

RETAIL & HOSPITALITY DEVELOPMENT IN ABHA

INVESTMENT OPPORTUNITY SCORECARD

REAL ESTATE

SEPTEMBER 2021

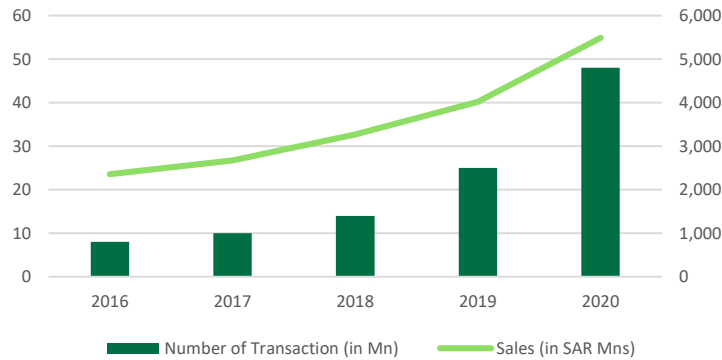


RETAIL & HOSPITALITY IN ABHA

OPPORTUNITY'S DESCRIPTION: Retail & Hospitality development of serviced apartments, villas, and neighborhood retail.

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 288.7 Mn (development cost)
- Investment model options: leasing, shared revenue model or shared revenue model + fixed amount
- Location: Asir city
- Estimated Project IRR (25-year lease term): 7%~9%
- Estimated Project IRR (50-year lease term): 9%~11%

INVESTMENT OVERVIEW

VALUE PROPOSITION

- KSA aims to become an international tourist destination, with aspirations to attract 100 million visitors annually by 2030. Abha city is one of the areas driving both the regional and national economy, drawing most of its revenue from tourism and trade. Abha is ranked as a National Growth Centre and has a crucial role in spurring development in the Southwest region of the Kingdom.
- KSA is set to attract ~USD 59 Bn in investments in its tourism sector by 2023, growing to more than USD 130 Bn by 2030; current initiatives are creating an opportunity to leverage the recent government initiatives to boost tourism and hospitality in the Kingdom such as the launch of tourist visas & annual summer festival in Abha.
- 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

PROJECT OVERVIEW

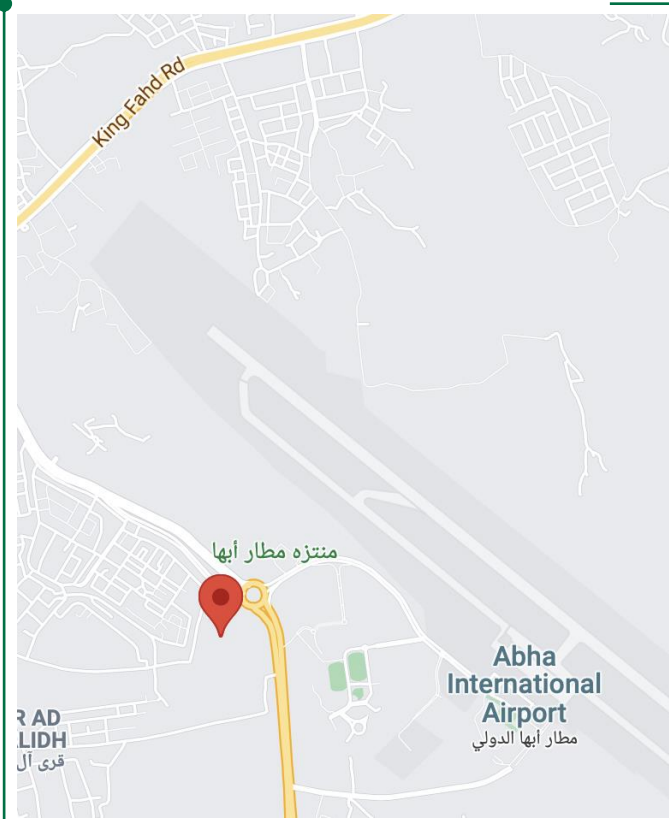
- Given the lack of quality hospitality offering and increased tourism in Asir, the proposed development consists of a 4-Star Hotel and Serviced Villas. The development is also proposed to include a retail component to serve the need of hotel guests, tourists, and visitors of Abha International Exhibition Center.
- 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:
 - Park 1 km from subject site
 - Airport Hotel 2 km from subject site
 - Abha International Airport 2 km from subject site
 - Aseer Mall 6 km from subject site
 - AlRashid Mall 10 km from subject site
 - King Khalid University 12 km from subject site

Land use	Area (sqm)	Gross Leasable Area (sqm)	%
Retail	14,000	5,513	35%
Hospitality (4 star hotel)	16,000	8,400	40%
Hospitality (serviced villas)	10,000	3,500	25%
Total	40,000	17,413	100.0%



RETAIL & HOSPITALITY IN ABHA

PROJECT LOCATION



COORDINATES: 18.23713 / 42.64266

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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