

## **Reference of project**

### **"Construction of the tourist and recreational center "Kaskasu" in The Kaskasu gorge in Tolebi district of Turkestan region**

The project is creating year-round mountain resort in the gorge Kaskasu, Tolebi district of the Turkestan region (65 kilometers from Shymkent), location bordered in the North by Sairam and Tyulkubas district, on the East with Zhambyl region in the South-East by the Republic of Uzbekistan. The site is a spur of Karzhantau on the slopes of the Western Tien Shan. The result of the project is planned to open a tourist and recreation center of international level "Kaskasu" with a capacity of 2063 skiers per day, as well as 3000 non-skiers per day.

The construction of a modern mountain complex will give a push to the development of mass skiing in the region, increase the competitiveness and quality of services of the domestic tourism industry, create new jobs, develop social infrastructure, and increase the investment attractiveness of the Turkestan region.

The total area of the region is 117,249 km<sup>2</sup>. The population of the region is 2 734 734 (15 %, 1st place). The average population density of the region is approximately 23.3 people/km<sup>2</sup> (1st place).

The site is located at an altitude of 1600 to 3200 m. above the sea.

The existence of a relatively good transport network (air links to the main centers of the country, rail links, a network of roads) creates real prerequisites for the fact that in the future tourists from other regions, as well as tourists from the CIS and foreign tourists will come to rest in the shopping center "Kaskasu". Shymkent has an international airport, which after reconstruction in 2007 can accept any type of aircraft. The city has good transport links and is a transport railway junction connecting the South with the North, the West with the East.

**The main goals of creating the tourist and recreation center "Kaskasu" are:**

- creating opportunities for people who live in an industrial city and in environmentally unfavorable conditions to relax in clean air in a natural environment, with the opportunity to engage in sports;
- activating tourism activities in this area as a new economic activity, using all the positive effects that such activity provides;
- providing employment for the population who will work as workers and employees in the field of tourism;
- development of mountain skiing and snowboard in the sporting sense, organization of competitions National and international level.

In addition, it is necessary to take into account the opportunities for the development of summer sports and tourism, which will make it possible to use the

built catering facilities and hotels in the summer and transition periods. To implement such plans, it is necessary to conduct special marketing events and make greater use of advertising.

The analysis of natural conditions is essential for making a decision on the feasibility of building a winter tourist and recreational complex, or a complex designed to work throughout the year. According to the main idea, the Kaskasu shopping Mall was supposed to be a winter tourist center, however, due to the mild climate, there are all prerequisites for using this center in the summer.

According to European standards, a winter tourist center located at an altitude of up to 2000 meters above sea level is economically viable if used for a whole year. In this regard, there is a real prospect to develop Kaskasu as a tourist center for year-round use.

Analysis of the section of the shopping center "Kaskasu" showed that this section meets all the requirements of the criteria for the height difference of the ski slopes and their orientation, and moreover, this section has exceptionally favorable opportunities for winter sports. The ski area is located at an altitude of 1,710 to 3,201 meters, which gives a difference in the height of the beginning and end of the ski slopes of 1,491 meters. The ski slopes of the shopping center "Kaskasu" have a Northern and North-Western orientation, which is very favorable in terms of snow preservation and its quality. In this area, snow at altitudes above 2500 meters persists even in June. In the surrounding mountain ranges at altitudes above 3,200 meters, there are glaciers that can be used for helicopter skiing throughout the year. The average slope of the terrain is 16-36%, which allows all categories of skiers to ride on them, from beginners to masters. In addition, there are areas with a slope of more than 50 % that can be used for first-class skiers and athletes.

The slopes of Karzhantau mountain, as well as a section of the Aksu-Jabagly nature reserve and the Sairam mountaineering zone provide exceptional opportunities for organizing mountain hikes, for mountaineering excursions, for skiing, walking and cross-country skiing.

Based on all the data available, it is assumed for further analysis that the winter ski season can last about 150 days, and this corresponds to the criteria of the European Alps (120 days of snow depth of at least 30 cm).

Other meteorological data, such as wind speed and direction, temperature and precipitation data, do not present obstacles to the development of both winter and summer tourism. In this area, there are rarely foggy days, and the number of Sunny days during the year reaches 200 days.



ALL-SEASON MOUNTAIN RESORT

# TURCOGAN



INVESTMENT PROPOSAL

The gorge is the most beautiful capital of Kazakhstan. In addition to picturesque lands, the gorge is suitable for the construction of a hotel resort with slopes and a hotel resort with sports and recreation facilities. Today, with its trails, waterfalls, the natural environment of Turgan gorge is attracting attention from Kazakhstan and from further afield.

## Project overview: Turgan All-Season Mountain Resort



One of the most important tourism projects for Kazakhstan is the development of an all-season mountain resort in Turgan gorge near Almaty in the south of the country.



Kazakhstan is enjoying strong economic growth and has an attractive investment climate. Moreover, the Government of Kazakhstan has identified tourism a priority sector and identified the country's top 10 tourist destinations, the largest of which the city of Almaty and the surrounding region.



Today Turgan is an attraction for ecotourists from Kazakhstan and neighboring countries because of its distinctive natural environment and proximity to the city.



