

RESORT

MANGYSTAU



INVESTMENT PROPOSAL



The Caspian coast of the Mangystau Region is the only location in Kazakhstan to enjoy a **real seaside holiday**.

The city of Aktau, which is the regional center of Mangystau, has an international airport that connects the regional center with **11 major foreign cities**. Aktau is already attracting business tourists and has a well-developed hotel and beach infrastructure.





Project overview



The warm sea along the shore of Mangystau is able to attract tourists not only from Kazakhstan but also from neighboring countries, firmly anchoring the resort among top 10 destinations of the Republic of Kazakhstan.



The tourist flow to Mangystau is expected to increase more than six-fold and reach 740,000 visits by 2030.



Beach vacations will remain the key tourist attraction in Mangystau due to its uniqueness within the region. It will be supplemented by wellness, entertainment and eco-cultural offerings, which will contribute to the development of year-round tourism.



Revenue from tourism is expected to reach KZT 165 billion by 2030, supported by an increased number of inbound tourists together with new product offerings.



A warm beach 50 km south of Aktau (the regional center of Mangystau) will become a key value proposition due to its favorable natural and climatic conditions.



The expected growth in tourist flow will require additional hotel room capacity (7,700 rooms by 2030), with a total investment of approximately USD 280 million, and IRR of 27% (average for total investment).



The government plans to invest more than USD 100 million in the development of supporting infrastructure in the key points of attraction, and is also ready to provide tax benefits and full support to private investors.



Kazakhstan lies in the center of the Eurasian continent and is a confident leader among the Central Asian countries

Kazakhstan is a dynamically developing country, striving to become one of the **world's most competitive economies**

Kazakhstan in figures

Population: 18.5 mln	A young and growing population with literacy levels exceeding 99%	Home to more than 125 ethnic groups and nationalities
GDP: USD 27,700 per capita by PPP¹ (above-average income quartile)	1.8% of global oil reserves , world's 12th crude oil exporter	World's largest exporter of uranium and 2nd largest chromium exporter
No. 59 (out of 140) in WEF rating	No. 58 (out of 188) in the Human Development index	Accounts for 60% of Central Asia's aggregate GDP

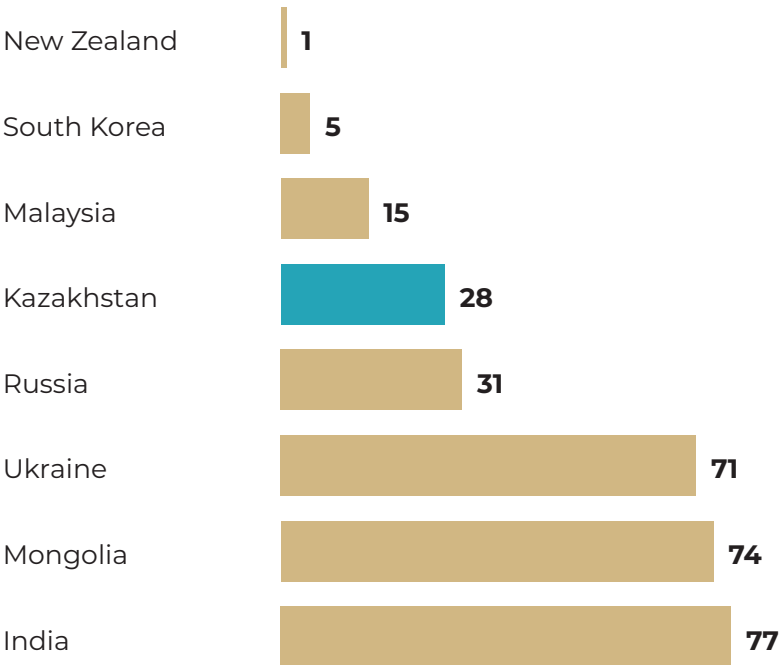


¹ Purchasing power parity



Its favorable investment climate and pace of economic development make Kazakhstan an attractive target for direct foreign investment

