



وزارة الاستثمار
Ministry of Investment

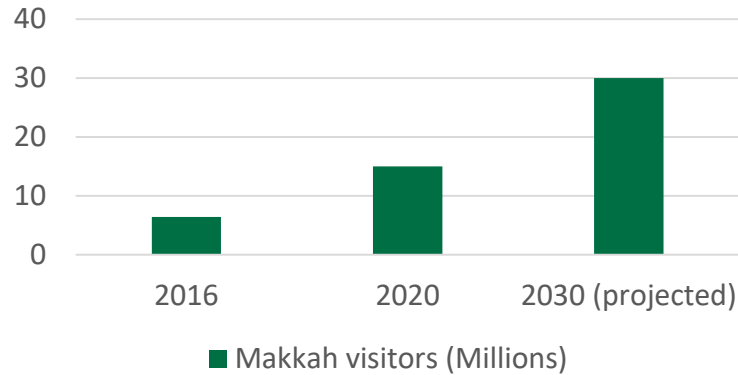
3 – 4 Stars Hotel Development In Makkah

HOTEL DEVELOPMENT IN MAKKAH

OPPORTUNITY'S DESCRIPTION: Opportunity for 3-star and 4-star hotel development in Makkah at a prime location in Masar, Makkah's largest development project

DEMAND

KEY DEMAND DRIVERS



INVESTMENT HIGHLIGHTS

- Estimated Land value SAR 167 Mn
- Estimated Capex SAR 354 Mn
- Investment model options: Joint venture (all forms of JVs - project based, functional based and others)
- Opportunity IRR: 7.5%
- Equity contribution: 68%
- Financials available: Upon request
- Expected payback period: 11 Years
- Timeline: Q4 2021

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
- For religious tourism alone, KSA will increase the number of visitors from 7 mn visitors in 2019 to 30 mn visitors by 2030.
- Opportunity to leverage the recent government initiatives to upgrade Makkah City, such as the establishment of The Royal Commission of Makkah City and the Holy Sites (RCMC)
 - RCMC was created in 2018, to upgrade the services in Makkah Al-Mukarramah and the holy places.
 - RCMC works closely with stakeholders in the private sector to identify programs and projects that help realize the vision of making Makkah City among the world's most attractive cities.

MARKET OVERVIEW

- The project is an opportunity to invest in Makkah at a prime location in Masar, Makkah's largest development project. The site is strategically located in the central area within the vicinity of Masjid Al Haram, 3.6 km from east of Makkah until the central area, 550 m away from Haram Plaza. It is directly accessible to Jeddah-Makkah highway, arterial and ring roads in Makkah.
- The project is on 2 land plots and consists of two hotels (a 3 star and 4 star hotel under different brands).
 - One asset (land value of SAR 167 Mn) will be operated as a 3 star property (estimated Capex 354 Mn) with 850+ rooms;
 - the other (land value of SAR 180 Mn) will be operated as a 4 star property with 825 rooms (estimated capex 591 Mn) . Both properties will be managed by an international operator.
- The following modes of transport allow access to the site.
 - Metro pedestrian link, car traffic, and Haramain rail station, metro and KAAR bus network.

PROJECT OVERVIEW

Land use	Number of units	%
Hospitality (3 star)	825 rooms	100.0%
Hospitality (4 star)	850 rooms	100.0%
Total	825	

REAL ESTATE HOTEL DEVELOPMENT IN MAKKAH

PROJECT LOCATION



KAAR Boulevard- Makkah
Coordinates: 21.5236° N, 41.9196° E

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