The climate and landscape of the area make Turgan an attractive location for an all-season resort offering an extended value proposition for winter sports enthusiasts and ecotourists, with a total potential of 1.1-1.3 million visitors per year.



The plans for the resort include commercial infrastructure with a capacity of up to 16,000 beds in various categories of hotels and chalets, and construction of up to 100 km of ski runs.



The preliminary total cost of the project is USD ~1 billion. Public investment is planned to provide utility and transport infrastructure, as well as possible co-financing of ski infrastructure.

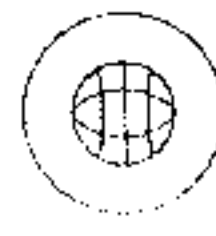


Located in the center of Eurasia with dynamic and stable growth, Kazakhstan is a leader among the Central Asian nations

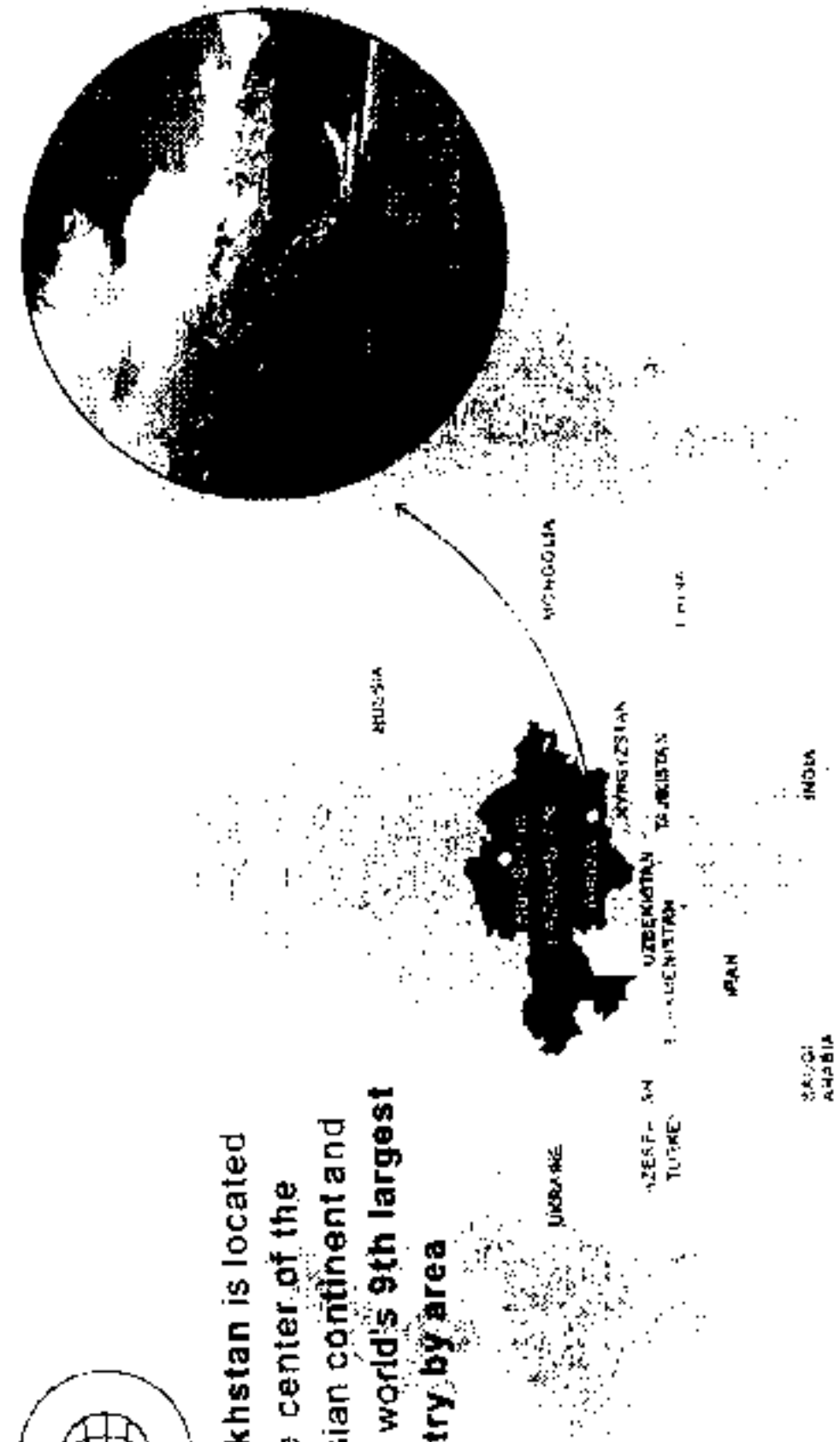
Kazakhstan is a dynamically developing country that seeks to be among the most competitive economies in the world

## Kazakhstan in numbers

|                                                                             |                                                                                         |                                                                         |
|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| <b>Population: 18.5 million</b>                                             | <b>A young and growing population with a literacy rate above 99%</b>                    | <b>Home to more than 125 ethnic groups and nationalities</b>            |
| <b>USD 27,700 GDP per capita (PPP-based), upper average income quartile</b> | <b>1.8% of the world's oil reserves and the world's 12th largest crude oil exporter</b> | <b>World's largest uranium exporter and 2nd largest chrome exporter</b> |
| <b>Ranks 59th (out of 140) in the WEF Index (World Economic Forum)</b>      | <b>Ranks 58th (out of 188) in the Human Development Index</b>                           | <b>Accounts for 80% of the GDP of the Central Asian countries</b>       |

