

RETAIL DEVELOPMENT IN AL BAHA

INVESTMENT OPPORTUNITY SCORECARD

REAL ESTATE

SEPTEMBER 2021

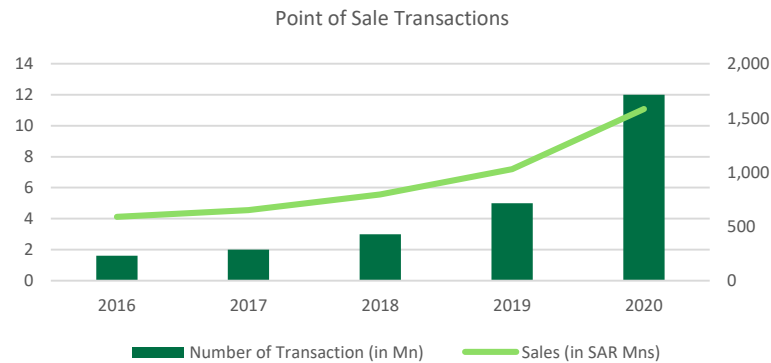


RETAIL DEVELOPMENT IN AL BAHA

OPPORTUNITY'S DESCRIPTION: Opportunity to develop an innovative retail offering in Al Baha.

DEMAND

KEY DEMAND DRIVERS



The increase of POS transaction indicates that despite the change in consumer behaviors and the shift to e-commerce, many customers prefer the "physical experience".

INVESTMENT HIGHLIGHTS

- Expected investment size of SAR 7.94 Mn (development cost)
- Investment model options: leasing, shared revenue model or shared revenue model + fixed amount
- Estimated Project IRR (25-year lease term): 10%~12%
- Estimated Equity IRR (50:50 D/E ratio) 11%~13%

VALUE PROPOSITION

- The Ministry of Municipality and Rural Affairs and Housing's (MOMRAH) firm commitment to investors by creating supporting regulatory ecosystem, launching key initiative such as Sharakat (partnership to codevelop properties) & Etmam (developer services center that provides certificates and licenses to fast-track development), and easy issuance of necessary permits showcases progress of this sector.
- MOMRAH is seeking to collaborate with the private sector for developing land parcels across the Kingdom of Saudi Arabia. The selected land parcel, owned by the municipalities, are strategically selected to be in close proximity to demand generators.
- Economic diversification in Albaha is key to achieving both regional and national economic goals of the 2030 Vision. Consequently, the development and enhancement of infrastructure, (i.e., airport, and transportation) and development of new facilities (retail, sports, etc.) serving Al Baha key economic sectors is of priority to the government.

PROJECT OVERVIEW

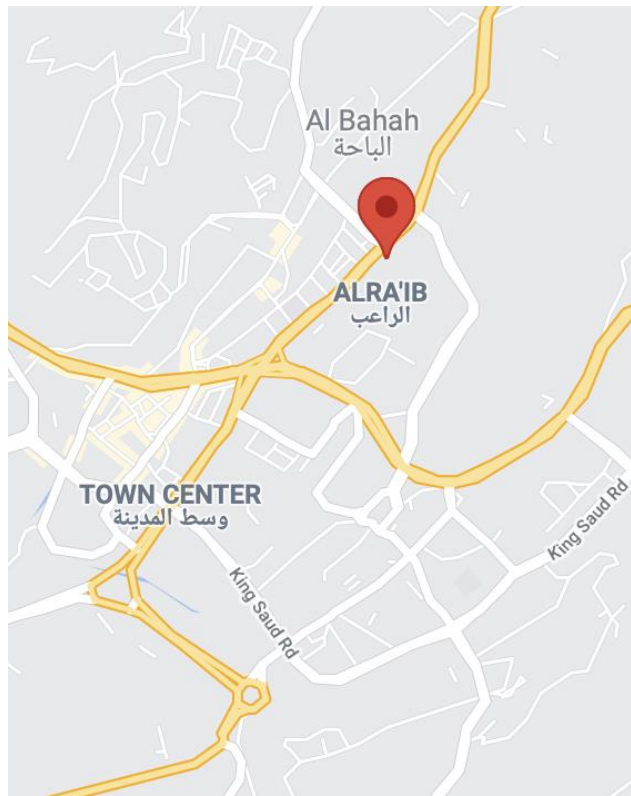
- Given the lack of innovative retail offerings in Al Baha, the proposed development consists of retail plaza development, which would differentiate it from the existing offerings of the city, and potentially attract stronger demand and footfall.
- The subject site is located within the central area of Al Baha and benefits from easy accessibility through key arterial roads such as King Fahad Bin Abdul Aziz Road and Prince Sultan Bin Abdelaziz Road
- Several amenities are located near the project site including:
 - Al Balad (central area): 2 km away
 - Ghunaim mall: 4 km away
 - Al Baha Private College of Science: 4 km away
 - Prince Mohammed bin Saud Park: 6 km away
- Furthermore, the developed infrastructure and parking spaces around the land plot optimizes the construction costs and enhances the development opportunity.

Land use	Area (sqm)	Gross Leasable Area (sqm)	%
Retail	1,059	847	100.0%
Total	1,059	847	100.0%



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PROJECT LOCATION



COORDINATES: 20.01693 / 41.47225

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 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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