

HISTORICAL AND CULTURAL COMPLEX

TURKISTAN



INVESTMENT OFFER

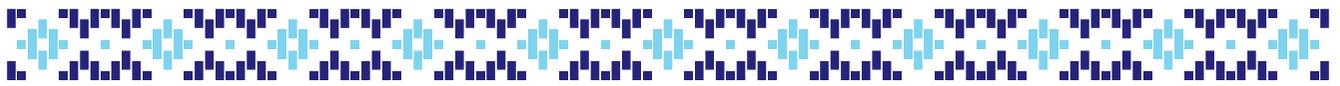
Turkistan is a **historical and cultural center of Kazakhstan** located on the Silk Route. The city has a great history and spiritual significance for all Turkic peoples.





Turkistan on the Map





Project Overview



The new status of a regional center has made Turkistan one of the high-priority destinations in terms of the country's further development.



Turkistan is a spiritual center of the Turkic peoples, it is annually visited by tourists from Kazakhstan and Turkic countries as a "small Hajj" destination.



A great history of 1,500 years and a variety of historical sites make Turkistan a potential magnet for cultural tourism in Central Asia.



An improved product offer will make it possible to extend the tourism length of stay in the city from 10 hours to 2 days.



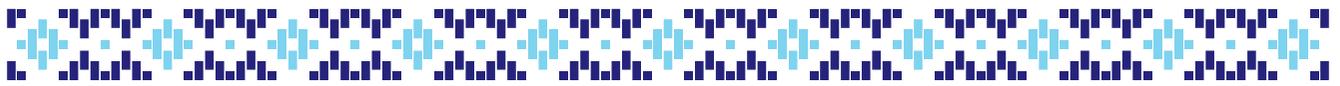
Tourist flow growth up to 1 mln by 2030 and an increase in the duration of stay will result in an additional demand for hotel rooms (about 1,400), thus opening up a unique potential for entry into the market with a rapidly growing demand for 3- to 5-star hotels.



A typical project of a 100-room 4-star hotel will have an IRR of 20–22% for the investor and an NPV of USD 600,000–800,000.



In order to attract investments, the government plans to establish the TURKISTAN Free Economic Zone and commit considerable financial resources to the development of the city infrastructure.



Located in the center of Eurasia, Kazakhstan is the leading country in Central Asia

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

Kazakhstan in figures

Population – 18.5 mln people	Young and growing population, with the literacy rate of more than 99%	Home to more than 125 ethnic groups and nationalities
GDP per capita (PPP¹ based) – USD 27,700 (upper-middle income quartile)	1.8% of the world's oil reserves and the world's 12th largest crude oil exporter	World's largest uranium exporter and 2nd largest chrome exporter
Ranks 59th (out of 140) according to WEF	Ranks 58th (out of 188) in the Human Development Index	Accounts for 60% of the GDP of Central Asian countries