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

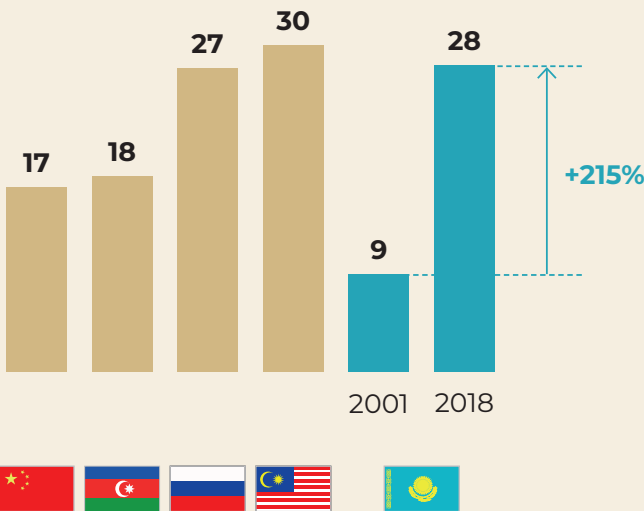


#1
in terms of **Protecting
Minority Investors**

#4
in terms of **Enforcing
Contracts**

#18
in terms of **Registering
Your Property**

GDP per capita in 2018,
by purchasing power parity, in USD



Kazakhstan has moved from the below-average to the **above-average income category in less than two decades**



Developing tourism is one of the country’s economic priorities over the next five years



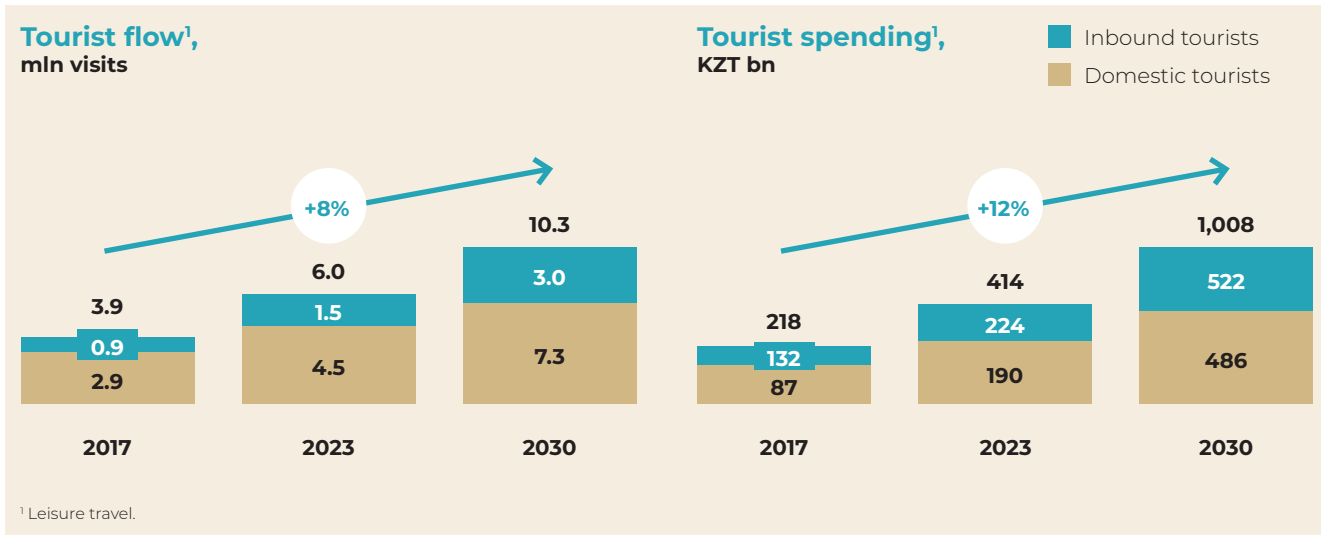
” ... One high-potential income source for any region is development of in-bound and domestic tourism, which at present accounts for every tenth job worldwide. The government, in turn, will need to take systemic action, including simplification of visa procedures, infrastructure development and removal of barriers in the tourism industry ...

