



SAUDI ARABIA
INVESTMENT HIGHLIGHTS
A RISING GLOBAL DESTINATION

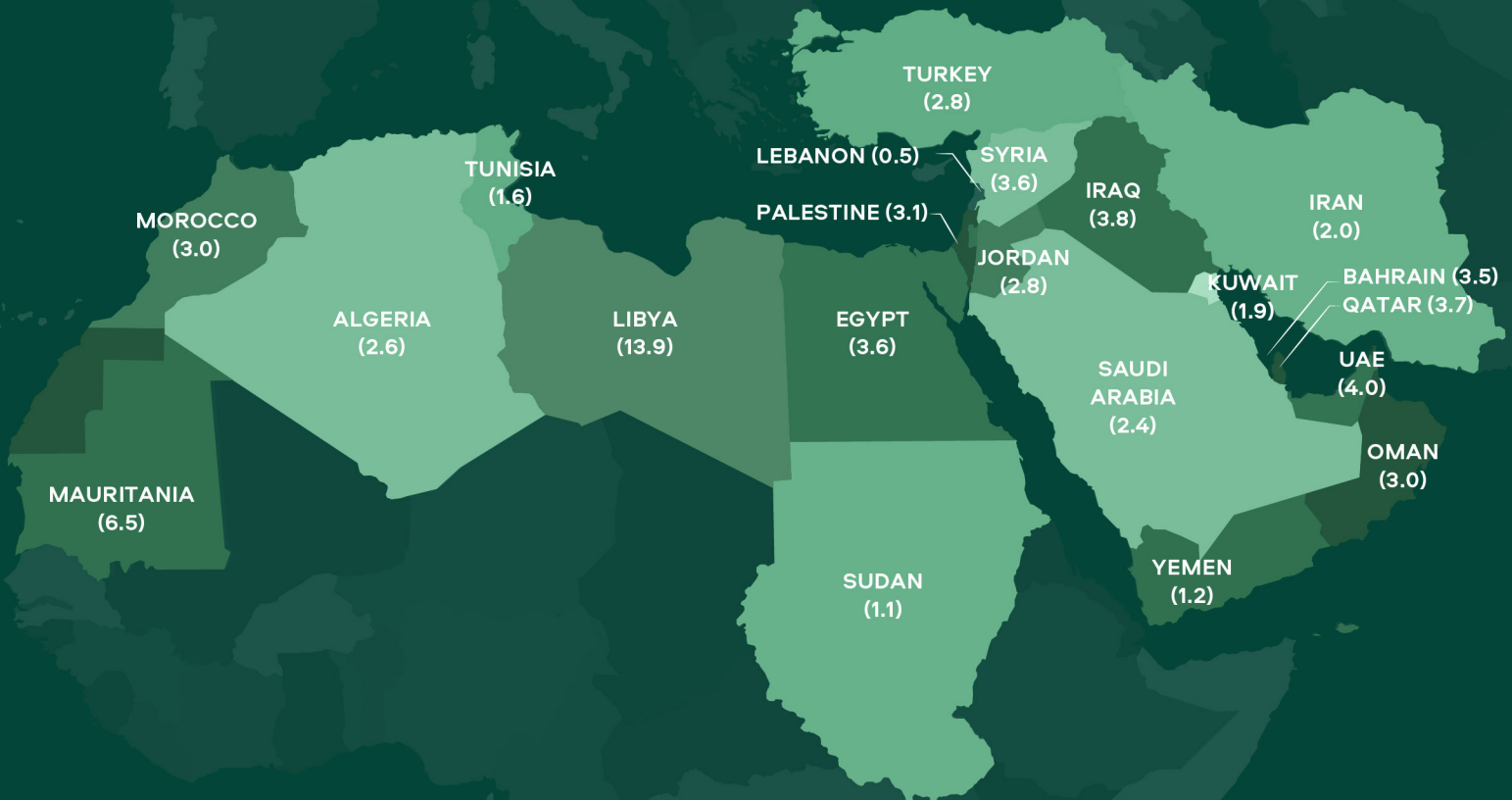
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UK INVESTMENTS IN FOCUS
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▼ Economic Outlook of MENA Region

