



NATIONAL INVESTMENTS AUTHORITY
UNDER THE PRESIDENT
OF THE KYRGYZ REPUBLIC



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

KYRCHYN SKI RESORT SKI RESORT CONSTRUCTION PROJECT

“MECA PROFI” LLC





Name of the company:

“MECA Profi” LLC

Brief description of the Project:

The project involves the construction of year-round resort infrastructure for a complete family recreation.

The main emphasis will be placed on winter recreation - ski resort. There are plans to build five major ski trails of varying difficulty (for beginners, advanced and professional skiers) with a total length of 40 km, and five ropeways with a total length of 6.7 km. The highest point of skiing - 2,948 meters, the length of the descent is up to 10 km.

The resort area will be located at an altitude of 2,100 meters. There are plans to build two hotels with a total capacity of up to 300 persons and two restaurants seating more than 300 guests. In addition, there are plans to build 25 eco-cottages and 4 yurts with all amenities on the territory of the ski resort.

Description of the Project Initiator:

The Project Initiator is “MECA Profi” LLC, whose main area of activity is tourism. The Company has been operating since 2015 and has introduced more than 700 foreign tourists to the picturesque nature and beauty of Issyk-Kul Lake and its surroundings. A Company's success depends on the qualifications of its employees, and at “MECA Profi”, considerable attention is paid to training personnel and creating conditions for the professional development of employees. In addition to its activities in the provision of tourism services, the company specializes in implementing infrastructure tourism projects.

Project cost - \$21,500,000

- Ropeways - \$14,000,000
- Construction of infrastructure facilities - \$4,000,000
- Road infrastructure - \$2,500,000
- Transport - \$1,000,000

Amount of investments - \$21,500,000

Payback period - 6.43 years

DESCRIPTION OF THE PROJECT

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The main emphasis will be placed on winter recreation - ski resort. There are plans to build five major ski trails of varying difficulty (for beginners, advanced and professional skiers) with a total length of 40 km, and five ropeways with a total length of 6.7 km. The highest point of skiing - 2,948 meters, the length of the descent is from 1.5 km to 10 km.

Kyrchyn Ski Resort is located in Kyrchyn Valley, Issyk-Kul Region, 40 km from the resort town of Cholpon-Ata, 75 km from "Issyk-Kul" International Airport and 280 km from the capital city Bishkek. The resort area will be located at an altitude of 2,100 meters. There are plans to build two hotels with a total capacity of up to 300 persons and two restaurants seating more than 300 guests. In addition, there are plans to build 25 eco-cottages and 4 yurts with all amenities on the territory of the ski resort. The ski resort will also be equipped with a helipad.

In the spring and summer seasons, a mini dairy shop, producing environmentally friendly national products such as qurut, kumis, cheese, will operate in the resort area.

The Company will have its own fleet of SUVs and minivans to provide convenient logistics for both foreign and local tourists, and there will be adequate ground infrastructure for car parking and proper access roads.



KYRCHYN SKI RESORT will provide the following services:

In winter time:

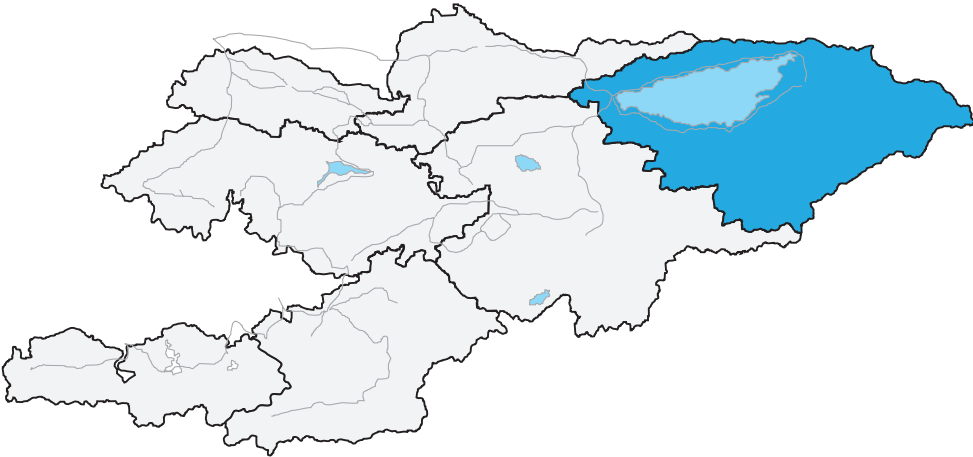
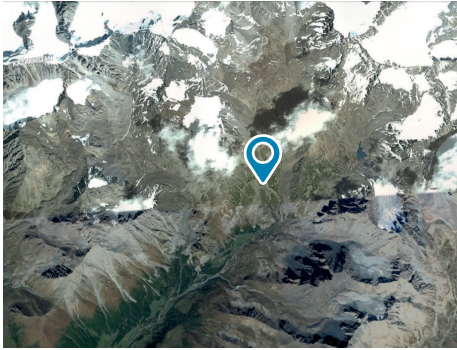
- ✓ skiing
- ✓ snowboarding
- ✓ sledding, tubing
- ✓ snowmobiling, snowmobile tours
- ✓ hiking on snowy mountains
- ✓ zip-lining
- ✓ rental of equipment
- ✓ sauna
- ✓ tabletop games
- ✓ cafe and restaurant services
- ✓ accommodation in hotels, cottages and yurts

In summer time:

- ✓ roller-blading
- ✓ skateboarding
- ✓ tubing
- ✓ mountain hiking
- ✓ zip-lining
- ✓ horse-riding
- ✓ quad biking
- ✓ bike hire
- ✓ recreational run
- ✓ sauna
- ✓ tabletop games
- ✓ excursions to caves, thermal springs, visits to yaylak
- ✓ cafe and restaurant services
- ✓ accommodation in hotels, cottages and yurts



GEORGAPHIC LOCATION



DESCRIPTION OF THE PROJECT INITIATOR

The Project Initiator is “MECA Profi” LLC, whose main area of activity is tourism. The Company has been operating since 2015 and has introduced more than 700 foreign tourists to the picturesque nature and beauty of Issyk-Kul Lake and its surroundings. A Company’s success depends on the qualifications of its employees, and at “MECA Profi”, considerable attention is paid to training personnel and creating conditions for the professional development of employees. Understanding that investment in qualified personnel is the basis for long-term success, the Company is building a team of professionals and constantly strives to improve their qualifications, motivation and social security.

The Company provides the following services:

- ✓ Tours and excursions to Kyrgyzstan and Central Asian countries (Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan): tours along the Great Silk Road/ Adventure tours (trekking, horseback riding, rafting)/Eco-tourism/ etc.;
- ✓ Ticket reservations, international and domestic ticket sales;
- ✓ Car rental with drivers on any routes and transfers to Bishkek and Almaty airports;
- ✓ Organization of seminars, conferences and other events;
- ✓ Hotel reservations in Kyrgyzstan, CIS countries and all over the world;
- ✓ Professional tour guides and interpreters services;

In addition to its activities in the provision of tourism services, the Company specializes in implementing infrastructure tourism projects.

SUSTAINABLE COMPETITIVE ADVANTAGES

- ✓ **location.** The ski resort is a 1 hour drive from Cholpon-Ata, a 1.5 hour drive from Issyk-Kul International Airport, and a 4 hour drive from Bishkek.
- ✓ **Quality recreation at affordable prices.** Kyrchyn Ski Resort will provide ski resort services that meet European standards at affordable prices.
- ✓ **Long winter season.** The high altitude of the ski resort allows for a longer winter season, starting in November and ending in March/April, which is why tourists can enjoy a 150-180 day ski season at Kyrchyn Ski Resort.
- ✓ **Year-round recreation.** In addition to winter recreation, Kyrchyn Ski Resort provides a lot of entertainment options and resort services in summer time, when visitors can enjoy the beautiful nature of the Kyrgyz Republic, making it a destination for year-round family recreation, where every tourist will find something to do.
- ✓ **New infrastructure.** Kyrchyn Ski Resort will have state of the art equipment, lifts and other infrastructural facilities. All the ski trails have special systems for artificial snow cover. This keeps the trails in good condition throughout the ski season.
- ✓ **A place for family recreation.** Kyrchyn Ski Resort will create all the conditions necessary for family recreation. The resort will provide skiing and snowboarding training services for children, and the entire infrastructure will be adapted for children: playgrounds on the slopes, areas for sledding and tubing.