Nursultan Nazarbayev, the First President of the Republic of Kazakhstan



” ... Already in the immediate future, Kazakhstan could become one of the most attractive destinations for international and domestic tourists, and one of the world's most important ethnic tourism hubs. The time has come to radically change the future of our tourism industry.

Kasym-Jomart Tokaev, President of the Republic of Kazakhstan



Growth will be driven by a unique value proposition that will:

-  Redirect the flow of Kazakhstani tourists who currently spend their holidays abroad to domestic resorts
-  Inspire residents of Kazakhstan who don't usually travel to spend on domestic tourism
-  Increase the number of international tourists visiting Kazakhstan



Unique natural character- istics

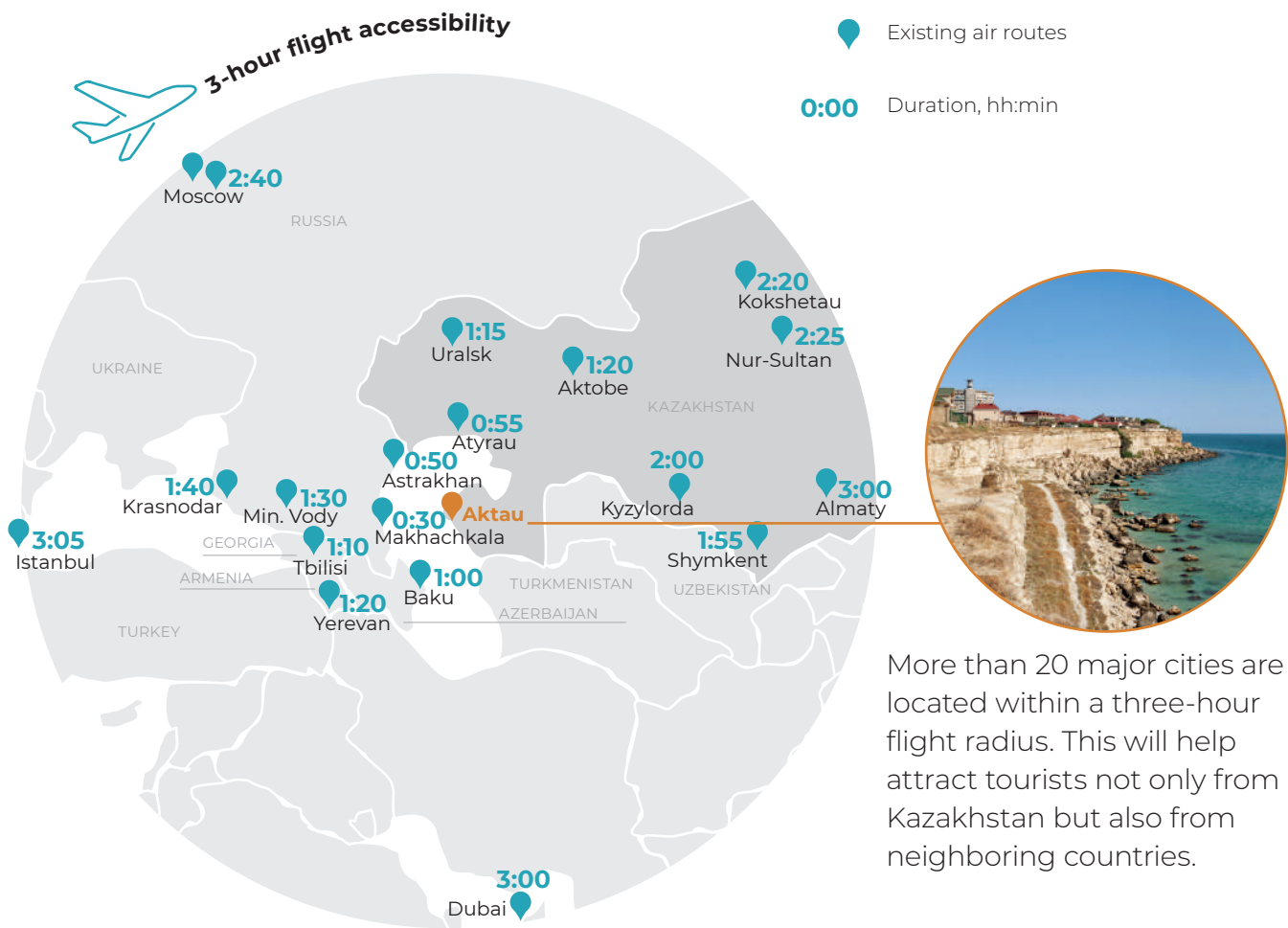
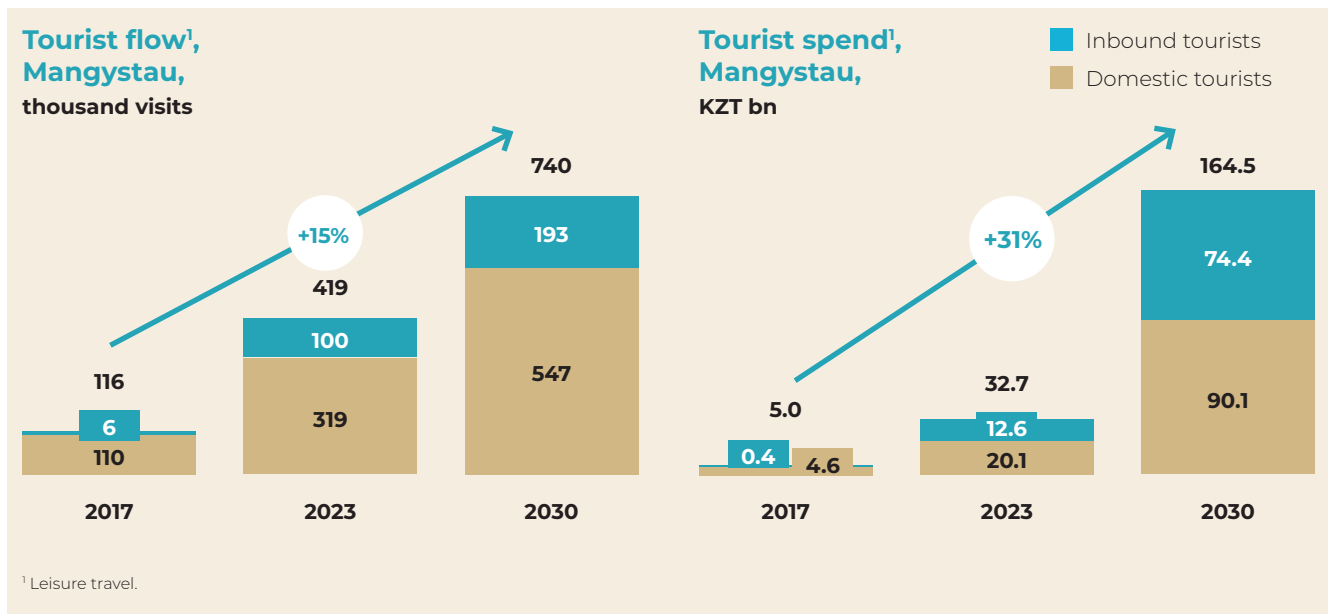


The Mangystau coast is already popular among residents of nearby regions and countries.

Thanks to its unique natural endowments, the recreation area on the Caspian Sea coast is the key driver of tourism.



Mangystau has the potential to attract 740,000 tourists per year





Growth of tourism indicators



Tourists from the CIS countries already visit the beaches of Mangystau. With an enhanced product offering and improved transport accessibility, the **share of foreign tourists** is expected to grow considerably.

