

Project Cash Flow

Project Cash Flow

Al-Madinah Al-Munawwarah – King Fahd Park



Item	Value
Peak funding need	SAR 553 million (September 2028)
Project IRR	18.5% hold – 24.2% exit in 2036
Payback	2034
Basis	Approved budget 510 + 40 and the Master Agreement

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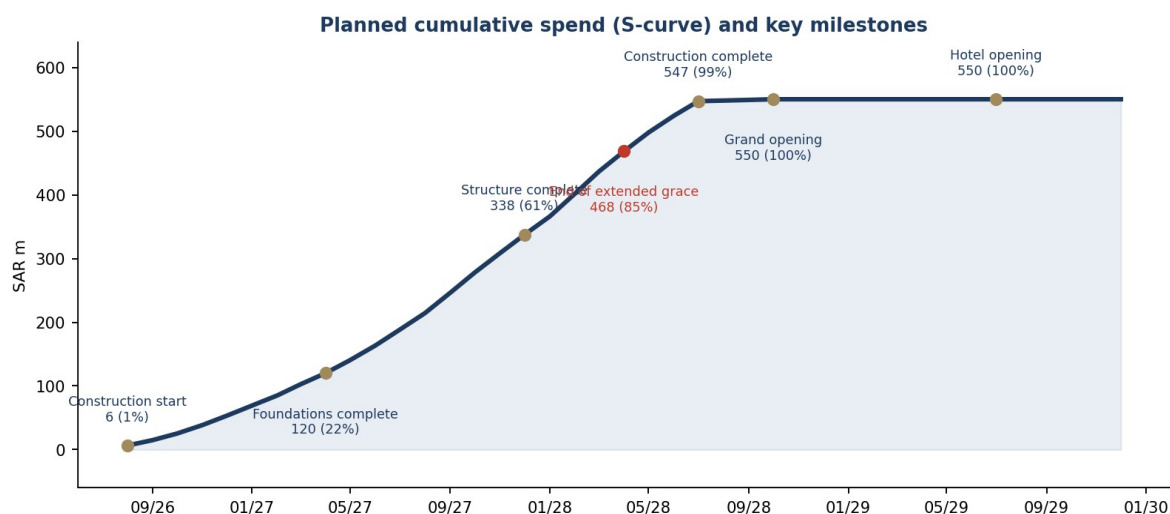
1. Summary

The project needs peak cumulative funding of SAR 553 million in September 2028, falling to about SAR 488 million if VAT is recovered on time. It recovers its full cost from operations in 2034.

Indicator	Value
Total investment (approved budget)	SAR 550.0 million
Peak cumulative funding need	SAR 553.0 million (September 2028)
Peak need after VAT recovery	About SAR 488 million
Net operating income 2031	SAR 109.3 million
Project IRR – hold to 2074	18.5%
Project IRR – exit 2036 (7% cap rate)	24.2%
Net present value (13% discount)	SAR 301 million
Payback year	2034
Watanco IRR (full NOI distributed)	13.5%
Present value of Koushan's share (13%)	SAR 278 million

Why does the peak need exceed 550? General administration, insurance and land rent start before revenue is established in Q4 2028, adding about SAR 3 million above the investment before operations cover themselves.

Cash flow timeline



Planned cumulative spend and key milestones

Milestone	Month	Cumulative spend (SAR m)	Financial progress	Reference
Construction start	August 2026	6.5	1.2%	Partners' data
Foundations complete	April 2027	120.1	21.8%	Implementation plan
Structure complete (Centre and retail)	December 2027	337.5	61.4%	Implementation plan
End of extended grace period (verbal extension)	April 2028	468.4	85.2%	October 2026 meeting
Construction complete	July 2028	547.0	99.5%	Partners' data
Peak funding need (553 incl. operating costs)	September 2028	549.0	99.8%	Monthly cash flow
Grand opening (Centre and boulevard)	October 2028	550.0	100%	Partners' data
Hotel opening	July 2029	550.0	100%	Partners' data
Operational stabilisation	2031	—	—	Financial model
Cost payback	2034	—	—	Annual cash flow
Exit (per partners' data)	2036	—	—	Partners' data
End of leasehold	April 2074	—	—	Contract 23/007

Note: at the end of the extended grace period (April 2028), about 85% of the investment will have been spent before operations start. The Excel file includes a month-by-month phase chart in sheet "Timeline".

