



**Hotel complex with 88 rooms under management of international brand,
Prospect Lenina 27, Yakutsk**

Yakutsk, 2019

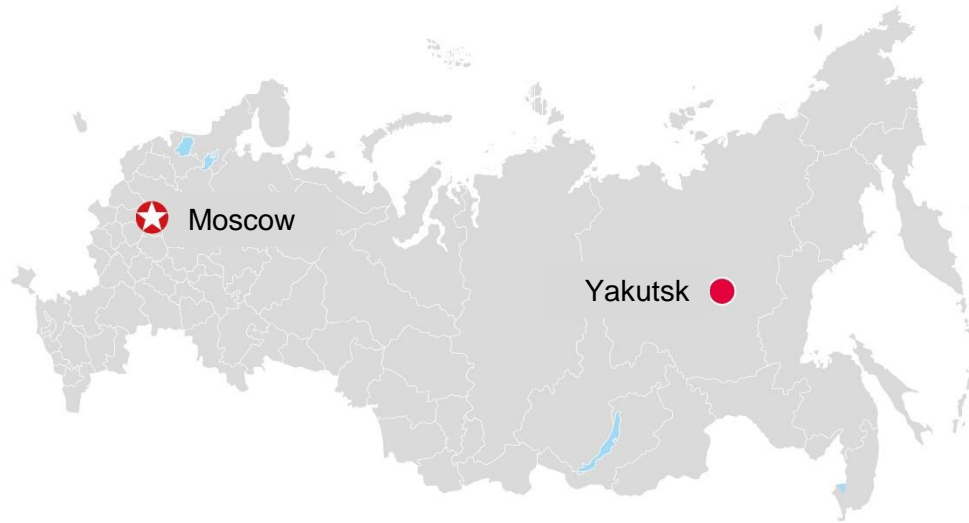
RESUME

- Investment Project is solely purpose to **development of first high-quality 3-4 stars hotel facility in Yakutsk and Sakha Republic (Yakutia)** managed by an international brand
- Land plot of 0.15 ha for the development of hotel complex amounted is **located on the first line of the main street** – ul. Prospect Lenina.
- Favorable location, lack of competitors at the regional level and growing demand for hotel premises are the main conditions for the implementation of this investment project.



LOCATION

SAKHA REPUBLIC (YAKUTIA)



- Yakutia – the largest administrative and territorial subject in the world with total area of more than 3 million km². Yakutia covers 20% of Russia's total territory.
- Yakutia's population – 957,000 people, 30% of the total population are residents of Yakutsk (327 thousand people).
- Strong economy: ahead of average Russian growth rates.
- The uniqueness of Yakutia's location, provision of natural attractions create favorable conditions for the active development of the tourism sector. According to 2017, the tourist flow amounted to 193 thousand people.



Over 90% of diamonds and
40% of Russian gold are
mined in Yakutia

Tourist flow has risen by 40% over 5 years period.

TOURIST POTENTIAL

SAKHA REPUBLIC (YAKUTIA)



Yakutsk – the largest city located in the permafrost zone.



Significant part of the finds of mammoths, woolly rhinos, bison, musk ox, cave lions and other animals of a bygone era has been discovered in Yakutia



Yakutsk 2016
Children of Asia
6th International
Sports Games



CITIES and PEOPLE
YAKUTSK—2018

Yakutsk hosts major international forums and events, such as Children of Asia International Sports Games in 2016 as well as Cities and People III International Conference in 2018.



*На долю Якутии приходится более 15% дикой природы мира.
Одним из наиболее популярных туристических мест является природный парк «Ленские столбы»*



Комплекс «Царство вечной мерзлоты», расположенный в Якутске, представляет собой огромный ледник внутри горы