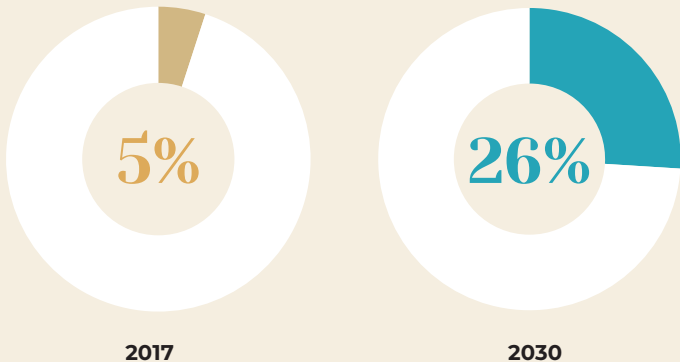


Tourists staying in beach resorts tend to **stay for one week or longer**.

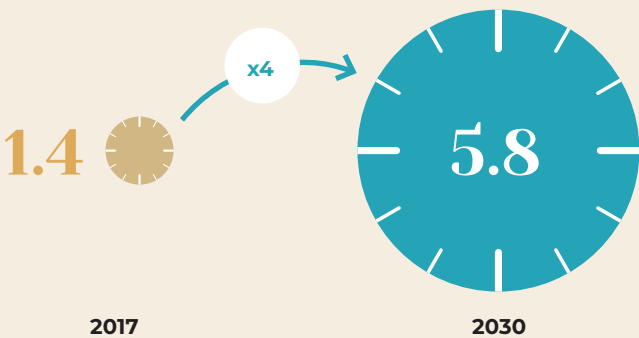


Higher numbers of foreign tourists, longer stays and a wider range of products **will increase the average spend by tourists** vacationing in Mangystau.

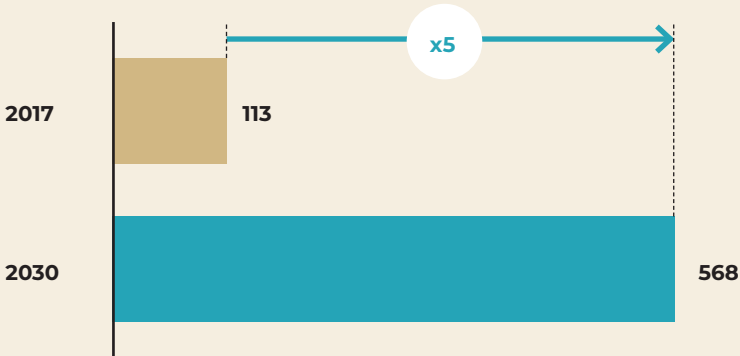
Share of foreign tourists in total tourist flow, %



Average stay, room-nights / visit



Average spend with accommodation, USD / visit





Sacred places of Mangystau



Like other mosques and mausoleums in the region, the Mosque of Beket Ata was curved out of the rock. According to numerous legends, Beket Ata was a renowned healer and a prophet.

To this day, pilgrims from all over Kazakhstan flock to the mosque.

Value proposition



Beach vacation

Key area with the **highest growth potential**

- Warm sandy beaches
- Popular destination for mass tourism



Wellness tourism

Area that maximizes the benefits of its **natural endowments** and guarantees a **year-round tourist flow**

- Natural springs with proven mineral properties
- Operating health resorts



Eco-cultural tourism

Eco-cultural tourism will help both **diversify leisure activities for beach tourists and attract lovers of unique cultural sites**

- Mangystau Geopark, 3 hours away by road
- Dozens of unique sacred sites



Entertainment tourism

Entertainment tourism will ensure a **year-round tourist flow, attract inbound tourists** and diversify leisure activities for beach tourists

- Ban on gambling in all neighboring countries



Target segments



Families from Kazakhstan and neighboring countries (Middle East, CIS)

- Families plan their vacations well in advance, with longer stays compared to other tourists.
- Tourists traveling with their families are attracted to Mangystau due to its warm beaches and transport accessibility.
- An important factor for families with children is the availability of comfortable hotels offering a wide range of leisure activities (water parks, entertainment programs, etc.).