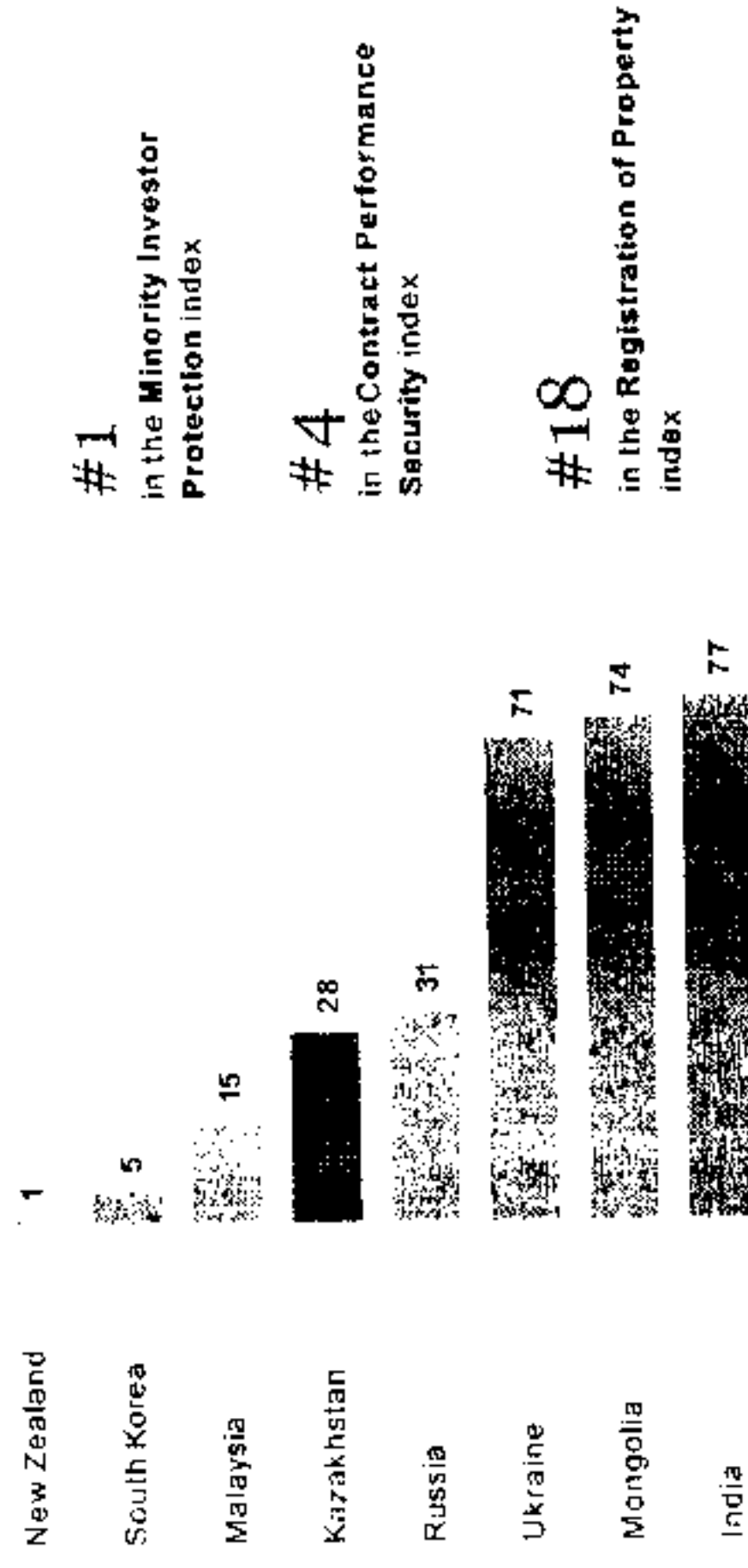


Kazakhstan is located in the center of the Eurasian continent and is the world's 9th largest country by area

