



**Project investment
opportunity for creation
of touristic resort in
Nanay village**

Investment opportunity overview

This investment opportunity to create a touristic zone was developed by EY in cooperation with the Ministry of Investment, Industry and Trade of the Republic of Uzbekistan (hereinafter “MIIT”) within the framework of a project aimed to increase direct investment in Uzbekistan.

Together with this document the Business Plan is being prepared in which EY industry experts were engaged.

This document is intended for the potential investor. If there is an expression interest, further discussions to promote this project with the support of MIIT will occur

Key Factors for Investment Success of Touristic Zone Creation (hereinafter “Project”)

Tourism development in Uzbekistan



In recent years, both external and internal tourism in Uzbekistan has increased.

During 2017-2019, international tourist arrivals tripled, to 8.3 million tourists in 2019, while the number of internal tourists increased from 4.5 million to almost 6 million.

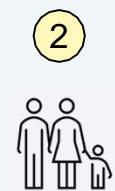
Government support



Government supports the tourism industry through measures such as visa liberalization, tax benefits, creation of touristic zones.

As the result, in recent years there have been built many touristic objects and the tourism infrastructure has been developed.

Potential tourists



The population of the nearest regions – Fergana and Andijan – is the most active in terms of tourism among all the regions in Uzbekistan.

40% of trips within the country are made by the residents of Fergana Valley, who are the potential Target Audience of the Project.

Creation of
touristic zone
in Nanay
village

High demand for recreation tourism in Nanay



Nanay village has been a favorite place for many locals for several decades.

There are eight (8) recreation areas in the area of the village, where families with children and groups of young people come in winter and summer.

Further steps for the Project implementation

Signing the Memorandum of Understanding by the Potential investor and MIIT upon the expression of interest

Development of a technical and economic feasibility study

Negotiations based on a feasibility study and signing an investment agreement

Investment opportunity overview

Additional Project Success Factors

Advantages of Project implementation



Favorable climate, landscape, clean air.



High demand for recreational tourism among the population of nearby areas.



- **Current situation.** There are 13 touristic zones in the territory of the Nanay village, of which 7 are functioning.
- **Objective of the project.** Establish a tourist complex in Nanay village by combining the current and planned commercial facilities, creating public spaces as well as cultural and entertainment facilities.



Results

- Building a hotel, cottages, a restaurant, a swimming/SPA area, shopping areas, as well as areas for walking and entertainment.
- Providing quality recreation for the population, developing domestic tourism and improving the well-being of local residents.

Region of the Project location

- The project is planned in the Nanay village of the Namangan region. The village is surrounded by mountains ie Chatkal and Kurama, the which are 1,000-1,200 meters.



Area of the touristic zone
8,3 ha

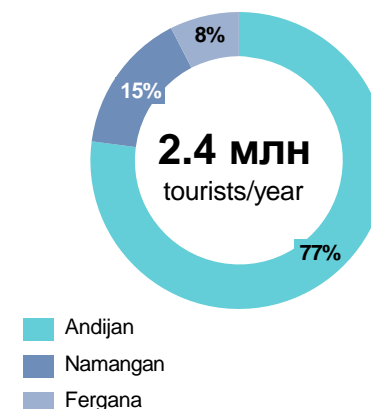


Preliminary indicators of the investment Project

CAPEX (including VAT)	USD 5.7 mln
NPV	USD 2.9 mln
IRR	12%
Payback period	7 years

Potential tourist flow

- The Fergana Valley is the most active in terms of domestic tourism: most of the population prefers to relax in nearby recreation areas, in particular, in the Namangan region.
- The potential tourist flow to Nanay is 2.4 million people per year.