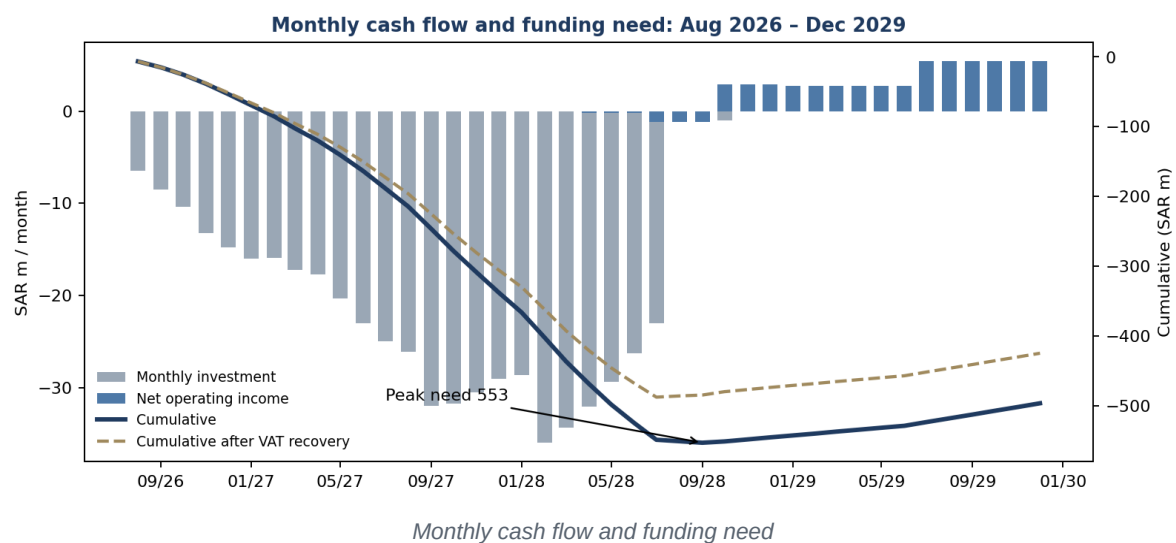
3. Basis of preparation

Element	Basis
Investment	Approved budget: SAR 510 million construction + SAR 40 million soft costs, VAT inclusive (partners' data)
Construction period	24 months from August 2026 (partners' data)
Monthly phasing per item	Planning estimate by item type (structure first, then MEP and finishes, FF&E and content in the final months); to be replaced by the contractor's approved cash flow forecast
Revenue and operating costs	Financial model (file 3): IHG for the hotel, LDP for the Experience Centre, Savills for retail
Land rent	SAR 2.39 million fixed + 2% of revenue; rent-free until April 2028 (verbal extension)
Funding and distributions	Watanco funds the investment; NOI distributed 64/36 (Master Agreement)
Exit	2036 at a 7% cap rate, adjusted for the remaining leasehold term (partners' data)

4. Uses by item and year (SAR million)

Item	Amount	2026	2027	2028
Structural works	130.0	30.0	100.0	—
Finishes	120.0	—	66.1	53.9
MEP works	70.0	—	44.2	25.8
Landscaping, water features & infrastructure	65.0	2.7	31.6	30.8
Hotel FF&E	50.0	—	—	50.0
Experience Centre content & AV systems	60.0	—	21.8	38.2
Contingency reserve	11.0	1.3	7.4	2.3
Project management reserve	4.0	0.8	2.0	1.2
Design	15.0	11.8	3.2	—
Supervision	8.0	1.7	4.0	2.3
Fees & permits	5.0	4.2	0.8	—
Marketing & pre-opening	7.0	—	0.8	6.2
Rent & administration	5.0	0.9	2.2	1.9
Total	550.0	53.3	284.2	212.5

