

HEJAZ RAILWAY MUSEUM

INVESTMENT OPPORTUNITY SCORECARD

TOURISM & QUALITY OF LIFE

MAY 2021



TOURISM & QUALITY OF LIFE

Hejaz Railway Museum

Public / متاح

High Potential

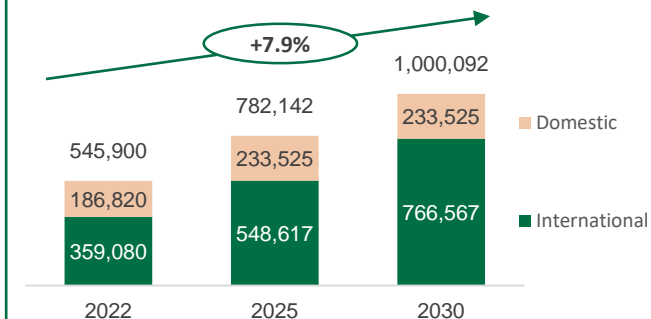
Moderate Potential

Low Potential

OPPORTUNITY'S DESCRIPTION: Opportunity to design, create and operate the expansion of the Hejaz Railway Station to include F&B outlets, gift and souvenir shops to offer an integrated experience to tourists

DEMAND

MARKET SIZE – PILGRIMS VISITING HIJAZ STATION



Above figures show number of Umrah visitors visiting museum in a year

INVESTMENT HIGHLIGHTS

- Expected investment size of USD 34.2 Mn
- Investment IRR: 30.3%
- Payback period: 4.74 years
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)

INVESTMENT OVERVIEW

VALUE PROPOSITION

- KSA government targets to host 30 Mn international Umrah pilgrims under Vision 2030 initiative which will create opportunity to serve additional 20 Mn visitors in the upcoming 10 years
- Enriching Hajj and Umrah experience for visitors is one of the main goals set under Vision 2030 and the government has initiated several measures to support the stakeholders and prospective investors
- Historic, cultural and religious significance of the Two Holy Cities will generate a positive ambience and spiritual energy at the facilities offering recreational services, thereby creating a unique value proposition for the end-consumers

KEY DEMAND DRIVERS

- With ~11 Mn domestic pilgrim and ~10 Mn international pilgrims in 2019, religious tourism remains the main driver of Saudi Arabia's tourism
- Expansion project of the two Holy Mosques, government investments in infrastructure and online visit visa issuance initiative will boost pilgrimage visits
- Increasing trend in pilgrims to bundle religious tours with other activities such as visiting historical sites and cultural attractions and other entertainment destinations
- Lack of good quality F&B options, and latent need for cultural and entertainment activities in the Holy cities will enhance tourist visits to the railway museum

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- Currently the concept of a museum providing an experience of the local history, culture, and heritage is available in KSA
- However, there is a scope for new market player to offer more enriching tourism experience by adding cultural, historical and religious aspects of the Kingdom to a traditional museum

COMPETITOR ANALYSIS¹

Dar Al Madinah Museum

The Beautiful Names of Allah Gallery

King Fahd Glorious Quran Printing Complex

¹Non-exhaustive list

GLOBAL TRENDS

- Increasing trend amongst tourists to balance religious visits with cultural and heritage experience to enrich tourism experience
- 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



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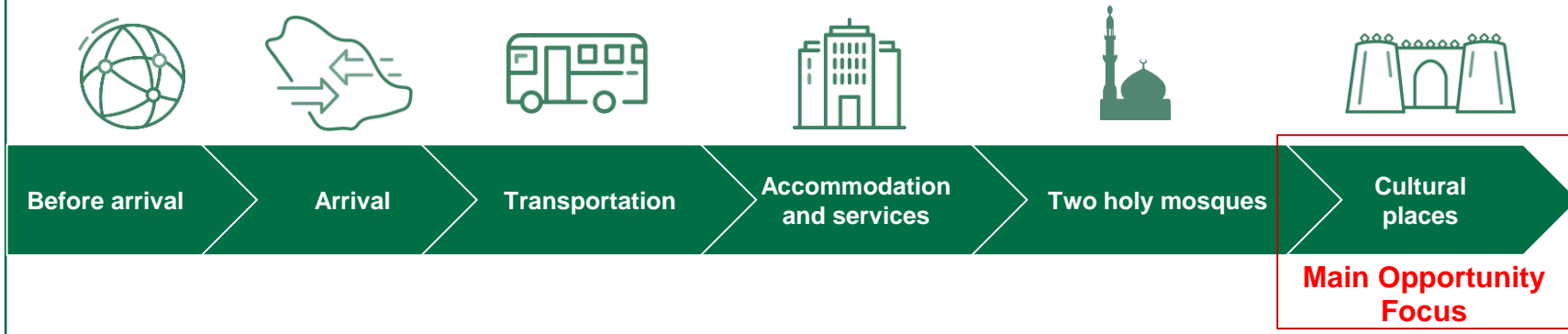
SUPPLY

SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- Pilgrims from Southern and Central Asia, Western countries, the Levant, and Russia perform Umrah clubbed with other destinations showing the will and financial capability for entertainment and recreational activities post Umrah and creating demand for centers offering such services
- 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 museum will be able to provide unique culturally engaging experience encompassing multiple concepts including cultural exhibitions, cultural events, souvenirs and gifts and F&B outlets to the religious tourists visiting the place

PILGRIM'S JOURNEY



KEY STAKEHOLDERS



ENABLING FACTORS

ENABLERS

- The Ministry of Municipality and Rural Affairs has created supporting regulatory ecosystem for easy issuance of necessary permits
- Unification of the licensing authority for hotels and residential units in the two Holy Cities
- Establishing a unified center for investor services in Hajj and Umrah in cooperation with MISA

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%



Sources for Cost of Doing Business: EIU, World Bank

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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