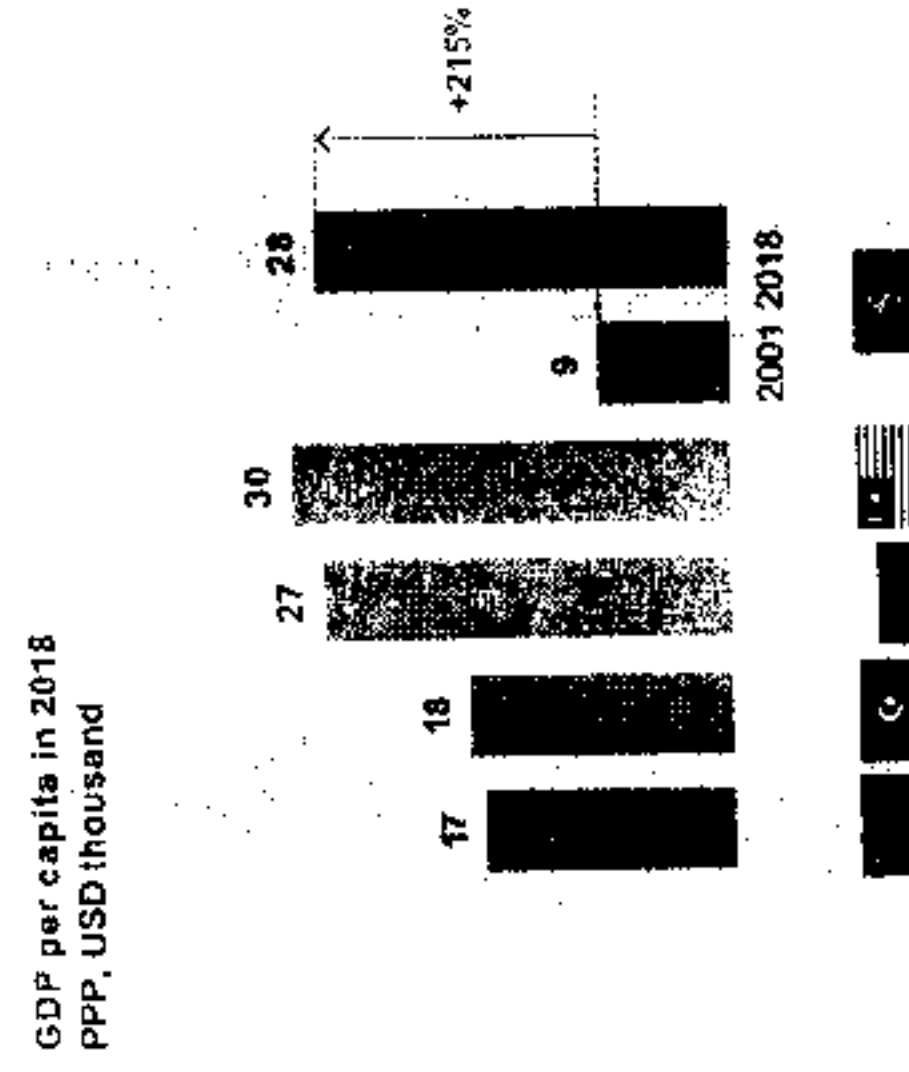


Its favorable investment climate and economic growth rate make Kazakhstan attractive for foreign direct investment

Kazakhstan ranks 28th out of 190 countries in the Ease of Doing Business index



Kazakhstan has moved from the lower-middle income category to the upper-middle income category in less than two decades



## Development of tourism is a priority for Kazakhstan's economy over the next five years



A promising source (of income) for any region is the development of inbound and domestic tourism, which today creates one in ten jobs worldwide. The government, in turn, needs to take a set of measures, including simplification of visa procedures, development of infrastructure and removal of barriers in the tourism industry.

*Nursulton Nazarbayev, the first President of Kazakhstan*

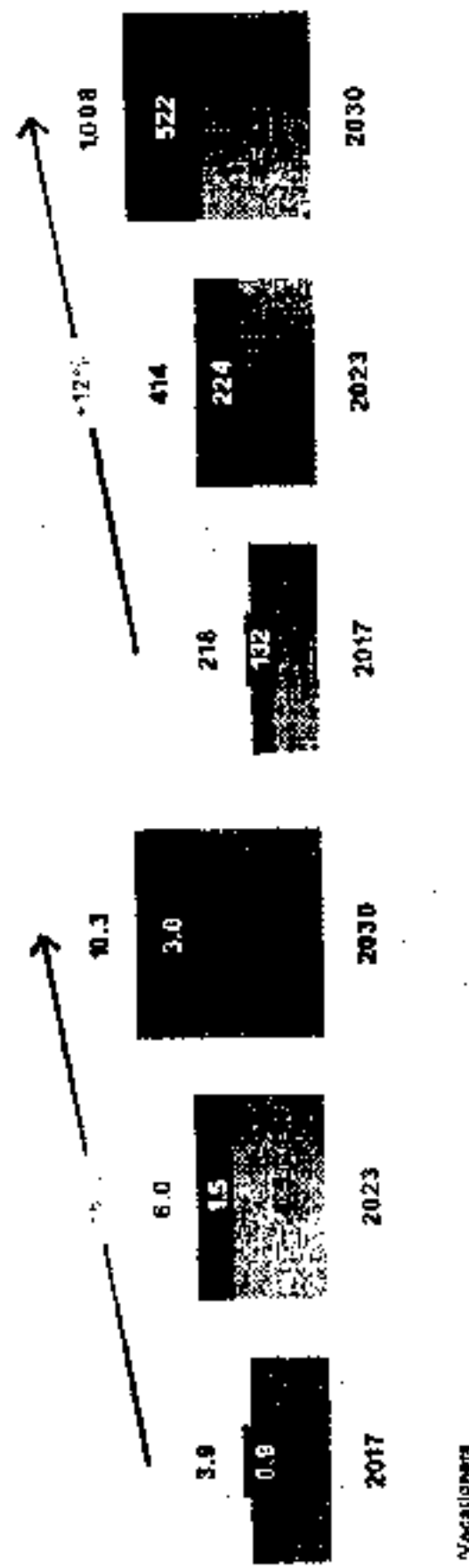


In the near future, Kazakhstan could become one of the most attractive places for foreign and domestic tourists, as well as one of the world's ethnotourism centers. The time has come to radically change the current state of the tourism industry.