PROJECTED FINANCIAL INDICATORS

Number of visits to the resort	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Years 8-10
Winter time	100 000	130 000	155 000	165 000	170 000	175 000	180 000	180 000
Summer time	50 000	70 000	80 000	90 000	95 000	100 000	100 000	100 000
Total:	150 000	200 000	235 000	255 000	265 000	275 000	280 000	280 000

Key Financial Indicators, USD	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Years 8-10
Sales revenue	11 629	13 338	14 843	16 080	16 813	17 575	18 325	18 992
	800	540	817	423	569	497	647	030
EBITDA	581	1 600	2 968	4 824	5 044	5 272	6 413	6 647
	490	625	763	127	071	649	977	210

- ✓ IRR at the end of Year 10 is 7.01%
- ✓ Project payback period is 6.43 years, discounted payback period is 9.42 years

SOURCES OF FINANCING AND APPLICATION OF FUNDS

Source of financing	Amount, USD
Financial investor	21 500 000

Application of funds	Amount, USD
Ropeways	14 000 000
Construction of infrastructure facilities	4 000 000
Road infrastructure	2 500 000
Transport	1 000 000

Total: 21 500 000

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A BRIEF OVERVIEW OF TOURISM MARKET IN KYRGYZSTAN

Skiing is one of the key winter tourism activities in Kyrgyzstan. Kyrgyzstan has potential for further developing ski tourism. Kyrgyzstan's geographical location and a large difference in altitudes have resulted in its extraordinary nature. There are plenty of potential trails of varying lengths and difficulty, and interesting skiing for skiers of all levels. The climate is very favorable for skiing, with snow present from November to March and 365 days a year in the highlands. The weather in the area around most mountain resorts is usually warm with plenty of sunny days, which is why the ski season lasts from early December to early March.

At the moment, there are 12 ski bases in the country. Their operation mode - opening/closing of the winter season - depends on their location and weather conditions. These ski bases provide an opportunity for skiing on trails of varying difficulty - from trails for children to freeriding. Most of them are located in the city of Bishkek, the Chuy Region, and in the eastern part of the Issyk-Kul Region. These regions already have a well established tradition of winter tourism. The ski resort market in the south of the country is completely free, with not a single ski base there.

It is worth noting that the level of services currently offered by Kyrgyzstan ski bases is far below the requirements of European ski resorts, especially in terms of infrastructure, which prevents them from attracting large numbers of foreign tourists to Kyrgyzstan for ski tourism. In addition to improving infrastructure, it is necessary to intensify work on the launch and promotion of new tourist products for a greater development of ski tourism, improving services, and to involve other regions for market stabilization. Statistics shows that domestic tourists account for 95% of visits to Kyrgyz ski resorts.

It could further be argued that the total amount of direct investment in the construction and reconstruction of ski resorts and accommodation facilities for winter tourists from 1991 to 2020 does not exceed mere 20-30 million dollars.

Kyrgyzstan's terrain contributes to the country's huge potential for ski tourism, as about 94 percent of its territory is covered by mountains. About 90 percent of the area is at an altitude of more than 1,500 meters above sea level. With the proper development of this tourism sector and foreign investment, it may be possible to create a dozen new ski resorts across the country, with quality infrastructure meeting international standards. This would help turn Kyrgyzstan into a beloved ski tourism destination for all of Central Asia.

OFFER FOR INVESTOR

LEGAL MECHANISM	✓ Limited liability company/joint venture
TYPE OF FINANCING	✓ Direct investment in capital/borrowings
AMOUNT	✓ 21,500,000 USD
FINANCING TERM	✓ 10 years
NUMBER OF TRANCHES	✓ 2-3 tranches
FINANCIAL SUPPORT	✓ Company share