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

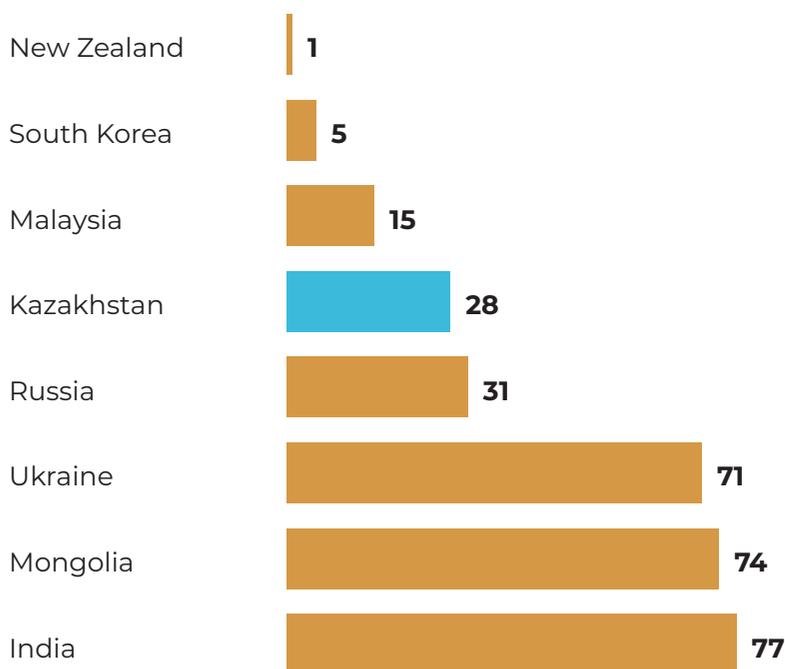


¹ Purchasing power parity



A 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 rating**

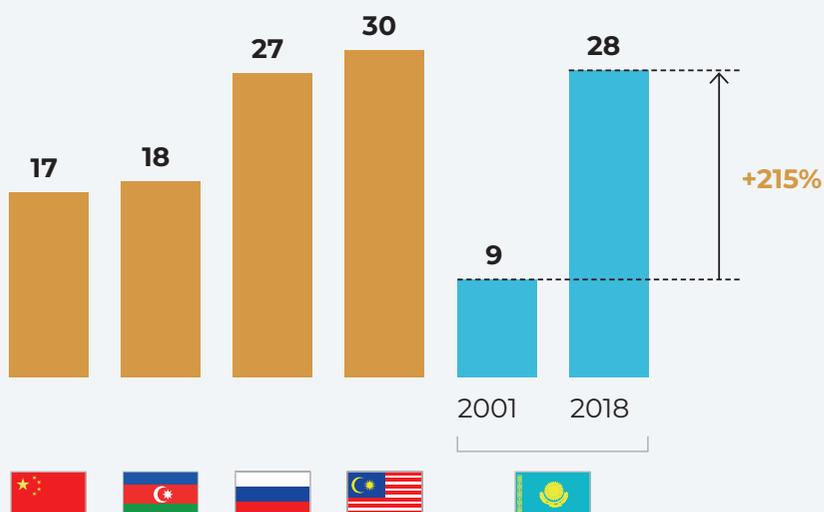


#1
in terms of **Protecting
Minority Investors**

#4
in terms of **Enforcing
Contracts**

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

GDP per capita in 2018,
PPP¹ based, USD '000



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

¹ Purchasing power parity



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



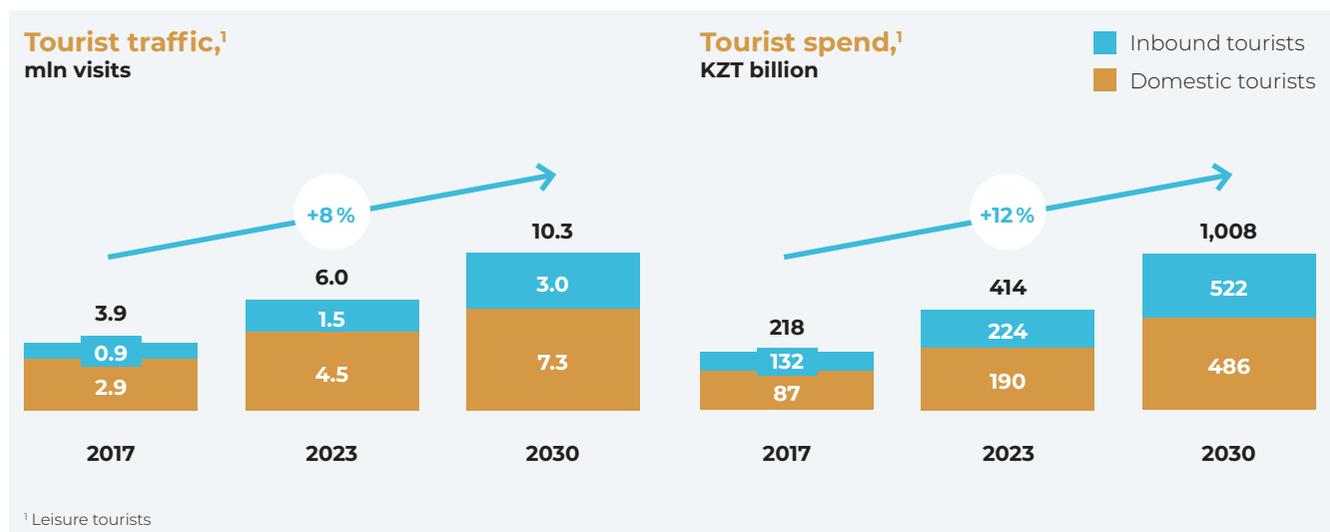
” ... One high-potential income source for any region is development of in-bound and domestic tourism, which at present accounts for every tenth job worldwide. The government, in turn, will need to take systemic action, including simplification of visa procedures, infrastructure development and removal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