The macroeconomic backdrop will be supportive of FDI inflows for most major economies in the MENA region. According to the Economist Intelligence Unit, more than half of the countries in the region are expected to achieve average economic growth rates of above 3% for 2023 and 2024, including Turkey, Egypt, Morocco, Qatar and the UAE; Saudi Arabia will to achieve more modest growth (2.4%), but this follows a world-leading growth performance in 2022 of 8.7%. In addition, most countries in the MENA region will continue to have relatively low rates of inflation and stable exchange rates—most notably the GCC states—which are conducive to a welcoming investment environment.

MENA Region Economic Growth

(annual average real GDP growth; %; 2023-24)



▼ UK & MENA Region

The UK and MENA Region are keen to strengthen their economic partnership in the wake of Brexit and the pandemic, where both are working to facilitate trade and investor ties. Countries in the MENA region continue to adopt a 'post-oil' mindset, creating opportunities for major global market players to expand their operations. On the other hand, the UK has been prioritizing sectors such as technology, financial services, creative industries, and green technologies as part of its strategy to remain competitive and adapt to evolving global dynamics.

In 2019, the UK and the combined economies of the GCC ranked among the world's largest economies, standing at the 5th and 13th positions, respectively. Collectively, they contributed 5.2% to the global GDP.

In 2019, GCC-owned businesses employed over 25,000 workers in the UK

Exports to Saudi Arabia alone were estimated to support directly and indirectly around 120,500 UK jobs in 2018

Supply chain links: 52.1% of the UK's GCC goods imports, and 73.5% of the UK's goods exports to the GCC were intermediate products



In 2019, the GCC was equivalent to the UK's 3rd single largest export destination and 4th largest import supplier outside of the EU

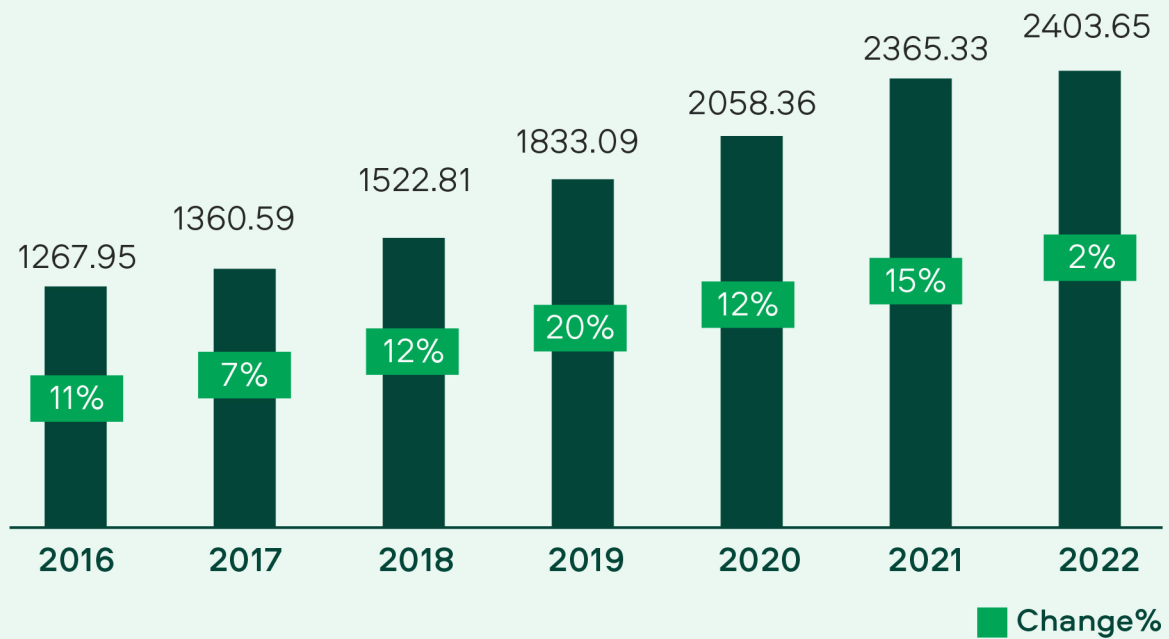
The combined economies of the GCC are projected to become the 14th largest economy by 2030, excluding other trading blocs