Gamblers

- Gamblers tend to travel at any time of the year, mostly over the weekend.
- With gambling banned in all of the neighboring countries, Mangystau has the potential to become a particularly attractive destination (adding Mangystau to the list of regions that allow gambling is currently under consideration).
- Beach tourism and other recreational activities will be an attractive add-on for gamblers, thus creating a synergetic effect.



Wellness tourists

- Thermal resorts are particularly popular in the region. The mineral waters of Mangystau already attract tourists.
- Wellness tourists tend to prefer longer stays and are less dependent on the season than families with children.

The Mangystau coast is already popular among residents of nearby regions

The southern part of the existing beach area will be the anchor for tourism development in Mangystau

Existing beaches





World- class resort climate



Climatic conditions on the shores of the new resort area in Mangystau are comparable to world-class beach resorts: a warm summer and a swimming season that lasts up to 5 months of the year.



Climatic conditions are comparable to world-class beach resorts



Warm summer (with an average daily temperature of over +27°C for 5 months a year).



Dozens of kilometers of pristine sandy beaches.



Water temperature is over +20 °C for four months of the year, while the water surface near the shores of the new resort area is 2–3 degrees warmer.



Sacred and cultural sites attract tourists and pilgrims from all over Kazakhstan, while unique natural formations have already attracted international attention



10 sites of historical and sacral importance in Mangystau, including the underground mosques of Beket Ata, Shopan Ata, Karaman Ata, have been included in the Sacred Geography national project.



Unique natural formations such as Zhygylgan, Tamshaly, Saura, Tuzbayir are just 2 hours away from Aktau. The process of including Mangystau in the UNESCO World Heritage List is currently under way.



Construction of hotels (3/4-star) on the Caspian Sea coast

 Available land for development

Characteristics of the area

- 4 plots
- Total land of ~60 ha
- Beachfront
- Sandy beach

Utility infrastructure

The infrastructure will be available for all 4 plots by the end of 2020:

- Water supply
- Sewage system
- Electric power
- Telecom





Typical project



Location and brief description

Mangystau's new resort area.
2 to 3 three-star hotel in the middle price segment.
Capacity: 360 rooms
Total area of the hotel complex: 8,000 sq. m
A heated pool to attract tourists out of the beach season.
Wellness and SPA facilities for health tourists.



Project cost

C. USD 5–6 million.



Timeframe

Hotel design and construction: 2020–2021.
6 months for design work and document preparation.
Launch of the hotel 1 year after the start of construction.



Key assumptions

Economic potential of the resort

Duration of stay days	1–5	Average cost of accommodation	
Average spending per day USD	100–150	5 star hotel USD	110–170
Visitors per year mln	500–600	4 star hotel USD	60–80
		3 star hotel USD	30–50

Investment

Construction of 2–3 hotels (~360 rooms) USD mln	4–5	Average cost of commercial real estate construction USD per m ²	550–650
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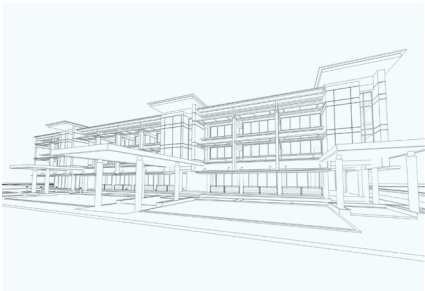
Operating expenses

Average monthly salary in tourism USD	400
Electricity cost USD per 1 kWh	0.04
Gas supply cost USD per m ³	0.05
Water supply cost USD per m ³	0.6



Planned investment in the development of the resort area

Construction of a 4-star Aktau Resort Hotel with capacity of ~500 rooms and total cost of USD 260 million started in 2019. Phase one to be commissioned in 2020.

