

FAMILY ENTERTAINMENT CENTER DEVELOPMENT (EAST PROVINCE)

INVESTMENT OPPORTUNITY SCORECARD TOURISM & QUALITY OF LIFE

JUNE 2021



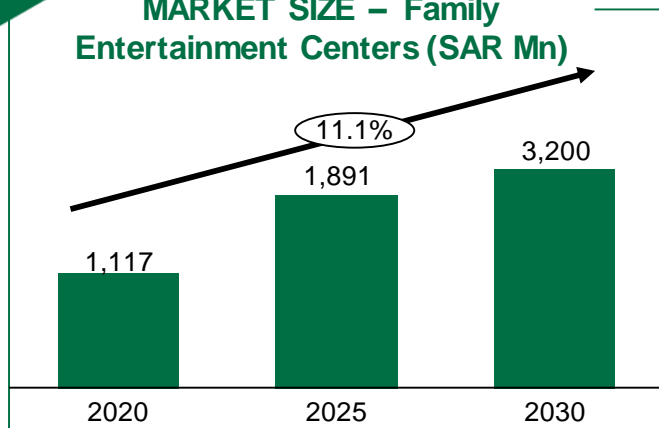
FAMILY ENTERTAINMENT CENTER DEVELOPMENT (EAST PROVINCE)

OPPORTUNITY'S DESCRIPTION: Opportunity to Build and operate 21 Family Entertainment Centres (FECs) in 3 large cities, 20 FECs in 3 medium cities, and 41 FECs in 7 small cities in Saudi Arabia

DEMAND

INVESTMENT OVERVIEW

MARKET SIZE – Family Entertainment Centers (SAR Mn)



EAST PROVINCE INVESTMENT HIGHLIGHTS

- A population of 5.15 Million that 48.2% under 30
- East Province experiences about 5M domestic trips while ~3M inbound trips 2019
- Total tourist receipts 15,754M, 6,218M domestic 9,537M Inbound with average visitor spend of 2,535 SAR
- East Province accommodation size is estimated to reach 90,000 rooms by 2030
- 80% of total estimated opportunity size by 2030 coming from Riyadh, Jeddah, East province.

VALUE PROPOSITION

- East Province is part of the 3 provinces that cover 80% of total estimated opportunity size by 2030
- Saudi vision 2030, KSA aims to become an international destination, raising the quantity and quality of Entertainment for locals, expats and tourists
- KSA's entertainment sector is expected to rapidly grow from SAR 6.7 Bn in 2020 to reach SAR 36 bn in 2030 at a CAGR of 18.3%
- Opportunity to leverage the recent government initiatives to boost tourism and hospitality in the Kingdom such as the launch of tourist visas
- Vision 2030 aims to increase the spend on recreational/entertainment and cultural activities to 6% of total annual Saudi household spend

KEY DEMAND DRIVERS

- KSA has a rapidly growing and young population which will boost demand for Family Entertainment Centers. More than 50% population of KSA is less than 30 years old
- The new infrastructure developments, enhancement of the entertainment and leisure sectors and government initiatives such as the relaxation of visas are expected to drive the demand for family entertainment centers
- Currently there is shortage of FECs in many small and medium cities. KSA government plans to set up 300 FECs by 2030 catering to unmet demand for arcade and gaming zones, physical play centres and skill-based game centers

MARKET OVERVIEW

MARKET READINESS

- East Province has many key destinations for culture & heritage, recreation, and entertainment with number of total keys: Hotel 13,550
- Early market entry would potentially benefit investors to increase geographic footprint and capture larger market share in the medium-long term

COMPETITOR ANALYSIS

- There are currently 127 Family Entertainment Centers in KSA. Majority of them (97) are in the three large cities. Many small and medium sized cities do not have a FEC currently

GLOBAL TRENDS

- Global family entertainment centers market stood at around \$ 21 billion in 2019 and is forecast to grow at a CAGR of around 10.9% during 2021 -2026
- Most tourism trends are based on general changes in consumer behavior, like the need for healthy and organic food & drinks, sustainability, personalized service, rising demand of digitalization and increased use of technology
- Additional health precautionary and safety measures adopted across the globe due to Covid – 19 induced pandemic are leading to increased operational costs for FECs



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SUPPLY

SCALABILITY AND LOCALIZATION

- Majority of the cities in KSA have multiple retail complexes and large malls that can host the Family Entertainment Centers
- Low cost of construction, labor wages and utility fees combined with availability of trained resources to support low capital and operating expense for the investor and maximize investment returns
- The government has already started restructuring visa processes and issuing online visas. This will boost pilgrimage and touristic visits to KSA in the coming years

Grade: Low Medium High

KSA ENTERTAINMENT ECOSYSTEM FOCUS



KEY STAKEHOLDERS



ENABLING FACTORS

ENABLERS

- The Ministry of Municipality and Rural Affairs has created supporting regulatory ecosystem for easy issuance of necessary permits
- Expedited attainment of permits and approvals
- Government support in infrastructure development

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

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

DEFINITIONS

#	SCORECARD SECTION	DEFINITIONS
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	Competitor analysis	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	Latest business developments within the sector/product category
8	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
9	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	Factors that enable investment in the underlying opportunity
13	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of \$1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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