The GCC's overall demand is projected to reach around £0.77 trillion by 2035

▼ Saudi Arabia's Investment Momentum

- Foreign investments in Saudi Arabia maintained a steady growth across the years, based on the latest official data issued by the Saudi Central Bank (SAMA), which strongly indicates the growing investor appetite in the Kingdom.

Foreign investments in KSA (in value SAR bln)



- In spite of the pandemic-fuelled economic disruption of 2020 and 2021, KSA maintained an upward momentum in FDI inflows.

Countries	Global FDI	OECD countries	Euro area	Saudi Arabia	US	China	Japan	India
2020 Q1	-24.1%	-21.4%	-11.1%	29.2%	-70.4%	-17.1%	44.4%	55.1%
2021 Q1	68.0%	88.4%	0.3%	11.3%	287.2%	113.8%	242.0%	-62.1%

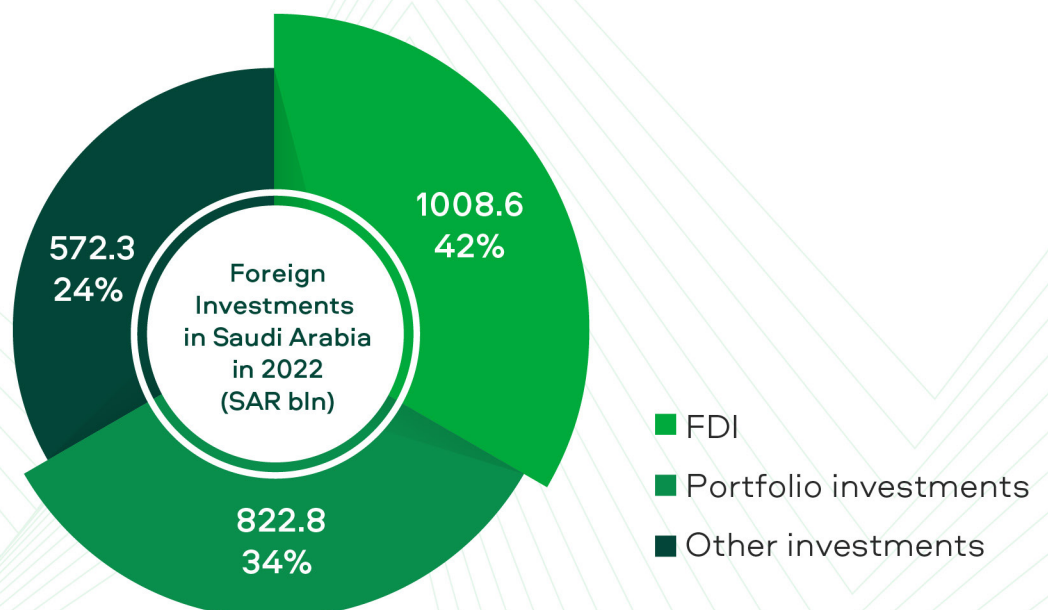
3. Given the importance of attracting investments to achieve Vision 2030 goals, the National Investment Strategy was unveiled to empower investors, define attractive investment opportunities, and open doors for the private sector to thrive. **The National Investment Strategy aims to triple investment volume, as measured by GFCF, to SAR 2 trillion by 2030 (equivalent to 30% of GDP), and position the country among the top ten economies in the Global Competitiveness Index by 2030.**

4. In April 2023, Saudi Arabia secured **the 3rd position in the Middle East and 6th globally** in the Emerging Markets ranking of the 2023 Foreign Direct Investment Confidence Index released by Kearney, affirming the high investor confidence in the Kingdom.