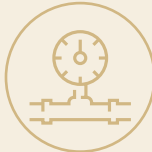


Support infrastructure worth more than USD 84 million will be developed over the next five years



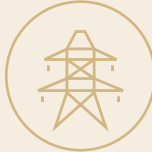
6+

Bringing **water supply** to the new resort area and construction of a wastewater disposal network



3+

Construction of a **gas supply** network for the new resort area



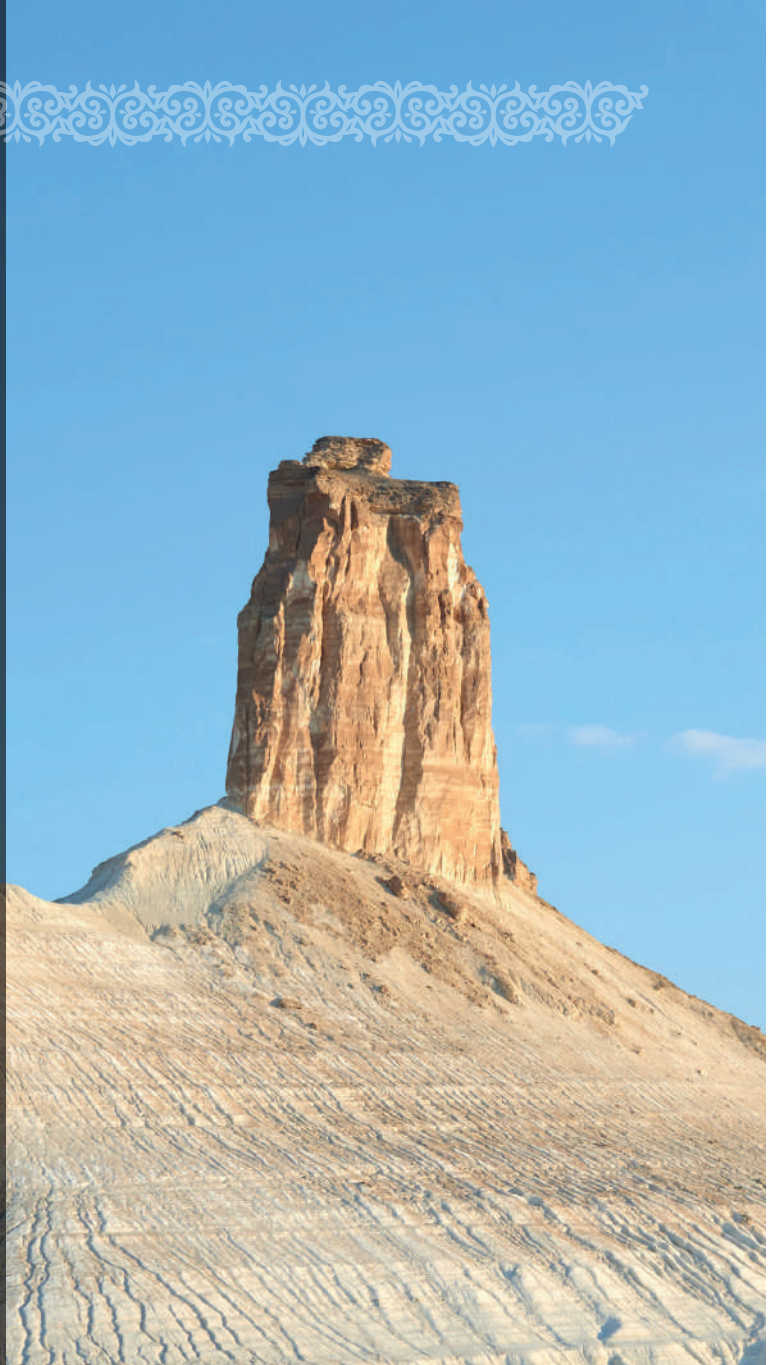
5+

Expansion of the **power supply** network from Aktau to the new resort area



70+

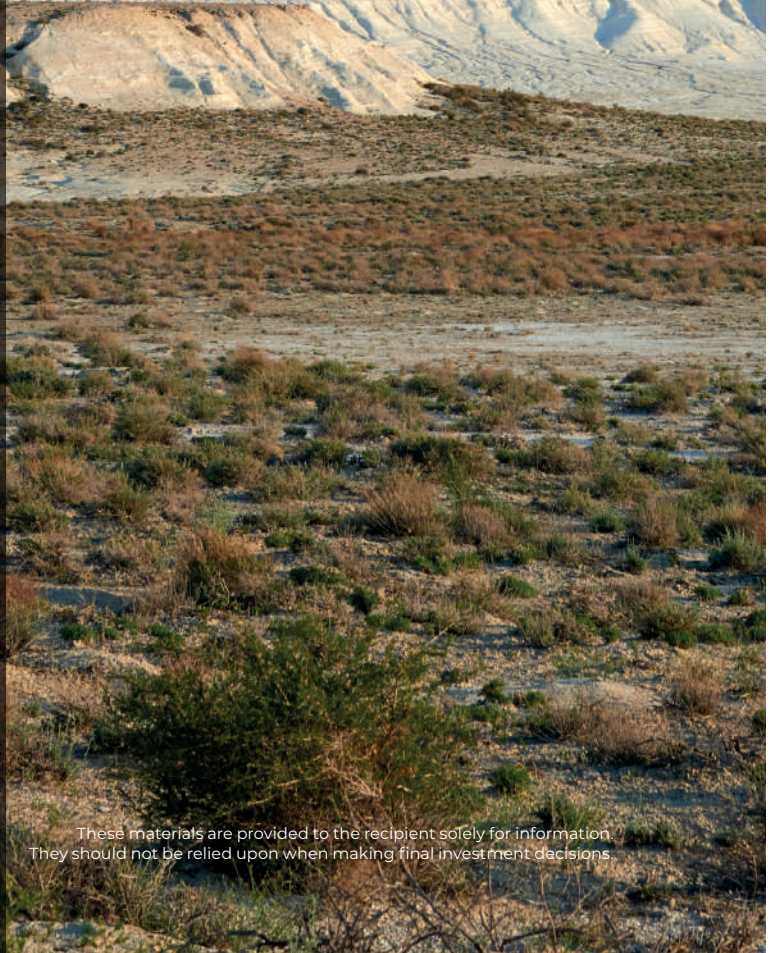
Construction of **roads** from Aktau to the Kuryk ferry complex and access roads to the Geopark facilities



Ustyurt Plateau



The rocky cliffs of this plateau, known as 'chinks', reach 350 meters in height. Scientists believe that millions of years ago the area was part of the ocean floor.





Government support measures for investors

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

Tax and customs preferences:

0%

Corporate income tax for the first 10 years

0%

Land tax for the first 10 years

0%

Property tax for the first 8 years

0%

Customs duties and VAT on imports (term according to contract)

Government co-financing options:

Co-investment in capital with **AIFC's Direct Investment Fund**

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 equivalent to 30% of investment in fixed assets



KAZAKH INVEST



Contact details

Tourism Department of Mangystau Region

Support provided

Support and follow-up of investment projects in Mangystau Region.
Assistance in finding a land plot and filing the necessary documents.

 +7 (7292) 42 03 19  info@mangystau.gov.kz
+7 (7292) 42 03 08

Additional resources



Support provided

Information and analytical support for projects in the tourism industry of Kazakhstan.

Official website

www.qaztourism.kz



Support provided

Information on government support for small and medium-sized businesses.

Official website

www.damu.kz



Support provided

Information on the incorporation of public-private partnerships, as well as analytical and expert support.

Official website

www.kzppp.kz



KAZAKH INVEST

Support provided

One-stop shop for investors. Support of potential foreign investors in all matters, including assistance in obtaining financing, permits and other government services.

Official website

www.invest.gov.kz



Банк развития
Казахстана

Support provided

Medium- and long-term financing of investment projects in the non-resource sector of the economy.

Official website

www.kdb.kz



Disclaimer: The above material provides general background information about Mangystau as of the presentation date and has been prepared solely for the purpose of meeting with potential investors and other interested parties. The material contained in this document is presented in short 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 in the development of Mangystau.

