



NATIONAL INVESTMENTS AUTHORITY
UNDER THE PRESIDENT
OF THE KYRGYZ REPUBLIC

OSCE Organization for Security and
Co-operation in Europe
Programme Office in Bishkek

KAIYRMA ARYK SKI RESORT

“KEREGE-TASH TRAVEL” LLC



KYRGYZSTAN



Project initiator:

Kaiyrma Aryk Ski Resort

Brief project description:

The project involves the creation of a widely accessible, year-round mountain resort of international class, which will provide an opportunity for all-season rest and recreation for residents of Kyrgyzstan and guests from near and far abroad. The resort implies comfortable accommodation and high quality service for 5,000 to 6,500 visitors at a time. The resort includes services of year-round active recreation, hotel complex of various categories (from economy class to 5*), public catering, recreation and business facilities (conference halls, business centers, congress halls).

Project initiator description:

The project initiator is Kerege-Tash Travel LLC established in 2018 specifically for the implementation of the Ski Resort Project.

Representative of Kerege-Tash Travel LLC Salavat Imashev

- Transformed land for the implementation of the Project
- Works to attract investors

Project cost: \$272,756,000

- Construction - \$188,300,000
- Road network - \$1,046,000
- Ropeways - \$43,250,000
- Infrastructure, engineering networks - \$40,160,000

Investment required: \$175,480,000

Payback period: 9 years

PROJECT DESCRIPTION

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Planned services of the Resort:

- ✓ a range of services and facilities for active recreation and sports for children and adults, including:
- ✓ sports equipment and gear rental services
- ✓ services for preparing and storing sports equipment and gear
- ✓ services of instructors, trainers and guides
- ✓ rescue services
- ✓ services of specialists in sports medicine and emergency medical care
- ✓ services of a hotel complex of various categories (economy class, «3*», «4*», «4*+», «5*»)
- ✓ catering services of various categories (restaurants, cafes, bars, bistros, fast foods)
- ✓ telecommunications services (all types of telephony, Internet, television)
- ✓ a range of household services (dry cleaning, laundry, photography, hairdressing, etc.)
- ✓ trade services (stores, boutiques, etc.)
- ✓ recreational services (SPA centers)
- ✓ a range of services and entertainment facilities (concert halls, discotheques)
- ✓ a range of business services and facilities (conference halls, business centers, congress halls)

Occupied area	Occupied area (ha)
To accommodate the infrastructure of the resort	65,1
Occupied by ski slopes	97,7
Occupied by aerial ropeways	22,3
Total:	185,1

Winter recreation services:

- ✓ Downhill skiing
- ✓ Snowboarding
- ✓ Cross-country skiing
- ✓ Ice skating
- ✓ Ice sledding
- ✓ Tubing
- ✓ Riding on alpine coasters

- ✓ Skidoo driving
- ✓ Horseback riding
- ✓ Paragliding
- ✓ Hang gliding
- ✓ Ultralight trike flying
- ✓ Ballooning
- ✓ High-speed rope flying

- ✓ Zorb riding
- ✓ Ice climbing
- ✓ Indoor water park services
- ✓ Sport fishing
- ✓ Mountain hiking
- ✓ Gyms and fitness centers
- ✓ Gaming recreation activities



Summer recreation services:

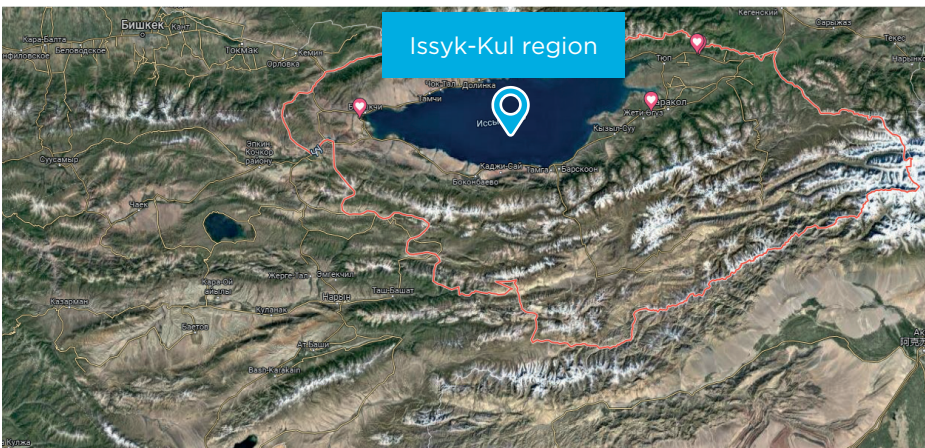
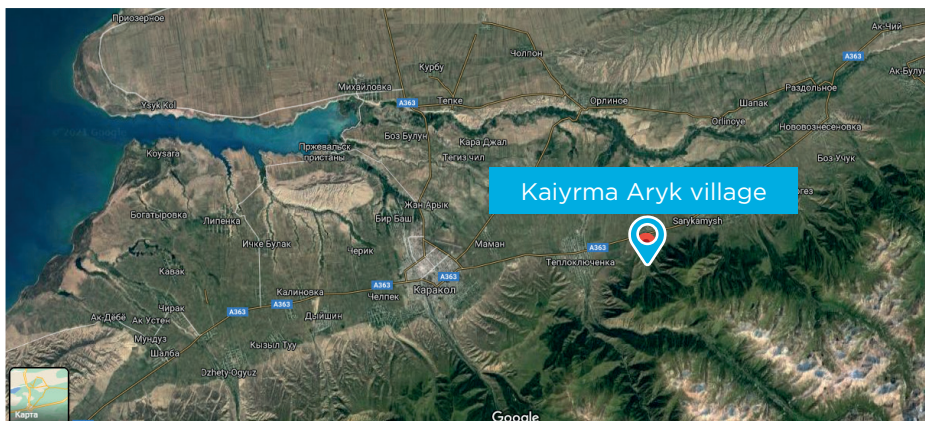
- ✓ Riding on artificial turf
- ✓ Mountain biking
- ✓ Roller-skiing
- ✓ Blading
- ✓ Skateboarding
- ✓ Horse-riding
- ✓ Riding on alpine coasters

- ✓ Quad biking
- ✓ Rafting in mountain rivers
- ✓ Paragliding
- ✓ Hang gliding
- ✓ Ultralight trike flying
- ✓ Ballooning
- ✓ High-speed rope flying

- ✓ Zorb riding
- ✓ Climbing in the artificial rock wall
- ✓ Set of water park services
- ✓ Sport fishing
- ✓ Mountain hiking
- ✓ Gyms and fitness centers
- ✓ Gaming recreation activities



GEOGRAPHIC LOCATION OF THE PROJECT



PROJECT INITIATOR DESCRIPTION

The project initiator is Kerege-Tash Travel LLC established in 2018 specifically for the implementation of the Ski Resort Project. The representative of the Company is entrepreneur Salavat Imashev, who is a public advisor to the Acting Mayor of Karakol. The project initiator organized the transformation of the land.



SUSTAINABLE COMPETITIVE ADVANTAGES

- ✓ **Location.** The resort is located 6 hours away from the nearest large cities and airports, therefore, the main tourist flows will be targeted multi-day tours, weekend tours from the nearest megacities and one-day visits of vacationers from the resort area of Issyk-Kul Lake.
- ✓ **Year-round services.** The resort aims to provide winter and summer outdoor activities. The Project will also offer resort and recreational services. In addition to recreational services, the Resort will provide business services. A complex for receiving official delegations, including, for holding international forums (Council of Heads of State of the SCO Member States, as an option, «Asian Davos»). The Resort also envisages the construction of a water park with a spa center with an area of 12,000 m².
- ✓ **Providing jobs for the local population.** According to preliminary studies, more than 80% of the local population will benefit directly or indirectly from the Resort.



- ✓ **The hotel complex** is designed to accommodate guests of different categories - economy class, «3*», «4*», «4*+», «5*». The total planned hotel room capacity is 8,000 beds. The whole hotel complex occupies an area of 56,000 m² and will consist of the following sectors: 1) two multi-storey settlements; 2) two cottage settlements; 3) a settlement for receiving official delegations; 4) tourist shelters;
- ✓ Engineering protection of the territory, buildings and structures from dangerous geological processes. The resort provides protection from a variety of types of threats by installing the following systems:
 - ✓ Avalanche warning system
 - ✓ System for organizing safe skiing on ski slopes
 - ✓ Landslide and mudflow protection system

FORECAST PROJECT FINANCIAL INDICATORS

Sales plan in kind	Year 1	Year 2	Year 3	Year 4	Year 5
Number of visits during winter season, man-days	150 000	200 000	400 000	450 000	400 000
Number of visits during summer season, man-days	50 000	150 000	300 000	350 000	400 000
Total:	200 000	350 000	700 000	800 000	800 000