*Kassym-Jomart Tokayev, President of Kazakhstan*

Tourist flow<sup>1</sup>,  
mn visits

Tourist spending<sup>2</sup>,  
KZT bn



The key growth driver will be the creation of a unique value proposition to:



Redirect the flow of Kazakhstani tourists who currently take vacations abroad to domestic resorts



Encourage previously non-traveling residents of the country to invest in domestic tourism



Increase the number of incoming tourists to Kazakhstan

Proximity to Almaty, the largest and most promising tourist destination in Kazakhstan, will ensure that the target level of visitors is achieved

## Socio-economic development:

Almaty and Almaty region are drivers of economic development in Kazakhstan

GDP per capita (PPP)<sup>1</sup> – USD 30,668      24% of the country's total GDP      Population – 3.86 million      21% of the country's total population

## Tourism development:

Moreover, the region is the No. 1 tourist destination in Kazakhstan in terms of tourist flows and spending

2.2 mln tourists per year      32% of the country's total tourist flow      Average annual growth of tourist numbers, 2014–2018 – 17%



Within a 6-hour flight radius

Almaty is the largest city in the country and was the capital of Kazakhstan for almost 70 years. Located in the foothills of Trans-Ili Alatau and widely regarded as the country's 'mountain capital', it attracts winter sports enthusiasts and ecotourists from Kazakhstan and neighboring countries

1. Population, mln  
2. Current direct flights

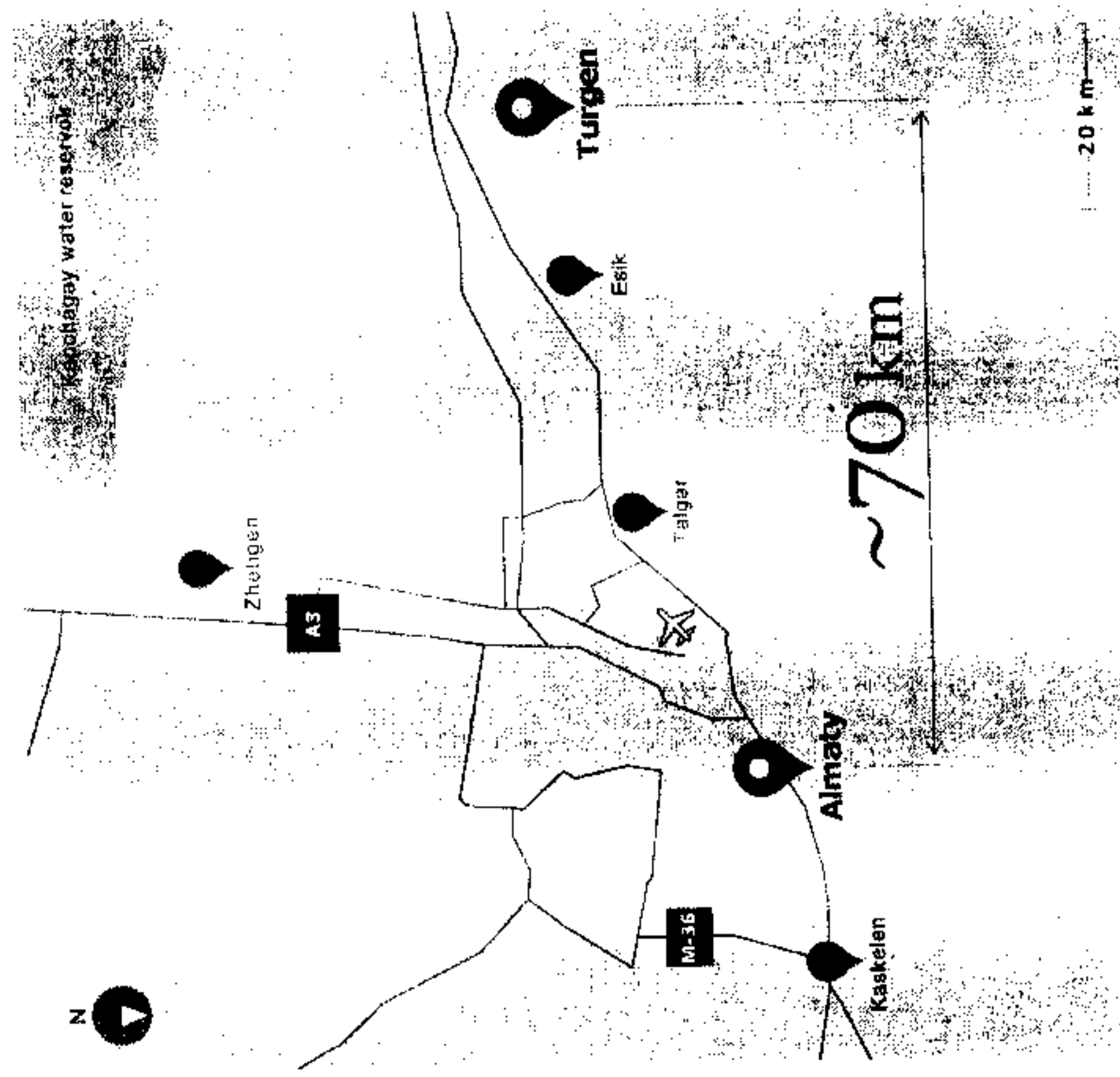


IP purchasing power parity

1. Population, mln  
2. Current direct flights



Turgen gorge map



Turgen already attracts tourists with its distinctive natural features and proximity to the city