5. Cash flow during construction and opening

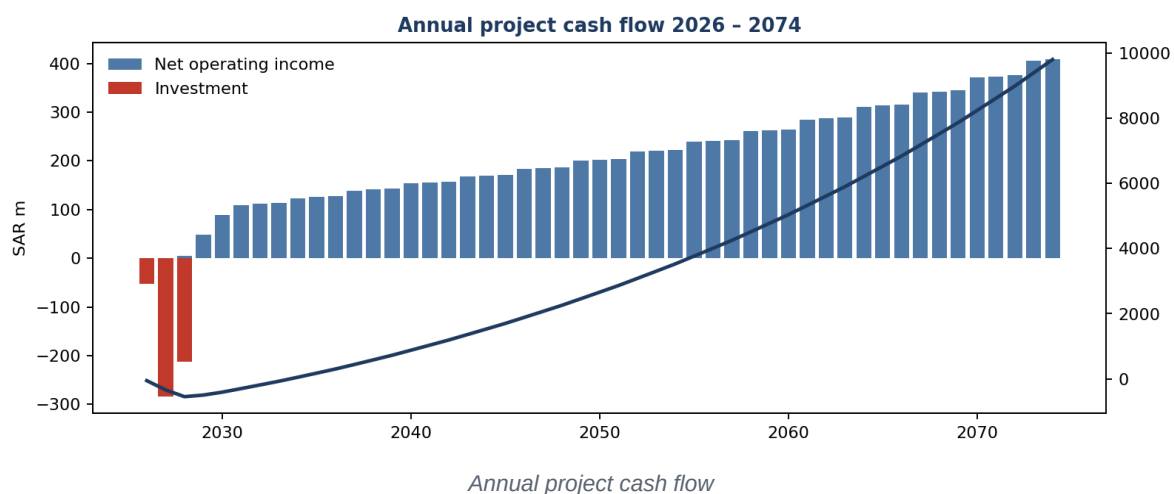


5.1 By quarter (SAR million)

Quarter	Investment	Net operating income	Net cash flow	Cumulative	Cumulative after VAT recovery
Q3 2026	(14.9)	—	(14.9)	(14.9)	(14.9)
Q4 2026	(38.4)	—	(38.4)	(53.3)	(51.4)
Q1 2027	(49.0)	—	(49.0)	(102.3)	(95.4)
Q2 2027	(61.1)	—	(61.1)	(163.4)	(150.0)
Q3 2027	(83.0)	—	(83.0)	(246.4)	(225.1)
Q4 2027	(91.2)	—	(91.2)	(337.5)	(305.4)
Q1 2028	(98.9)	—	(98.9)	(436.4)	(392.4)
Q2 2028	(87.7)	(0.6)	(88.3)	(524.6)	(467.7)
Q3 2028	(24.9)	(3.5)	(28.4)	(553.0)	(484.7)
Q4 2028	(1.0)	8.7	7.6	(545.4)	(473.8)
Q1 2029	—	8.3	8.3	(537.1)	(465.3)
Q2 2029	—	8.3	8.3	(528.7)	(457.0)
Q3 2029	—	16.1	16.1	(512.6)	(440.9)
Q4 2029	—	16.1	16.1	(496.5)	(424.7)

The monthly detail (41 months) is in the accompanying Excel file, sheet "Monthly Cash Flow", with monthly phasing ratios per item in sheet "Phasing" and the phase chart in sheet "Timeline".

6. Annual project cash flow (SAR million)



Year	Revenue	NOI	Investment	Net cash flow	Cumulative	Watanco (64%)	Koushan (36%)
2026	—	—	(53.3)	(53.3)	(53.3)	(53.3)	—
2027	—	—	(284.2)	(284.2)	(337.5)	(284.2)	—
2028	30.7	4.6	(212.5)	(207.9)	(545.4)	(209.5)	1.7
2029	176.9	48.9	—	48.9	(496.5)	31.3	17.6
2030	256.8	89.2	—	89.2	(407.3)	57.1	32.1
2031	285.0	109.3	—	109.3	(298.0)	69.9	39.3
2032	297.9	111.7	—	111.7	(186.3)	71.5	40.2
2033	306.7	113.2	—	113.2	(73.1)	72.5	40.8
2034	324.3	122.8	—	122.8	49.7	78.6	44.2
2035	340.2	125.8	—	125.8	175.6	80.5	45.3
2036	349.6	127.5	—	127.5	303.0	81.6	45.9
2037	368.6	137.9	—	137.9	440.9	88.3	49.6
2038	385.7	141.2	—	141.2	582.1	90.3	50.8
2039	396.2	143.0	—	143.0	725.1	91.5	51.5
2040	417.1	154.5	—	154.5	879.6	98.9	55.6
2041	424.4	155.7	—	155.7	1,035.3	99.6	56.0
2042	431.8	156.8	—	156.8	1,192.1	100.4	56.5
2043	450.6	168.6	—	168.6	1,360.7	107.9	60.7
2044	458.4	169.8	—	169.8	1,530.6	108.7	61.1
2045	466.4	171.1	—	171.1	1,701.7	109.5	61.6
2046	486.8	184.0	—	184.0	1,885.6	117.7	66.2
2047	495.2	185.3	—	185.3	2,070.9	118.6	66.7
2048	503.7	186.7	—	186.7	2,257.6	119.5	67.2
2049	526.0	200.8	—	200.8	2,458.4	128.5	72.3
2050	535.0	202.2	—	202.2	2,660.6	129.4	72.8

