

RETAIL & ENTERTAINMENT DEVELOPMENT IN AL JAWF

INVESTMENT OPPORTUNITY SCORECARD REAL ESTATE

SEPTEMBER 2021



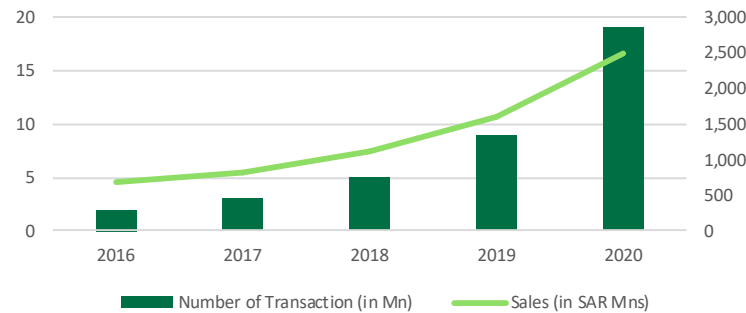
RETAIL & ENTERTAINMENT DEVELOPMENT IN AL JAWF

OPPORTUNITY'S DESCRIPTION: Opportunity for retail and entertainment development in Al Jawf.

DEMAND

KEY DEMAND DRIVERS

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 114.78 Mn (development cost)
- Investment model options: leasing, shared revenue model or shared revenue model + fixed amount
- Estimated Project IRR (25-year lease term): 9%-11%
- Estimated Equity IRR (25 year lease term & 50:50 D/E ratio): 10%-12%

VALUE PROPOSITION

- KSA's focus on developing the entertainment and tourism sectors and the aim of becoming a global economic powerhouse and an international business hub is transforming its cities into world-class retail destinations.
- KSA's Vision 2030 aspires to grow household spending on entertainment to 6.0% which requires developing cutting-edge entertainment experiences, launching new entertainment attractions and hosting world-class events and festivals.
- The Ministry of Municipality and Rural Affairs 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

PROJECT OVERVIEW

- A Retail and entertainment space in a land area of 15,000 sqm. The retail sector in Sakaka is highly underdeveloped with only two malls and a few organized plazas operating in the city. Considering the subject site's strategic location, a retail component with an entertainment element would introduce a differentiated concept to the market given that the majority of the existing retail supply is outdated.
- Furthermore, 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– 3 km away
 - Administrative District– 5 km away
 - Al Jawf Center – 6 km away
 - Zabaal Castle– 10 km away
 - Al Jawf Regional Airport – 25 km away
 - Al Jawf University – 30 km away

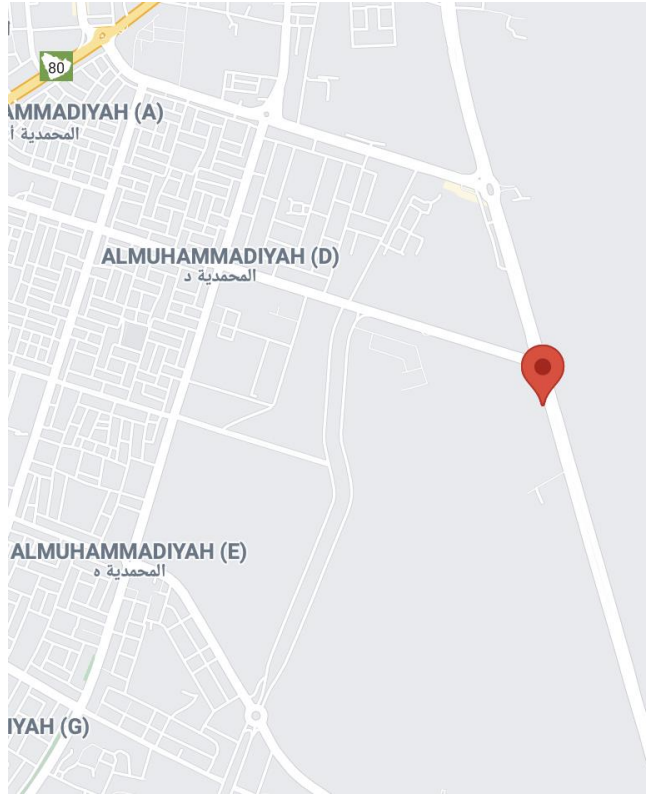
Land use	Area (sqm)	Gross leasable area (sqm)	%
Retail & Entertainment	15,000	11,250	100.0%
Total	15,000	11,250	100.0%



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ENABLING FACTORS

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 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

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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