Kassym-Jomart Tokayev, President of the Republic of Kazakhstan



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



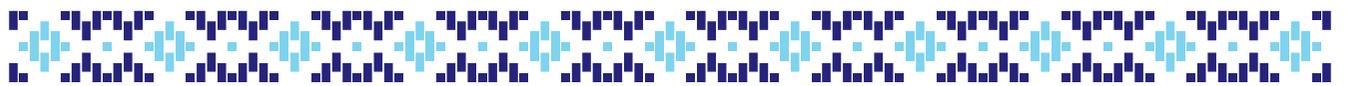
Redirect the flow of Kazakhstani tourists who currently spend their vacation abroad to domestic resorts



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



Increase the number of international tourists visiting Kazakhstan

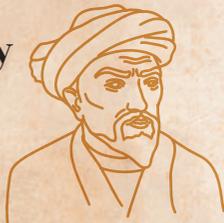


Turkistan is a 1,500-year-old city

500 C.E.

A settlement established at the **crossing of caravan tracks** from Samarkand, Bukhara, and Khiva to the north to start the history of today's Turkistan.

12th century



The walled city called Yasi at that time was known as a rich place on the Silk Road.

In that period there **lived and died Khoja Ahmed Yasawi**, a great Sufi poet and philosopher.

14th century



Construction of the Mausoleum of Khoja Ahmed Yasawi began by order of Amir Timur, after his death the works were stopped and the Mausoleum remained "unfinished".

16th through 18th centuries

Turkistan was a **capital of Kazakh Khanat**, was justifiably considered the second Mecca for the Muslims of Central Asia, and was located at the crossing of trading routes.

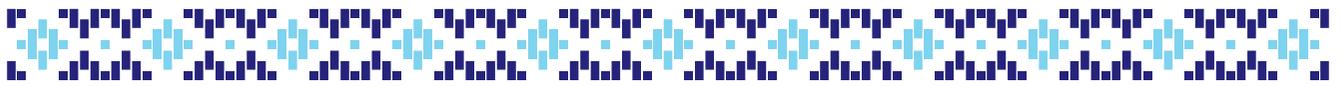
21st century



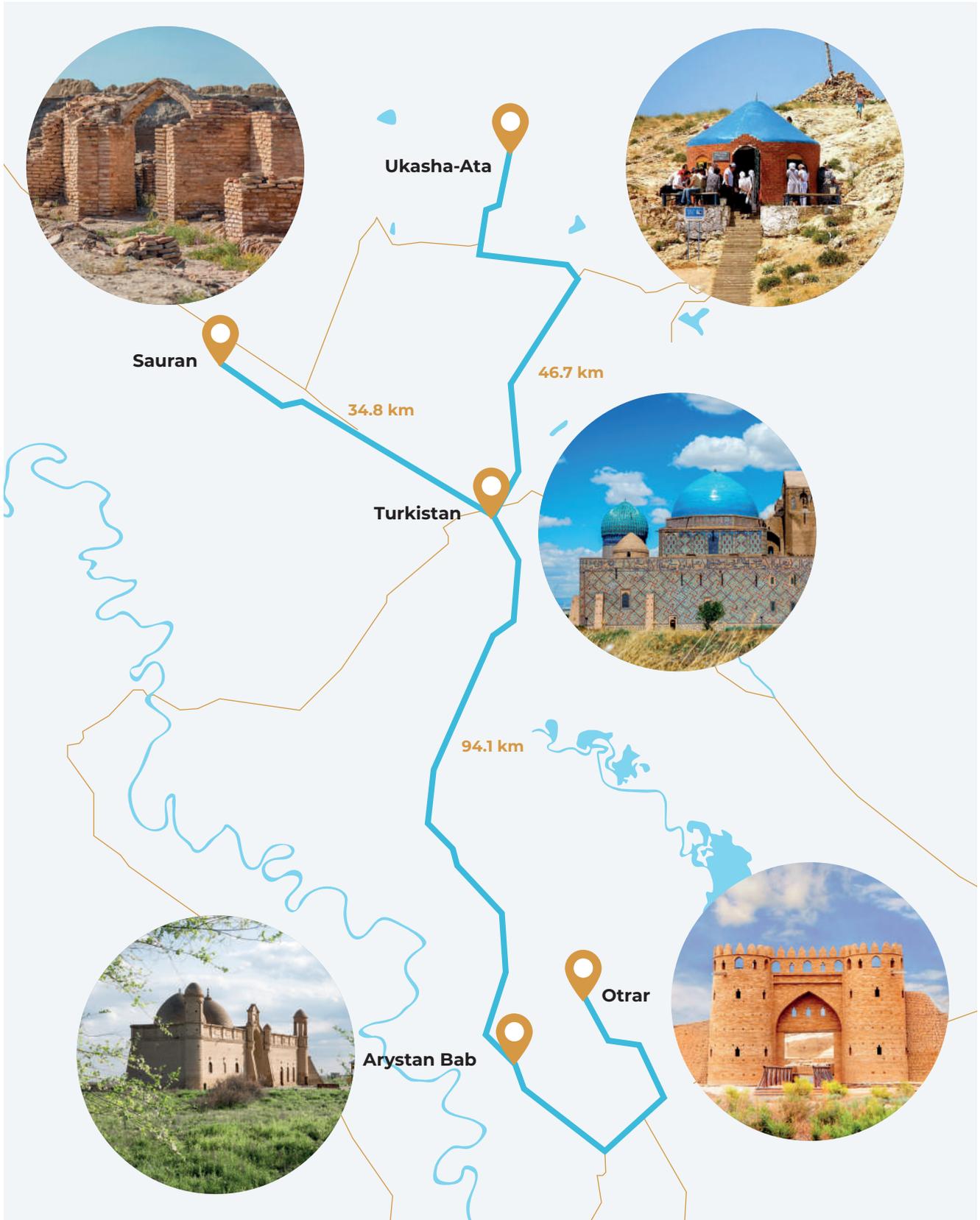
2003: The Mausoleum of Khoja Ahmed Yasawi becomes the first **UNESCO World Heritage Site** in Kazakhstan.