5. Saudi Arabia continues to improve on the OECD FDI Restrictiveness Index **improving 35% overall between 2015 and the most recent, available, measurement in 2020.** While the FDI Index is not a full measure of a country’s investment climate, it is a critical determinant of a country’s attractiveness to foreign investors.

6. According to the OECD report, **Saudi Arabia has shown improvements in reducing FDI restrictions across sectors between 2015 and 2020 at a time when many countries are constraining the flow of FDI to protect local sectors.**

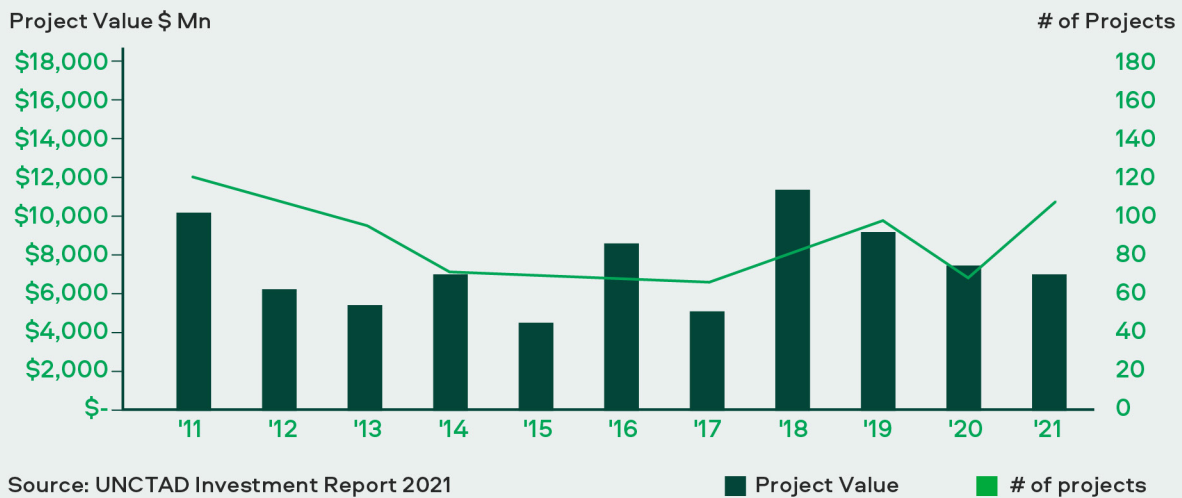
7. Foreign Investments Breakdown in Saudi Arabia



8. FDI Projects in KSA

Saudi Arabia has announced several innovative greenfield projects that offer international financing opportunities for investor participation in nation-building while realizing attractive returns. **In 2021, 147 greenfield projects were announced, growing 67% from the previous year**, attesting to the strength of a strong pipeline of opportunities. In addition, **the number of M&A deals in Saudi Arabia increased by 33% in 2021**, recording a total value of \$24 Bn in net M&A, attesting to global investor interest in the country.

Exhibit 7: Land Value of Greenfield FDI Projects In Saudi Arabia



9. Investment Licenses

The number of investment licenses issued by MISA recorded an increase of 673.4% compared to the same period last year, a total of 4,455 issued licenses in Q2 2022, compared to 576 licenses in the same quarter last year, due to the efforts to promote FDI and enhance investment environment in Saudi Arabia, in addition to correcting the status of violators of the anti-concealment law, a program launched by Ministry of Commerce as part of the National Transformation Program, to combat commercial concealment and commercial fraud in cooperation with 10 government entities including MISA.



673.4%

Investment Licenses

Q2 2022	↔	Q2 2021
4,455		576

A high number of licenses were issued for wholesale & retail, construction, manufacturing, accommodation & food services, professional, scientific & technical services, and ICT activities. The number of new licenses issued for these activities accounted for 92.1% of the total licenses issued in Q2 2022.