Year	Revenue	NOI	Investment	Net cash flow	Cumulative	Watanco (64%)	Koushan (36%)
2051	544.2	203.6	—	203.6	2,864.2	130.3	73.3
2052	568.4	219.2	—	219.2	3,083.4	140.3	78.9
2053	578.0	220.7	—	220.7	3,304.1	141.2	79.4
2054	587.9	222.2	—	222.2	3,526.3	142.2	80.0
2055	614.3	239.2	—	239.2	3,765.5	153.1	86.1
2056	624.6	240.8	—	240.8	4,006.3	154.1	86.7
2057	635.2	242.5	—	242.5	4,248.8	155.2	87.3
2058	664.0	261.1	—	261.1	4,510.0	167.1	94.0
2059	675.1	262.9	—	262.9	4,772.8	168.2	94.6
2060	686.5	264.6	—	264.6	5,037.5	169.4	95.3
2061	717.8	285.1	—	285.1	5,322.6	182.5	102.6
2062	729.8	287.0	—	287.0	5,609.5	183.7	103.3
2063	742.0	288.8	—	288.8	5,898.4	184.9	104.0
2064	776.2	311.3	—	311.3	6,209.7	199.2	112.1
2065	789.0	313.3	—	313.3	6,523.0	200.5	112.8
2066	802.1	315.3	—	315.3	6,838.3	201.8	113.5
2067	839.3	340.0	—	340.0	7,178.3	217.6	122.4
2068	853.1	342.1	—	342.1	7,520.3	218.9	123.1
2069	867.2	344.2	—	344.2	7,864.6	220.3	123.9
2070	907.8	371.3	—	371.3	8,235.8	237.6	133.7
2071	922.5	373.5	—	373.5	8,609.4	239.1	134.5
2072	937.6	375.8	—	375.8	8,985.2	240.5	135.3
2073	981.9	405.5	—	405.5	9,390.8	259.5	146.0
2074	997.8	408.0	—	408.0	9,798.7	261.1	146.9
Total	26,756	10,349	(550.0)	9,799			

Notes:

- Figures are before depreciation and zakat, and exclude VAT recovery.
- The Watanco and Koushan columns assume full distribution of NOI at 64/36. Actual distributions are made from distributable profits by partners' resolution.
- Facilities revert to Al-Maqr in April 2074 with no residual value.

7. Value added tax

Item	Value
VAT included in the 550	About SAR 71.7 million
Recovery assumption	3 months after payment (adjustable in the Excel file)
Effect on peak need	Reduces it from 553 to about SAR 488 million
Treatment in returns	Not included in the IRR (conservative); shown as a memo item

8. Differences from earlier study figures

Indicator	Earlier studies	This cash flow	Reason
IRR (hold)	18.2%	18.5%	Item-based phasing instead of linear, shifting part of the spend to 2027 – 2028
IRR (exit 2036)	23.8%	24.2%	Same reason
NPV	295	301	Same reason
Composition of the 550	491.6 construction & soft + 58.4 pre-opening	510 + 40 as per the approved budget	Adherence to the approved budget; pre-opening allocation is an open item

This cash flow is the reference because it is built on the approved budget line by line.

9. Items not included

Item	Reason	Expected effect
Experience Centre pre-opening (SAR 36.4 million per ProFun)	Outside the approved budget; allocation within the 550 not yet decided	Raises the funding need or requires reallocation within the budget
Hotel pre-opening	Not specified in any document	Same
Any construction cost overrun	No party is obliged to fund it under the Master Agreement	File 6: potential gap of SAR 70 – 120 million requiring reconciliation
Zakat	Estimated in the financial statements	Limited in early years
Koushan's bridge funding (SAR 24 million)	Recovered from the first drawdown (Article 18)	Does not change total need

10. Detailed indicators

10.1 Project indicators

Indicator	Value
Net present value (13% discount)	SAR 301.4 million
Profitability index (NPV ÷ investment)	0.55
Payback year	2034
Discounted payback year (13%)	2039
Capital multiple – hold to 2074	18.8
Capital multiple – exit 2036	4.9
Watanco capital multiple – exit 2036	3.1

10.2 Annual indicators

Indicator	2029	2030	2031	2032	2033	2034	2035	2036
Yield on cost	8.9%	16.2%	19.9%	20.3%	20.6%	22.3%	22.9%	23.2%
Watanco cash yield	5.7%	10.4%	12.7%	13.0%	13.2%	14.3%	14.6%	14.8%
Watanco share (SAR m)	31.3	57.1	69.9	71.5	72.5	78.6	80.5	81.6
Koushan share (SAR m)	17.6	32.1	39.3	40.2	40.8	44.2	45.3	45.9

10.3 IRR sensitivity (hold to 2074)

Case	IRR
Base	18.5%
Cost +10%	17.3%
Cost –10%	19.9%
NOI –10%	17.1%
NOI +10%	19.8%
Cost +10% and NOI –10% together	16.0%

11. Plan versus actual tracking

The Excel file includes a "**Plan vs Actual**" sheet for monthly monitoring:

Column	Content
Planned spend	Automatically from the monthly cash flow sheet
Actual spend	Entered monthly from certified payment certificates (yellow cells)
Monthly and cumulative variance	Calculated automatically, in amount and percentage
Planned and actual NOI	For monitoring operations after opening

Use: the sheet is updated with each certified payment certificate, documenting what has actually been spent and when against the plan, and giving early warning of any delay or overrun.