2017: The year when Turkistan was the Cultural Capital of the Turkic World.

2018: By a presidential decree Turkistan became a **new regional center**.



Map of the Key Sites





Variety of sites in today's Turkistan makes it possible to develop three key areas of tourism



Cultural tourism

Visiting the historical and cultural sites of Turkistan



Spiritual tourism

Making a small Hajj and visiting places of spiritual significance

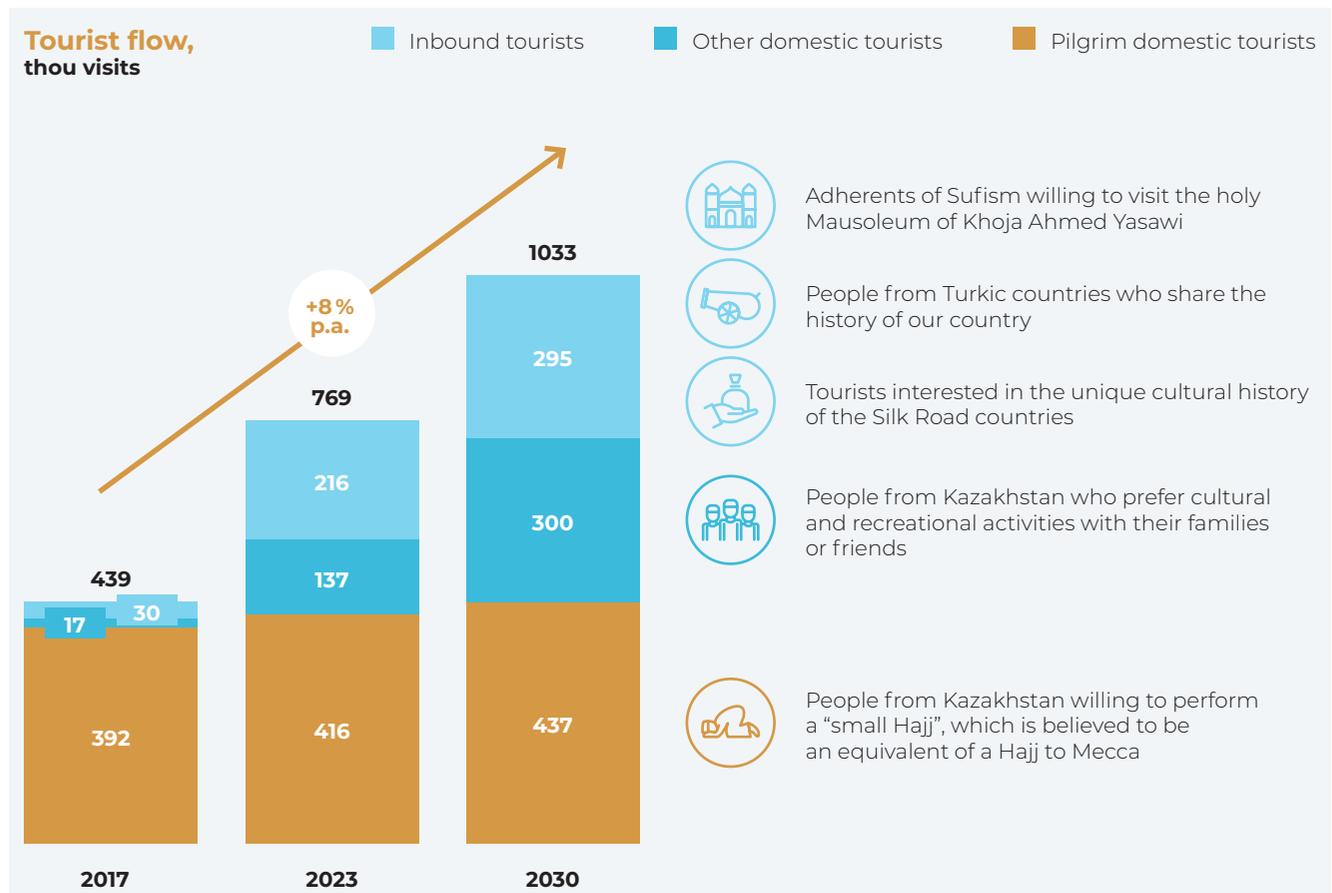


Themed tourism

Discovering the lifestyle of Kazakh people



A great history and a variety of sites make Turkistan a potential magnet for cultural tourism in Central Asia



Growth of tourist traffic to Turkistan will be supported by the existing global trends:



Increased popularity of authentic sites where one may gain new experience and discover new cultures



Increased tourism popularity among Muslims: these tourists choose sites in line with their faith and values



Significant numbers of people from **Turkic nations:** more than 20 nations, 160 million people



Growth of Tourism Indicators



Increase in the share of tourists staying in accommodations, thanks to the extension and improvement of the product offer

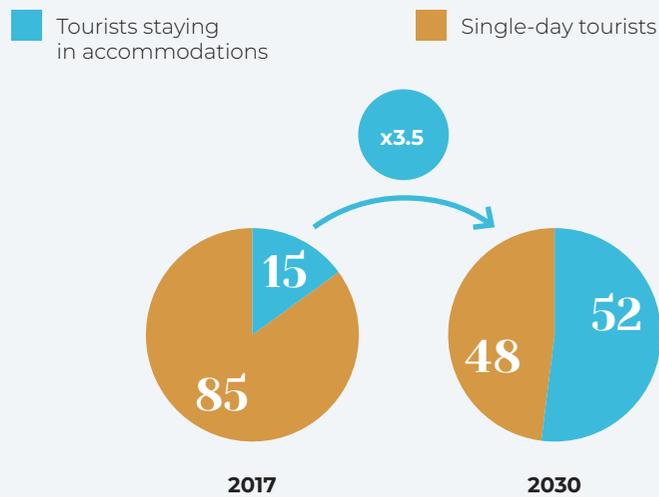


The average **accommodation bill will grow** as high-quality accommodations appear

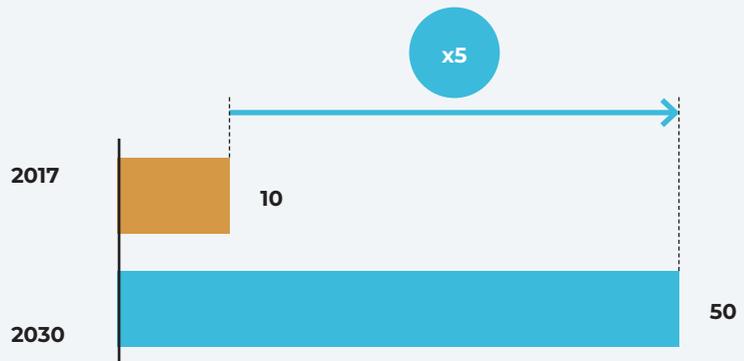


The average **entertainment bill will grow** resulting from modernization of the tourist infrastructure at the historical sites and construction of new entertainment facilities