Turgen is located 70 km the east of Almaty, just 1.5 hours by road from the international airport



Turgen gorge is a stunning nature park in Trans-Ili Alatau, in the eastern part of the Tien Shan mountains



The gorge is rich in coniferous and mixed forests, alpine and subalpine meadows, waterfalls and springs, medicinal plants and berries



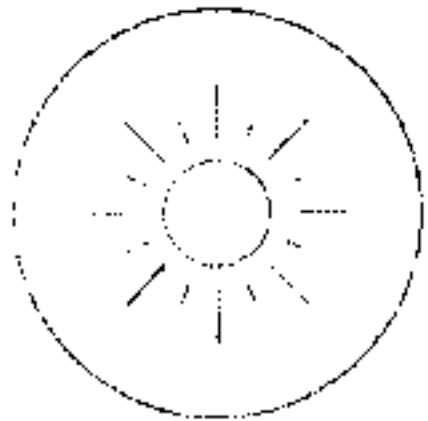
The relict Chin-Turgen mossy spruce trees are a natural monument of national importance. Turgen is the only place in the Tien Shan where such large, lush spruce forests have remained intact

Turgen offers unique conditions for the development of a large all-season mountain resort



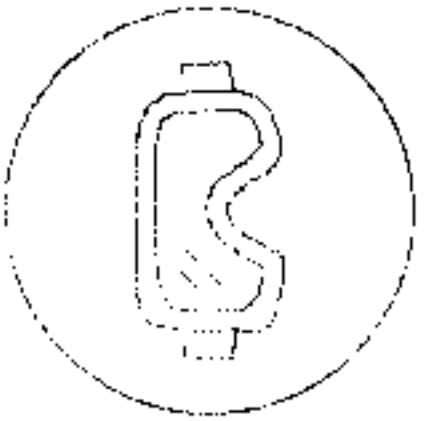
Mild continental climate

+25°C in summer  
-7°C in winter



Sunny days per year

~300



Long ski season

November-April



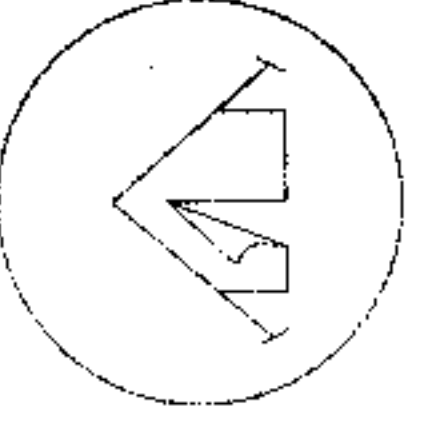
Ski run potential

80-100 km



Attractive altitude

1,600-3,800 m



Long ecotourism season

May-October



The estimated capacity of the resort is 1.3 million visitors per year from Kazakhstan and countries within a 6-hour flight radius of Almaty

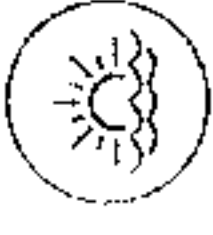
All-season mountain resort with a capacity of

1.1 mln -  
1.3 mln

visitors per year<sup>1</sup>



650,000 -  
750,000



450,000 -  
550,000

Potential.  
Thousand visitors

Kazakhstan 360-400

Russia 300-320

China 370-420

South Korea 60-70

Ukraine 30-40

Turkey 35-40

Iran 15-20

India 7-8

UAE 1-2



The resort's target visitors will be ski enthusiasts and nature lovers from Kazakhstan, Russia, China and South Korea

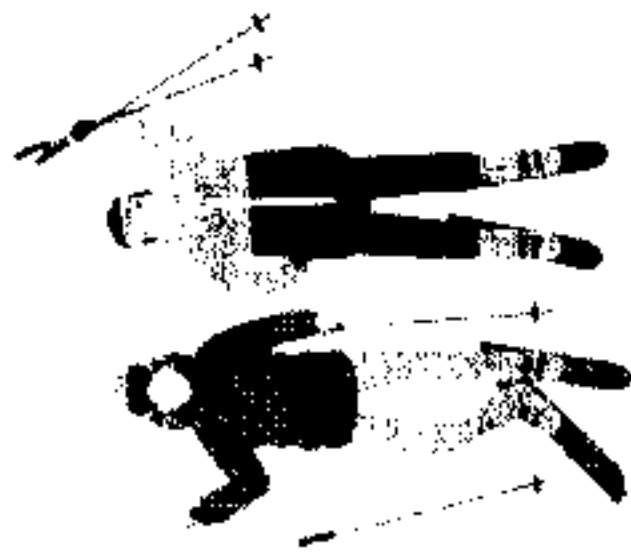


## Value proposition

### Sports tourism

The main proposition is to ensure a flow of tourists in winter

**Target segments:** recreational athletes, families with children, young people with average and above-average income



### Ecotourism

The main proposition is to attract tourists in summer

- Mild mountain climate with an average summer temperature of +25°C
- Rich flora and unique natural monuments
- The gorge already has a reputation as an ecotourism center

