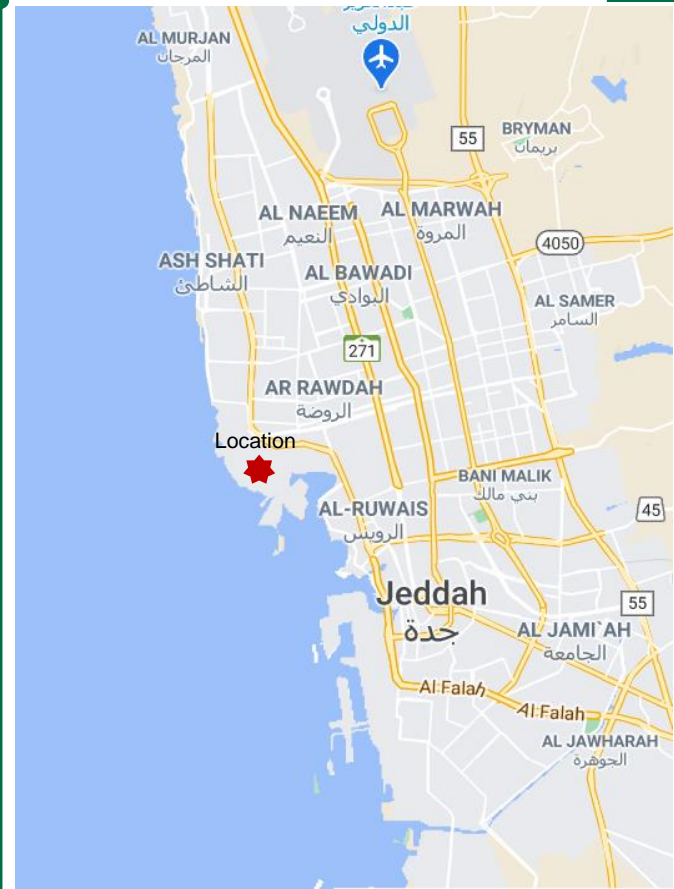
| Land use | Area (sqm) | Number of units | % |
|--------------|---------------|-----------------|---------------|
| Residential | 22,354 | 136 | 92.9% |
| Retail | 1,720 | -- | 7.1% |
| Total | 24,074 | -- | 100.0% |



RESIDENTIAL AND RETAIL DEVELOPMENT IN JEDDAH

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

- 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 |
| Manpower Costs | \$5.4 /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 | DEFINITIONS |
|----|-------------------------------|--|
| 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 | Business 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 | Global trends | Latest business developments within the sector/product category |
| 7 | 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 |
| 8 | Import dependency | An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports |
| 9 | Value chain analysis | The process or activities that would potentially need to be carried out to deliver the underlying product or service |
| 10 | Key stakeholders | Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service |
| 11 | Enablers | Factors that enable investment in the underlying opportunity |
| 12 | 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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