

RETAIL DEVELOPMENT IN AL JAWF

INVESTMENT OPPORTUNITY SCORECARD

REAL ESTATE

SEPTEMBER 2021



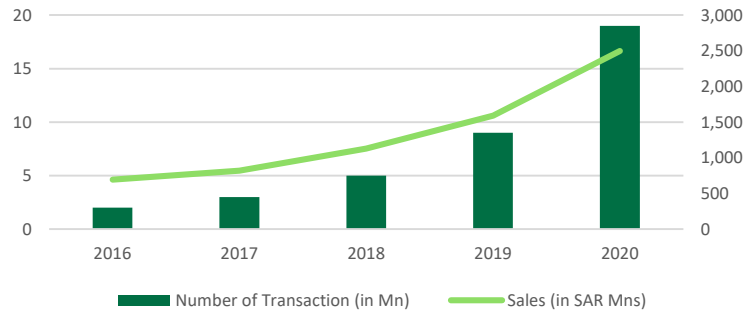
HOSPITALITY DEVELOPMENT IN AL JAWF

OPPORTUNITY'S DESCRIPTION: Opportunity for 3-star hotel development in Al Jawf.

DEMAND

MARKET DEMAND

Point of Sale Transactions



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 106 Mn
- Investment model options: leasing, shared revenue model or shared revenue model + fixed amount
- Location: Sakaka
- Estimated Project IRR (25-year lease term): 6%-8%
- Estimated Project IRR (50-year lease term): 8%-10%

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
- The Ministry of Municipality and Rural Affair and Housing's (MOMRAH) 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
- Hospitality development in Al Jawf is an opportunity to leverage the recent government initiatives to boost tourism and hospitality in the Kingdom, such as the launch of tourist visas, its strategic location to neighboring countries, as well as the current lack of quality hotel destinations in the area.

PROJECT OVERVIEW

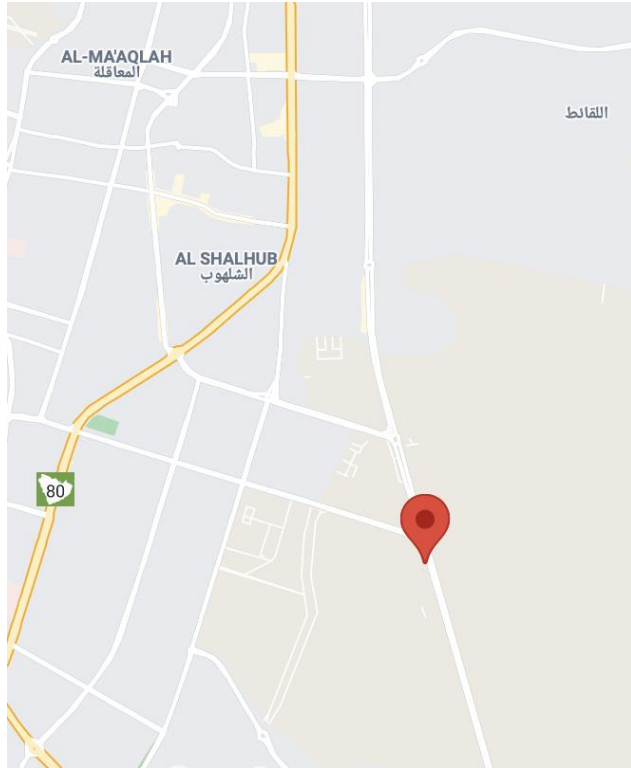
- The hospitality market in Sakaka is composed of a few unbranded, low-quality hotels and serviced apartments. Given that the subject site is within close proximity to several demand generators, most importantly Al Jawf Regional Airport, it is proposed to develop a 3-star branded hotel targeting domestic and international tourists.
- 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:
 - Industrial districts 1 & 2- 4 km away
 - Administrative District- 7 km away
 - Al Jawf Center - 5 km away
 - Zabaal Castle- 8 km away

Land use	Area (sqm)	Gross leasable area (sqm)	%
Hospitality	7,000	6,300	100.0%
Total	7,000	6,300	100.0%



HOSPITALITY DEVELOPMENT IN AL JAWF

PROJECT LOCATION



COORDINATES: 29.942152 / 40.227672

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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