

# KUDAI AREA DEVELOPMENT PROJECT

INVESTMENT OPPORTUNITY SCORECARD

REAL ESTATE



# REAL ESTATE KUDAI AREA DEVELOPMENT PROJECT

Restricted / مقيد

High Potential

Moderate Potential

Low Potential

**OPPORTUNITY'S DESCRIPTION:** Opportunity to develop 167,600 sqm plot of land located east of the Clock Tower and the Holy Haram in Mecca

## DEMAND

### KEY DEMAND DRIVERS

- Based on data from Oxford Economics, the spending on retail in Makkah is expected to increase at a CAGR of 5.5% from 2020 to 2025. Retail spend by international and domestic visitors is 31% and 45 % of total respectively. With the proposed increase in tourists in Makkah, the demand for retail is expected to grow.
- The retail developments in Makkah are old and offer limited international brands. The market has the lowest density of retail per resident population in Saudi Arabia. Therefore there is an opportunity in the market to offer a newer and a more modern retail format.
- The retail developments in the central area, near the Holy Mosque can generate large footfalls and sales due to the millions of pilgrims

## INVESTMENT OVERVIEW

### INVESTMENT HIGHLIGHTS

- Expected Investment size of USD 400-500 Mn
- Investment model:
  - DBFOT (Design, Build, Finance, Operate and Transfer) where SPGA leases the land to the investor and the investor attracts the financing, designs and constructs the project and maintain and operates it for 25 years before transferring to SPGA
  - RCMC will operate the passenger area of the bus station

### VALUE PROPOSITION

- The Project site is situated within Al Hajlah District, in the Centre of Makkah City, which is considered the holiest city in the world.
- The Site enjoys direct access to both Ibrahim Al Khalil and Ayyad Roads, both of which are primary thoroughfares in Makkah city, leading directly to the Holy Mosque.
- The area of the Site houses mega forthcoming projects which are either under construction and/o under the planning process.
- The development is to include a Transport Orientated Development (TOD) to serve as a focal point for those travelling to the Holy Mosque.

## PROJECT OVERVIEW

- The project involves development of a land spanning 167,600 sqm located east of the Clock Tower and the Holy Haram. The project will have a GFA of 193,053 sqm and NLA of 75,100 with 16,800 sqm allocated for parking
- The Project is envisioned to be offered 2 investment packages:
  - Package 1: includes: Retail, Edutainment and a Transit Orientated Development (Kudai Bus Station)
  - Package 2: Retail and Hotel
- Both investment packages are projected to provide Equity IRR of ~20%

Package	Land Area	GFA	NLA
Package 1	123,600	127,000	53,400
Package 2	26,800	66,053	21,700



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## PROJECT LOCATION



COORDINATES: 21.41816, 39.82937

## INVESTOR/ DEVELOPER ROLE

### Studies, design and permits

The developer is to perform the required studies, develop all the detailed designs of the project based on the provided Concept Design, and obtain the necessary government permits

### Operations and maintenance

The developer will be responsible for the operations and maintenance. RCMC will operate the passenger part of the terminal

### 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

### Marketing and leasing

The developer is responsible for all the marketing and leasing of the units and operating the hotel

### Execution

The developer will be responsible for the execution of all aspects of the project

## ENABLING FACTORS

### ENABLERS

- Long lease period of 25 years
- Competitive cost of construction and utility fees across the region
- Investor friendly regulations to enable higher participation of private sector especially for infrastructure development projects

### 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	<b>Market size</b>	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	<b>Demand drivers</b>	A select number of factors that will influence future demand for the related product/service
3	<b>Investment highlights</b>	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	<b>Value proposition</b>	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	<b>Market readiness</b>	An overview of KSA market structure, market maturity and level of participation by local and global players
6	<b>Key stakeholders</b>	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
7	<b>Enablers</b>	Factors that enable investment in the underlying opportunity
8	<b>Cost of doing business in KSA</b>	Key factors that position KSA as a competitive destination for investment in the region

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The logo icon for Invest Saudi, featuring a stylized green tree or plant with three main branches and several smaller leaves, positioned to the right of the text.