▼ Growing Sectors for Investment in KSA

Saudi Arabia is continuing to invest in modernizing its infrastructure to support industrial and social development. Despite volatile global markets, **infrastructure development** is one of the Kingdom's main priorities for the Saudi economic diversification.

Opportunities in infrastructure enhancement include developing new green infrastructure, creating and restoring rail networks and roadways and expanding the housing sector. Significant investments are earmarked for **healthcare** along with high-speed digital upgrades for the **energy sector**. **Construction** is underway on several schools, hospitals and industrial hubs across the Kingdom.

Saudi Arabia's aspiration to become a global transportation and logistics hub by 2030 is the driving force behind the recent announcement to transform Riyadh airport into a massive aviation hub. While this massive development will have sustainability at its core, global partnerships and alliances are critical to the success of this giga project. In addition, infrastructure plans in KSA have increased global attention to the country bringing a welcome boost to the leisure, tourism and entertainment sectors. A notable area of investment in Saudi Arabia is the transportation and logistics sector.



▼ United Kingdom & Saudi Arabia

In Q2 2022, the UK emerged as the leading investor in Saudi Arabia, securing 7 deals. Following closely behind are the UAE, Jordan, and the US, each with 3 deals. The UK and Saudi Arabia committed to a long-term partnership to support delivery of Vision 2030 covering a range of fields including education, training and skills; financial and investment services; culture and entertainment; healthcare services and life sciences; technology and renewable energy; and the defense industry. Together these opportunities are expected to amount up to \$100bn over a ten-year period, from which PIF will aim to target direct investments amounting to \$30bn.



Education Sector

Saudi Arabia recognizes UK's extensive expertise across various educational sectors, encompassing kindergarten, primary and secondary education, as well as higher education and vocational training. Consequently, both countries have agreed to collaborate in the field of education, leveraging the UK's experience to bolster the advancement of early-stage education. To facilitate this partnership, a memorandum of understanding has been signed, enabling the development of teaching methodologies and capacity building. The UK has also appointed Sir Anthony Seldon as the Special Education Envoy, reinforcing its commitment to supporting Saudi Arabia's Vision 2030.



HealthCare

Saudi Arabia acknowledges the vast wealth of expertise that the United Kingdom possesses in the field of healthcare. Both nations have reached an agreement to strengthen cooperation in this domain through the signing of memorandums of understanding. These agreements encompass various areas, including training, primary healthcare, health investment, digital health, and other related fields. To bolster this collaborative effort, the United Kingdom has appointed Sir Mike Richard as its Special Envoy for Healthcare, exemplifying its commitment to supporting Saudi Arabia's Vision 2030 in the realm of healthcare.



Culture And Entertainment

The United Kingdom has expressed its eagerness to collaborate and share the significant opportunities that have arisen from the recent positive developments in culture and entertainment in Saudi Arabia. In turn, Saudi Arabia has expressed confidence in the UK's pioneering role and expertise in the fields of creation, entertainment, culture, and the preservation of national heritage. To formalize this partnership, a memorandum of understanding has been signed between the two countries, focusing on cooperation in these areas. Additionally, a cultural cooperation agreement has been established, emphasizing joint efforts in developing and safeguarding cultural content. The UK has also made a commitment to supporting investment in Saudi Arabia's cultural and entertainment projects.



Clean Energy

The United Kingdom and Saudi Arabia launched the first Ministerial United Kingdom-Saudi Arabia Energy and Industry Dialogue. A Memorandum of Understanding on clean energy was signed, with Saudi Arabia recognizing United Kingdom's experience and expertise in clean growth. As a result of Saudi's push into renewable energy, the UK and Saudi governments recently discussed aspiring plans for collaboration between both countries in space-based solar power (SBSP).

According to The Business Secretary of Saudi Arabia, Grant Shapps, "The Kingdom of Saudi Arabia is on an ambitious journey to modernize its economy and society, which opens up a host of opportunities for growing British businesses, exporting UK expertise that could transform global access to renewable energy, including space based solar power".



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