Key financial indicators, USD	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	24 000 000	42 000 000	84 000 000	96 000 000	96 000 000
EBITDA	7 200 000	12 600 000	25 200 000	28 800 000	28 800 000

- ✓ IRR - 5.86%
- ✓ Payback period - 9 years, Discounted payback period - 12 years

FUNDING SOURCES AND USE OF FUNDS

Funding sources	Amount, USD
Financial investor	175 480 000
Reinvested profit	97 276 000

Use of funds	Amount, USD
Construction	188 300 000
Road network	1 046 000
Ropeways	43 250 000
Infrastructure, engineering networks	40 160 000

Total: 272 756 000

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- ✓ The project is expected to disburse funds within 5 years

BRIEF OVERVIEW OF THE TOURISM MARKET IN KYRGYZSTAN

Today, the established infrastructure of sanatoriums, recreation centers and hotels in the resort area of Issyk-Kul Lake has a guest base for all-season reception of up to 5,000 vacationers, with no less than three-star category of services. These include:

- ✓ Cholpon-Ata Sanatorium
- ✓ Royal Beach Hotel
- ✓ Carven Four Seasons Hotel
- ✓ Issyk Kul Aurora Sanatorium
- ✓ Ak Maral Hotel

- ✓ La Meridian Hotel
- ✓ Kyrgyzskoe Vzmorye Sanatorium
- ✓ Rainbow WEST Recreation Center
- ✓ Caprice Recreation Center
- ✓ Goluboi Issyk-Kul Sanatorium

- ✓ Raduga Recreation Center
- ✓ BOTANY BEACH Hotel
- ✓ Talisman Village Recreation Center
- ✓ Carven Issyk-Kul Recreation Center
- ✓ Okhotny Dvor Hotel

About 5-7 thousand places of winter accommodation (economy class) can be offered by the private sector of the resort area and the city of Karakol.

When analyzing the ski capacity of Kazakhstan's largest city, Alma-Ata (1.5 million inhabitants), we can conclude that it is used by no more than 5%. Experts estimate that there are between 75,000 and 100,000 alpine skiing and snowboarding enthusiasts in Alma-Ata. At the same time, the existing infrastructure of all ski facilities around Alma-Ata is cumulatively capable of accommodating no more than 6-7 thousand holidaymakers at a time. In spite of the presence of a huge natural resource, such as the mountains of Zailiisky Alatau, it is still very poorly used in the ski industry. Besides, it should be noted that the relief of northern spurs of Zailiisky Alatau differs unfavorably (in terms of skiing) from the relief of northern spurs of the Big Kyrgyz Ridge and Terskey Ala-Too Ridge. Potentially, this market is the most promising for the Kaiyrma Aryk Resort.

According to Rostourism, there are at least 3.5 million ski tourists in Russia. Alpine skiing is highly developed in the regions of Russia close to Kyrgyzstan (Chelyabinsk, Yekaterinburg, Kemerovo, Novosibirsk, Altai Territory). This is not less than 200

thousand people who can become potential visitors to the Kaiyrma Aryk mountain resort. It is possible to attract “discerning” Russian tourists if the level of service is no worse than at the most popular Russian complexes, such as Krasnaya Polyana (Sochi), Sheregesh (Kemerovo Region), Novosedovo (Novosibirsk Region). An important advantage of the Kaiyrma Aryk resort for tourists from Russia is the mild winter climate of the Issyk-Kul region, which compares favorably with the stable frosty conditions of Altai, Siberia and the Urals

Over the past 15 years the skiing industry of neighboring China is developing intensively, during this time more than 30 major ski centers have been put into operation. According to expert estimates, in 2010 the number of fans of downhill skiing and snowboarding in the «Middle Kingdom» amounted to 10 million. Considering that the last 10 years the outbound tourism in China is characterized by high growth rates (20% annually), according to forecasts by 2020 it will reach 100 million people annually. A nearby international-class mountain resort in Kyrgyzstan could attract a significant number of clients from China.



INVESTMENT PROPOSAL

LEGAL MECHANISM

✓ Limited Liability Company/Joint Venture

FUNDING TYPE

✓ Direct investment in capital or loan

AMOUNT

✓ USD 175,480,000

TERM

✓ Up to 12 years

NUMBER OF TRANCHES

✓ Tranche 1

✓ Tranche 2

✓ Tranche 3

✓ Tranche 4

✓ Tranche 5

COLLATERAL

✓ 100% share of the Company