**Target segments:** wildlife and active ecotourism lovers



### Wellness and Spa

Additional proposition is to unlock the potential of the area's unique natural characteristics:

- Hot springs in the gorge
- Rich coniferous and mixed forest and fresh mountain air

**Target segments:** health and wellness enthusiasts (including elderly tourists, families with parents)



## Key offerings

### Sports tourism



Skiing



Snowboarding



Snowmobile tours



Skating



Snow tubing



Other types of winter recreational activities

### Ecotourism



Mountain hiking



Horse riding



Rafting



Mountain biking



Cycling



Photo safari / walking tours



Camping

### Health and Wellness



Aquatic therapy



Outdoor activities



Spa treatment



Terrain cure (hiking therapy)



Courses, workshops, thematic recreational events

## Key project information

XX Investments, USD mln

### Commercial infrastructure

540-630

- 4 potential areas in the gorge for hotels, restaurants and entertainment centers
- ~400,000 m<sup>2</sup> available for development
- 13,000-16,000 - potential number of beds in 3-, 4- and 5-star hotels, as well as chalets and townhouses
- Additional entertainment and restaurants:
  - skating rink
  - aqua park and spa center
  - ski school
  - restaurants and retail boutiques



### Mountain infrastructure

360-420

- Capacity of 15,000-18,000 skiers per day
- 80-100 km of ski runs of various levels of difficulty, with the majority being of low and medium level
- 13-17 ski lifts
- Bottom elevation - 1,600 m, top elevation - 3,800 m



## Key assumptions

### Economic potential of the resort

|                              |         |                               |                          |
|------------------------------|---------|-------------------------------|--------------------------|
| Duration of stay days        | 3-6     | Average cost of accommodation | 5 star hotel USD 130-250 |
| Average spending per day USD | 150-200 | 4 star hotel USD              | 50-80                    |
| Visitors per year mln        | 11-13   | 3 star hotel USD              | 30-40                    |

### Investment

|                                   |         |                                                                            |       |
|-----------------------------------|---------|----------------------------------------------------------------------------|-------|
| Commercial infrastructure USD mln | 540-630 | Average cost of commercial real estate construction USD per m <sup>2</sup> | 2,300 |
| Mountain infrastructure USD mln   | 360-420 |                                                                            |       |

### Operating expenses

|                                          |      |
|------------------------------------------|------|
| Average monthly salary in tourism USD    | 400  |
| Electricity cost USD per kWh             | 0.04 |
| Gas supply cost USD per m <sup>3</sup>   | 0.09 |
| Water supply cost USD per m <sup>3</sup> | 0.4  |



# Preliminary plan of the ski area

Ski trail network by level of difficulty

— Beginners

--- Low level

— Medium level

— High level



The potential of the Turgen gorge mountain resort is comparable to that of major international mountain destinations



Mont Tremblant, Canada



- ~2.6 mln visitors per year
- 78 km of trails
- 11 ski lifts



Bukovel, Ukraine



- ~1.5 mln visitors per year
- 68 km of trails
- 16 ski lifts



Flumserberg, Switzerland



- ~600,000-700,000 visitors per year
- 65 km of trails
- 17 ski lifts



Shymbulak, Kazakhstan



- ~400,000 visitors per year
- 20 km of trails
- 7 ski lifts



Roza Khutor, Russia



- ~900,000 visitors per year
- 102 km of trails
- 27 ski lifts

The state will provide utility and transport infrastructure

XX Investments, USD mln

Required utility and transport infrastructure for the resort

30-40



7 km

power transmission lines



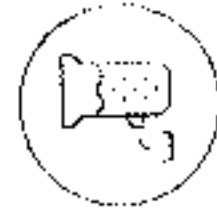
7 km

gas pipelines



5 km

water supply network



5 km

sewage network



18.5 km

communication lines



18.5 km

roads



## Government support for investors

If the criteria for priority investment projects are met, the following benefits and preferences are provided to investors:

### Tax and customs preferences:

|                                             |                                 |                                    |                                                                |
|---------------------------------------------|---------------------------------|------------------------------------|----------------------------------------------------------------|
| <b>0%</b>                                   | <b>0%</b>                       | <b>0%</b>                          | <b>0%</b>                                                      |
| Corporate income tax for the first 10 years | Land tax for the first 10 years | Property tax for the first 8 years | Customs duties and VAT on imports (period defined in contract) |

### Government co-financing options:

|                                                             |                                                 |                                                                                                               |
|-------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Co-investment in capital with AIFC's Direct Investment Fund | Co-financing of ski infrastructure construction | Up to 30% subsidy to reimburse the investor for construction and installation works and purchase of equipment |
|-------------------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------|

