

RETAIL DEVELOPMENT IN NAJHRAN

INVESTMENT OPPORTUNITY SCORECARD

REAL ESTATE

SEPTEMBER 2021



REAL ESTATE RETAIL – NAJHRAN

Public / متاح

High Potential

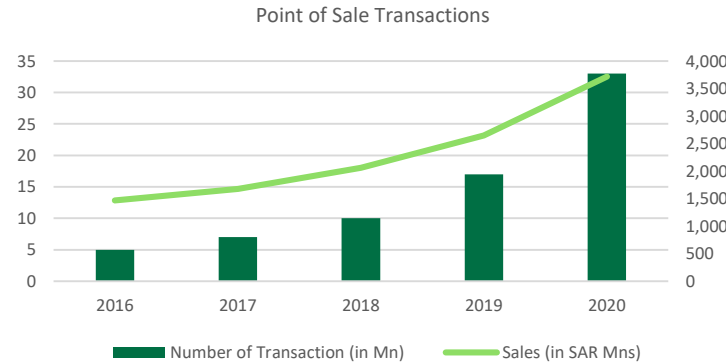
Moderate Potential

Low Potential

OPPORTUNITY'S DESCRIPTION: Opportunity to develop a retail center in the heart of Najran city with an area of 3,027 sqm.

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 15.94 Mn
- Investment model options: leasing, shared revenue model or shared revenue model + fixed amount
- Location: Najran
- Estimated Project IRR (25 year lease term) 11%~13%
- Estimated Equity IRR (25 year lease term & 50:50 D/E ratio) 12%~14%

INVESTMENT OVERVIEW

VALUE PROPOSITION

- KSA is transforming its cities into world-class retail destinations to become a global economic powerhouse and an international business hub.
- 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.
- Following Saudi Arabia's Vision 2030, the development of public facilities (e.g., retail) that serve Najran's key economic sectors is a priority as the municipal government pushes to increase market access, spur competition, and harness the productive capacity of the region and its contribution to the national economy.

PROJECT OVERVIEW

- Considering the subject site's strategic location and its frontage on two streets in the center of Najran, it is recommended to consider the development of a unique retail offering which would introduce a differentiated concept to the market given that the majority of the existing retail supply is outdated. Such developments are scarce in Najran and are in demand by the local population, especially the younger population given the evolving trends and tastes. The site consists of a vacant land parcel, situated within the city center, one of the most well-established areas in Najran and with strong footfall compared to other districts.
- Several amenities are located near the project site including:
 - Hayat Medical Center 0.5 Km from Subject Site
 - Najran University Hospital 1.5 Km from Subject Site
 - Dancing Fountain 2 Km from Subject Site
 - Najran City Centre 2 km from Subject Site
 - Botanical Garden 2.5 Km from Subject Site
 - Najran Regional Airport 25 Km from Subject Site

Land use	Area (sqm)	Gross Leasable Area (sqm)	%
Retail (convenience)	3,027	1,873	62%
Total	3,027	1,873	62%



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PROJECT LOCATION



COORDINATES: 17.561102, 44.223957

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



وزارة الشؤون البلدية والقروية والإسكان
Ministry of Municipal Rural Affairs & Housing



بوابة الاستثمار البلدي
FURAS | Gate to Municipal Investments



Sources for Cost of Doing Business: EIU, World Bank

Bottom 25% | Top 75% | Top 50% | Top 25%

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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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