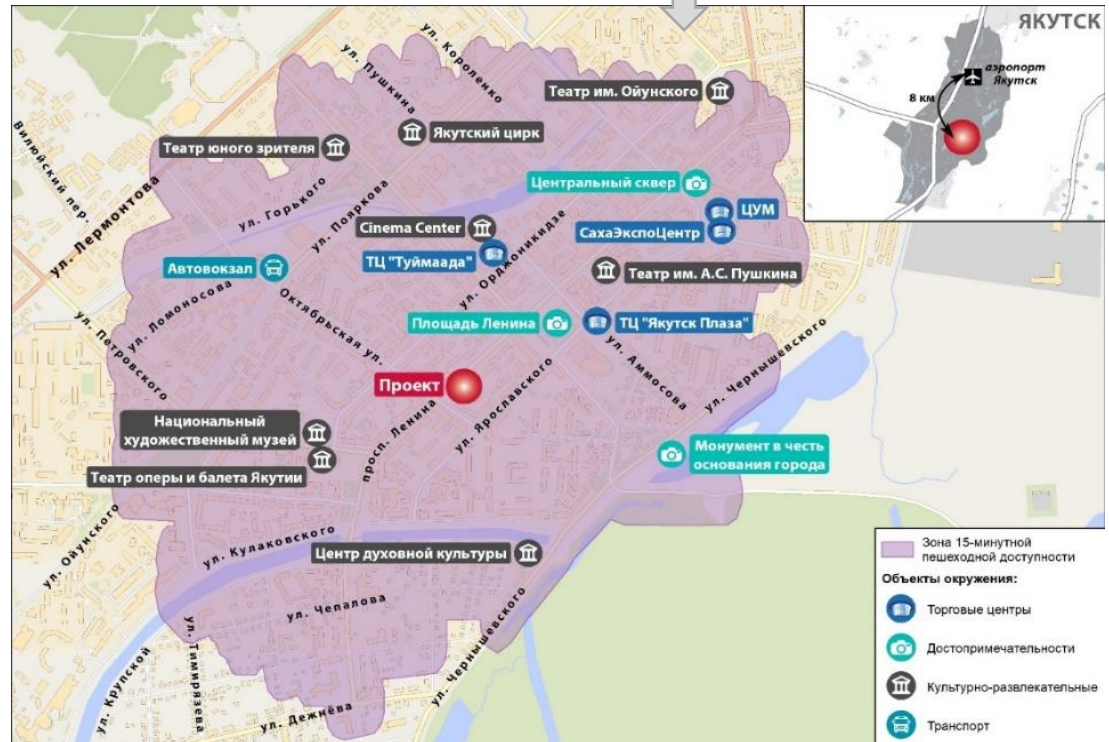
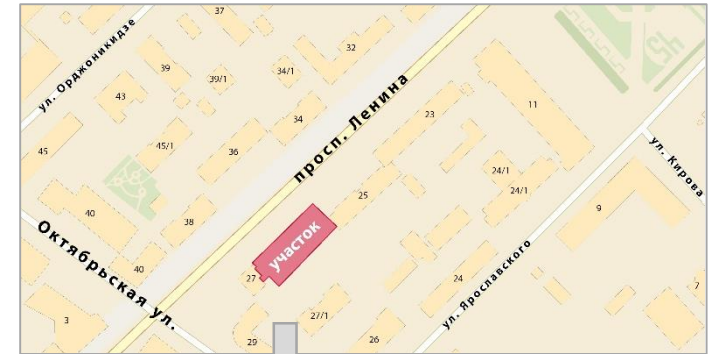


В Якутске до наших дней сохранился Ленский острог, положивший начало городу

LOCATION PROJECT

Hotel will be located in the center of Yakutsk, at ul. Prospekt Lenina 27. The location of the hotel can be described as **favorable** for a number of reasons:

- **Location on the main street of Yakutsk** – ul. Prospekt Lenina is a significant advantage due to walking distance to main attractions of the city including but not limited to regional shopping centers, theaters, museums and other places of attraction.
- **Good pedestrian accessibility** due to its location in close proximity to public transport as well as residential areas.
- **Distance from Yakutsk airport to hotel premises is less than 8 km.** Thus, the road from the airport to the hotel will take about 18 minutes by car.



KEY PROJECT PARAMETERS



- Modern hotel complex designed according to international standards
- Category: **3+* - 4***
- Rooms in total: **88**

Technical and Economic Indicators of the Project

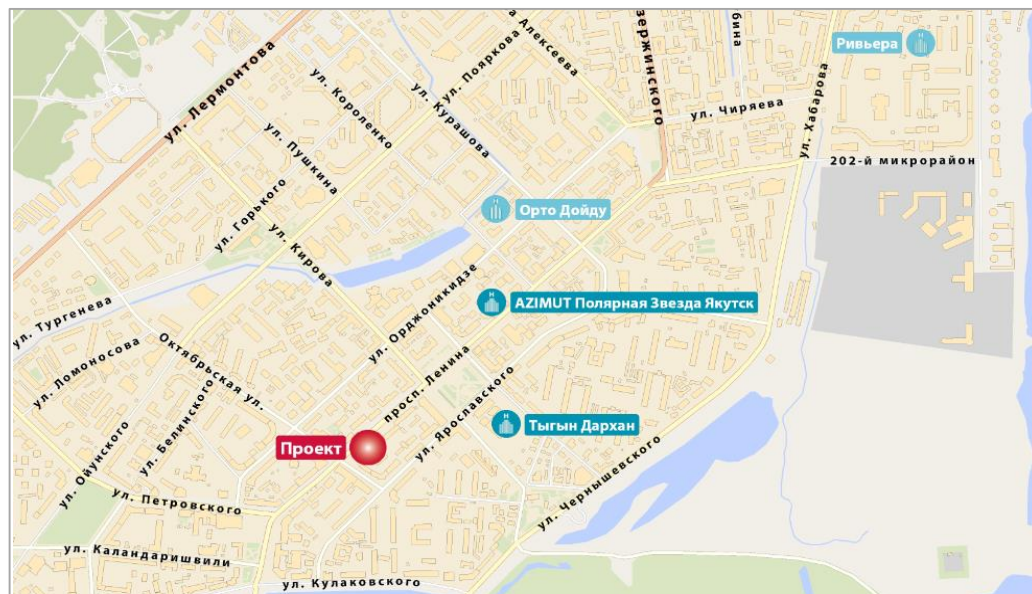
Name	Value	Measurement
Total area	1 538	<i>sq. m.</i>
Effective area (interior)	4 020	<i>sq. m.</i>
Rooms area	2 070	<i>sq. m.</i>
Public areas and others (Restaurant, Reception, Conference rooms, Staff rooms, Utility rooms)	1 950	<i>sq. m.</i>
Number of floors	6	<i>un.</i>
Number of rooms	88	<i>un.</i>
Number of parking spaces	20	<i>p.s.</i>