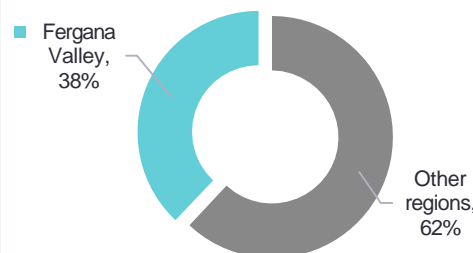


Investment opportunity overview

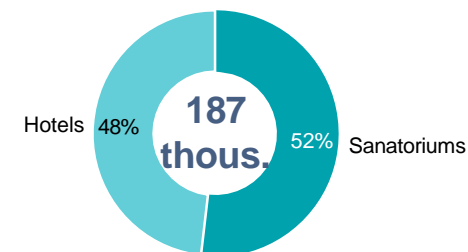
Additional Project Success Factors

- A significant proportion of trips within the country (40%) is made by residents of the Fergana Valley - Andijan, Namangan, Fergana.
- In 2020, 187 thousand people were accommodated in the Fergana Valley for 1.3 million overnight stays; 52% of them are in sanatoriums, for 1.1 million overnight stays.
- The annual expenditure of 1 household from the Fergana Valley for tourism purposes will increase to 946 USD by 2040, which is significantly higher than the projected figure for the Republic.

Trips made by residents of regions within the country, 2020



Number of people accommodated in hotels and sanatoriums



Comparison of the annual costs of 1 household from the Fergana Valley with the costs of households from Tashkent and in the country, USD



Leisure and recreation

Hotels and restaurants

Источник: Euromonitor

	Ferghana Valley*			Tashkent			Uzbekistan		
	2020	2030F	2040F	2020	2030F	2040F	2020	2030F	2040F
Leisure and recreation	110	277	717	152	383	999	160	407	1 058
Hotels and restaurants	143	364	946	207	529	1 375	122	305	790

Drivers of tourism in Namangan region

- Most people come to Namangan to visit their relatives.
- A significant proportion of tourists come to relax in the fresh air and receive health-improving procedures in sanatoriums.
- Since 1961, the Flower Festival has been held in Namangan. In 2021, it was attended by 150 florist entrepreneurs and 300 flower growers from all over the country, as well as from the CIS countries, South Korea, Russia, Turkey, and the Netherlands.
- In the spring of 2021, the construction of a business center began in Namangan, which is planned to host international symposiums and business forums, which will create ample opportunities for promoting business tourism.



Flower Festival in Namangan



Business center named after A. Usmanov in Namangan

Time to invest in Uzbekistan



Uzbekistan is undergoing a large-scale transformation, undertaking on-going pro-business reforms. The government's policy is now aimed at easing regulation and improving the investment environment which will enable it to unlock the nation's dormant competitive advantages.

"Market liberalization efforts and major institutional reforms make Uzbekistan attractive to investors"

"Abundant natural resources alongside with a highly skilled, low-cost labor force are the key competitive advantages"



Trade and infrastructure

- ▶ Uzbekistan is in the heart of Central Asia serving as a strategic trade and transit hub between Asia and Europe.
- ▶ It has one of the most developed transport infrastructure in the region offering eight (8) major international transport corridors (both rail and road).

Benefits and incentives for investors

- ▶ Different regions and industries offer certain preferential policies and wider benefits to foreign investors that have established credentials in innovative and high-tech industries and produce export-oriented goods.



Positive tax system reforms

- ▶ Recent amendments to the tax code have reduced the tax burden, eased taxation of non-resident legal entities, optimized tax types by harmonization and unification.



Exchange rate developments

- ▶ In 2017 the government devalued the currency, matching the official rate to the market. This removed currency restrictions and eliminated the black market.
- ▶ Unrestricted operations with foreign currencies and unrestricted profit repatriation were introduced.



Transparent market pricing

- ▶ The key industries experienced positive reforms backed by the Government. Recent steps allow an efficient sales mechanisms through a commodities exchange.



Natural resources

- ▶ Uzbekistan possesses over 1,800 mineral reserves.
- ▶ Abundance of resources implies that local manufacturers enjoy a competitive edge in low-cost energy supplies (natural gas and power).

Highly skilled and educated, low-cost labor force



- ▶ Uzbekistan has the largest workforce in the region with more than 18 mln people at a relatively low cost and relatively low salaries (average monthly salary of 250 USD). General literacy of the population is at 97% which is on par with Singapore.

Uzbekistan in figures

4.6% Average GDP growth during 2017-2021	8.6 billion USD FDI in 2021	Ranks 69th World Bank's Doing Business	Ranks 17th By volume of gas production globally	Ranks 15th By gold reserves globally	34 mln Population of Uzbekistan
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