

# We invite you to invest into the growing tourism sector



## Project overview

### Project scope

- Mid-price network hotels operating under an international brand (e.g., Ibis, Best Western, etc.)
- ~150-200 rooms per hotel (total: about 600-800 rooms)
- Total floor area per hotel: 5 000-5 500 m<sup>2</sup>

### Geography

- Tashkent, Samarkand, Bukhara, Khiva

### Financing

- ~5-7 USD mn per city (design, construction, equipment, land)

### Timeline

- 2018-2019 – First wave design and construction (Tashkent)
  - Six months for design and documentation
  - One year for construction and release to operation
- One additional location per year (Bukhara, Samarkand, Khiva)

### Investment terms

- Investor will have ownership of the entire business

Risk adjusted investor NPV **20 USD mn**

IRR USD **20%**

## Business case: proposed asset profile for a budget hotel chain



Mid-priced hotels (3\*)



Investments by a developer active in the region



Recognizable international brand



150-200 rooms per city



Engagement of an international manager (brand owner)



Hotel floor area: 5 000-5 500 m<sup>2</sup>

## Contacts

State Investment Committee will be happy to answer any questions you may have

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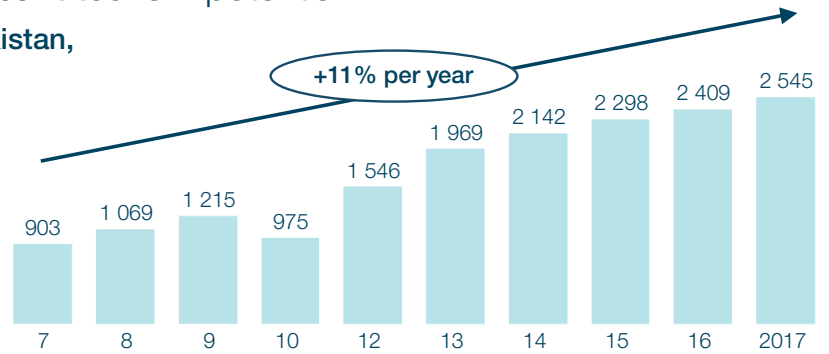
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## Demand: Uzbekistan has a significant tourism potential

Number of foreign tourist visits to Uzbekistan, thousand visits



## Demand: Uzbekistan has a vast potential for attracting Muslim tourists

Muslim tourism in Uzbekistan – hundreds of monuments and holy sites throughout the country

Relics of the era of rise of Islam



Caliph Uthman Quran (8th century), Tashkent

Tomb of Prophet Mohammad's Cousin



Qussam ibn Abbas Mausoleum, Samarkand

Numerous mosques and mausoleums of the Tamerlane era



Bibi-Khanyom Mosque, Samarkand

Majestic monuments of Muslim architecture



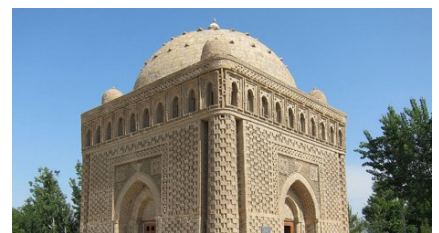
Muhammad Amin-Khan Madrassah, Khiva

Holy sites uniting different religious denominations






Khodja Doniyor (St. Daniel) Mausoleum, Samarkand

Common cultural heritage of Central Asia, Persia, and the Arab World



Mausoleum of the Samanid Persian Dynasty, Bukhara

## Benefits: in Uzbekistan, hotel construction FDI projects enjoy considerable benefits

Benefit type	Description
Profit tax etc. 	<p>Construction of +4* hotels entitles to exemption for a period of 5 years from:</p> <ul style="list-style-type: none"> <li>• <b>Corporate</b> profit tax</li> <li>• <b>Land tax</b> and <b>property tax</b></li> <li>• <b>Uniform tax payment</b> by legal entities</li> </ul> <p>Involvement of foreign direct investments entitles to exemption from:</p> <ul style="list-style-type: none"> <li>• <b>Corporate</b> profit tax</li> <li>• <b>Property tax</b></li> <li>• <b>Improvement and social infrastructure development tax</b></li> <li>• <b>Uniform tax payment</b> by micro-firms and small businesses</li> <li>• Contributions to Republican Road Fund</li> </ul> <p><b>Term of exemption depends on FDI amount</b></p> <ul style="list-style-type: none"> <li>• 300 USD ths – 3 USD mn – 3 years</li> <li>• 3 USD mn – 10 USD mn – 5 years</li> <li>• &gt;10 USD mn – 7 years</li> </ul>
Import duties 	<p>Exemption from customs duties (with the exception of customs processing fees) for imported equipment, machinery, components, spare parts and materials not produced in the Republic of Uzbekistan</p>
Payroll taxes for foreign specialists 	<p>Exemption until January 1, 2022, from:</p> <ul style="list-style-type: none"> <li>• <b>Uniform social payment</b> for qualified <b>foreign specialists</b> employed to managers</li> <li>• <b>Individual income tax</b> for qualified <b>foreign specialists</b> invited as hotel managers</li> </ul>