COMPETITION ANALYSIS

- As of 01.2017, there are 165 hotel and similar facilities operating in the region, the total number of placements in which is 5,200. 178,000 people were accommodated in hotels.
- The predominant part of the hotel facilities are built in Soviet period. The representation of quality hotel facilities in the region remains low.
- In the immediate vicinity of the complex are hotels of medium and low category: 3 * and below. The most significant competitors include the AZIMUT Polar Star Yakutsk hotel with 95 rooms. This hotel is the only object in the city under the control of a major Russian operator. Among the local hotels you can distinguish the Tygyn Darkhan hotel and small hotels, such as Orto Doydu and Riviera.

Currently, there is not a single direct competitor to the future Project in Yakutsk. There are no high-quality hotels managed by an international brand in the city.

Наиболее значимые гостиничные объекты г. Якутск



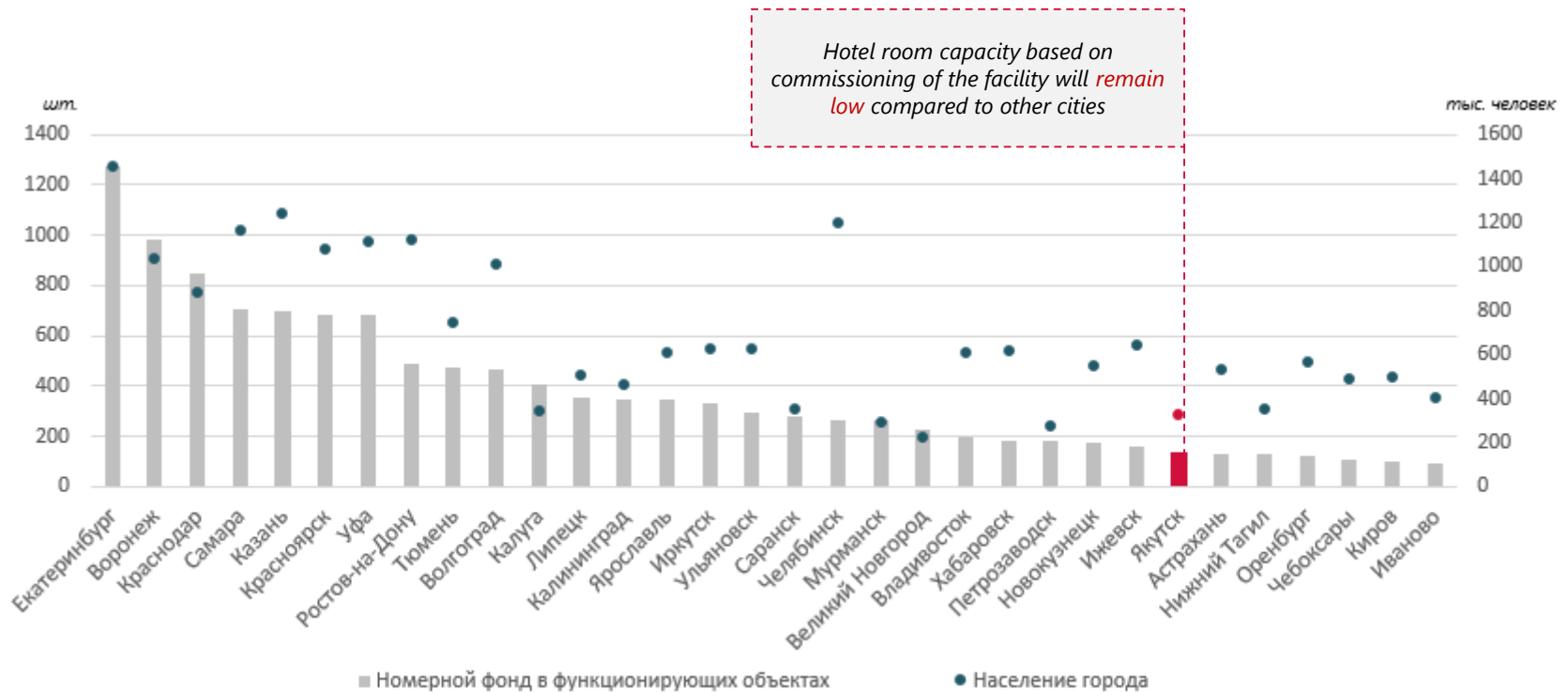
Hotel	Address	Occupancy rate	Rooms	Room rate (ADR)*, RUB/Day
AZIMUT Hotel Polar Star Yakutsk	Ленина пр., 24	69%	95	8 500
Tygyn Darkhan	Аммосова ул., 9	62%	74	7 950
Orto Doydu	Короленко ул., 6с1	No data	18	6 300
Riviera	мкрн 202, корпус 7 "Д"	No data	17	4 300
Mercure Hotel Project	Prospect Lenina 27	75%	88	8 625