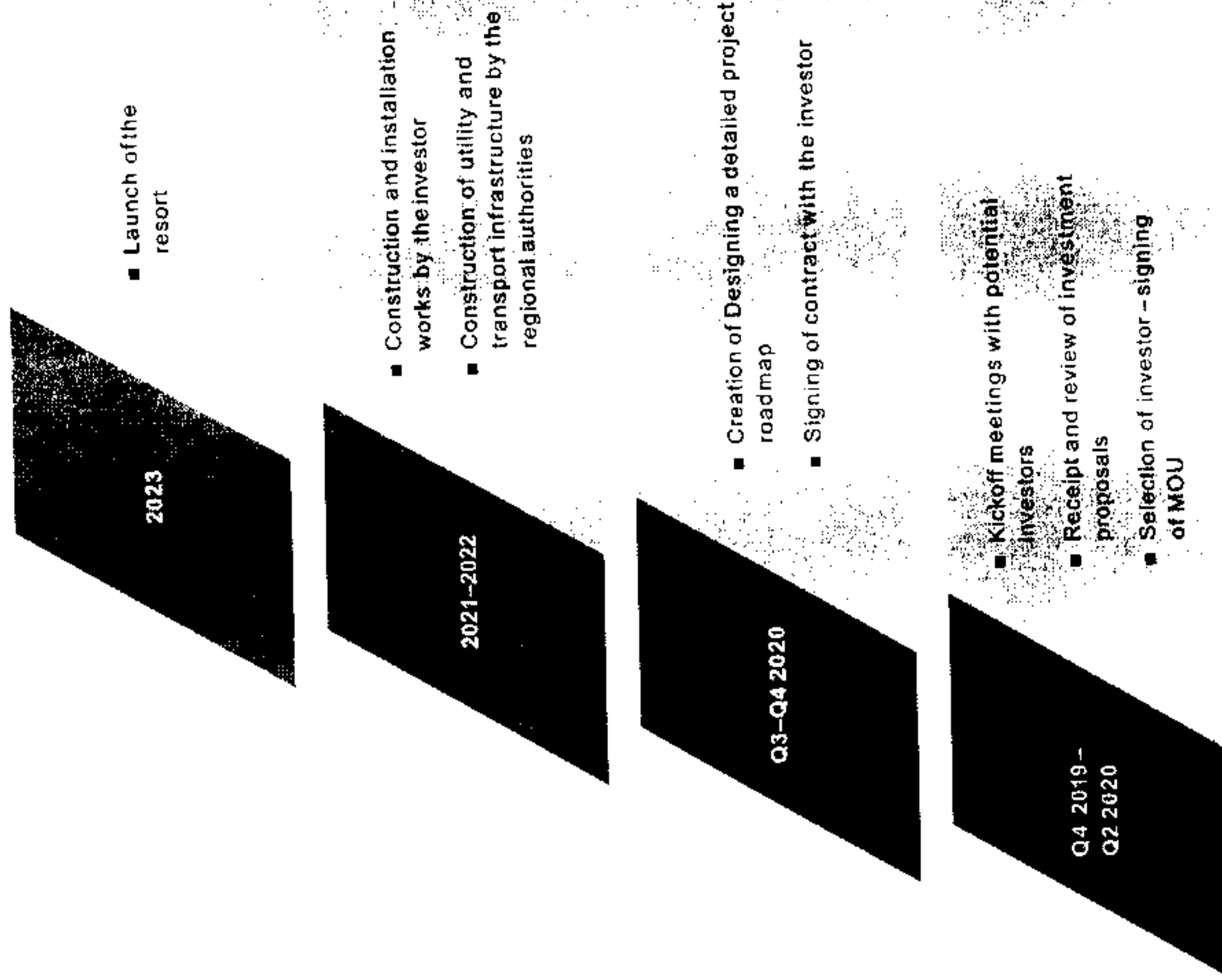
### Additional support:

|                                       |                                                                              |
|---------------------------------------|------------------------------------------------------------------------------|
| "One-stop shop" for foreign investors | Government in-kind grants in the amount of 30% of investment in fixed assets |
|---------------------------------------|------------------------------------------------------------------------------|



KAZAKH INVEST

## Key phases of project implementation



## Contact details



Support provided  
Information and analytical support for projects  
in the tourism industry of Kazakhstan  
Official website  
[www.qaztourism.kz](http://www.qaztourism.kz)



KAZAKH INVEST

Support provided  
One-stop shop for the investor. Support of potential  
foreign investors in all matters, including assistance  
in obtaining financing, permits and other government  
services  
Official website  
[www.invest.gov.kz](http://www.invest.gov.kz)



Support provided  
Support of investment projects, assistance  
in acquiring land and execution of documents, utility  
and transport infrastructure  
Official website  
[www.turizm-zhetysu.gov.kz](http://www.turizm-zhetysu.gov.kz)



Development Bank  
of Kazakhstan

Support provided  
Medium- and long-term financing of investment  
projects in the non-resource sector of the economy  
Official website  
[www.kdb.kz](http://www.kdb.kz)

Disclaimer: The above material provides general background information about the Turgen High-Mountain Resort project as of the presentation date and has been prepared solely for the purpose of meetings with potential investors and other interested parties. The material contained in this document is presented in abbreviated form and does not purport to be complete.  
This presentation does not constitute a proposal or recommendation for conclusion of an agreement or contract for investment.