** The price of a standard room for two person with breakfast for one night, including VAT. The cost is shown on request 27.07.2018.*

COMPETITION ANALYSIS

- Establishment of Yakutsk as a major tourist center as well as the persistence of a shortage of hotel space in the medium term allow us to predict **high demand for hotel space** in the project
- attractiveness of the hotel segment of Yakutsk is also confirmed by the analysis * of the presence of hotels under the management of international brand in the regions of Russia

Distribution of hotel rooms under international brand management in Russian cities



* the volume of the number of rooms of international hotel operators in Russian cities. The most developed markets of the Moscow region and St. Petersburg as well as the markets of cities located on the Black Sea coast of Russia, where the demand for hotel accommodation facilities are historically high, were excluded from the comparative analysis.

TARGET AUDIENCE

Direction	Share of the target audience in the overall structure of hotel guests	Key Features
Recreation and tourism	45%	<ul style="list-style-type: none">• Guests arriving for holiday, recreation, entertainment and tourism purposes• People with an average income from 25 to 60 years old, including groups of friends of 4-6 people, as well as couples with and without children who are interested in tourism and recreation opportunities throughout the year.• Income Level - Medium, Above Average• Arrival geography - Russian and foreign tourists.
Business travelers	45%	<ul style="list-style-type: none">• Business travelers who arrived in Yakutsk from Russian cities, as well as foreign citizens.• Represented by business guests aged 25 to 55 years. Arrive on their own or in a small group of 2 to 5 people,• Interested in quality accommodation and infrastructure (SPA, restaurants)
MICE (Meetings, Incentives, Conventions and Exhibitions)	10%	<ul style="list-style-type: none">• Participants of business and family events (corporate events, weddings, birthdays, holidays)• Interested in conference banquet services, quality food and accommodation.• Income Level - Medium, Above Average• Arrival geography - residents of the Republic of Sakha (Yakutia)

COMPETITIVE ADVANTAGES

High status of the hotel

Hotel will be the first facility in the city designed in accordance with international standards and requirements for 4 * hotels in terms of technical equipment and facilities, number of rooms, services provided and the surrounding area.

International brand

Attracting international hotel operator with established reputation is a serious competitive advantage over other Yakutsk hotels, which allows counting on a high level of hotel occupancy.

Lack of competition

There are no other hotels in the Project area that are comparable in quality and level to the Project and which could be fully considered competitors.

Central location

Within walking distance from the Project there are number of socially significant objects and attractions, such as the central square of Yakutsk, various museums, libraries, theaters and cinema

Excellent transport and pedestrian access

The location in the city center – on the first line of ul. Prospect Lenina – determines the high potential of the Project in terms of attracting an international hotel operator.

Developed infrastructure of the complex

In addition to the number of rooms, the infrastructure of the complex includes number of associated areas, such as street retail premises located on the ground floor of the building, as well as conference rooms. Thus, the project receives a more diverse target audience.

CALCULATION DATA

Indicator	Measurement	Value
Investment activities		
Budget for development	RUB	(908 058 976)
Income from sale of investment project	RUB	1 102 968 037
Operational activities		
Revenues from sales	RUB	2 145 344 915
Operating cost	RUB	(1 033 766 823)
Taxes	RUB	(288 199 497)
На собственный капитал		
Free cash flow to equity (FCFE)	RUB	811 325 862
IRR on equity	%	14.02%
NPV	RUB	28 525 678
Payback period	years	12.0
DPP	Years	17.4
DCSR		1.0