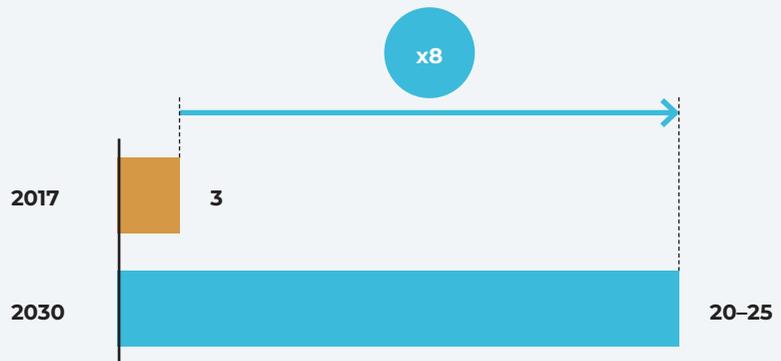
Share of tourists staying in accommodations, %



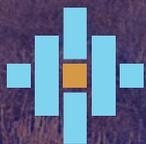
Average accommodation bill, USD / visit / person



Average entertainment bill, USD / visit



Mausoleum of Khoja Ahmed Yasawi

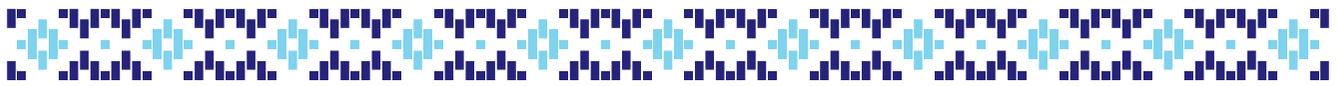


A monumental structure **commissioned by Amir Timur in tribute to Khoja Ahmed Yasawi** recognized as the head of the Turkic branch of Sufism, a philosopher and a poet.

The first UNESCO World Heritage Site in Kazakhstan.

The mausoleum contains tombs of great Kazakh khans, biys, and batyrs.





Improvement of the product offer will make it possible to extend the duration of tourist stay in Turkistan

Day 1

08 am



Arystan Bab Mausoleum
10 am — 11 am

A visit to the first destination of a "small Hajj"

Opportunity to drink water from the holy well

Guides telling legends and the story of Arystan Bab

2

0.5



Ancient settlement of Otrar
11:30 am — 1 pm

A visit to the ancient settlement

Location map

An interactive museum featuring the history of the ancient city

Return to Turkistan

10 pm



Themed entertainments
2:30 pm — 10 pm

A visit to an Ethnic Aul, with an opportunity to relax in a traditional yurt, take part in traditional games, and taste the local cuisine

A visit to caravansaries with an option to ride a camel, watch a show and spend a night in one of the khan's rooms

1.5



Day 2

Travel time, h



Azret Sultan Museum

09 am — 12 pm

A visit to the Mausoleum of Khoja Ahmed Yasawi

An ancient settlement excavation tour in Kultobe

A visit to the Underground Mosque, the Hammam, and other sites on the territory of the Museum

A visit to artisan shops and participation in workshops



Bazaar

12 pm — 2:15 pm

A visit to a bazaar and lunch in a cafe inside



Ukasha-Ata

3 pm — 4:45 pm

A visit to the holy place

An opportunity to drink water from the holy well



Ancient settlement of Sauran

5 pm — 6 pm

A visit to the ancient settlement

A glimpse of local history

Taking part in an archeological excavation



Railway station, Turkistan

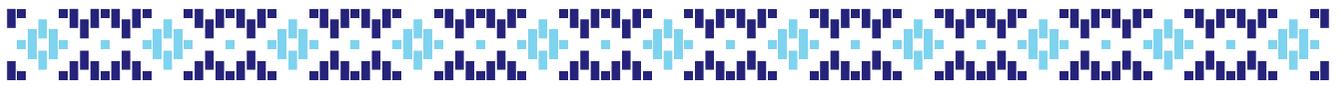
9 pm

Return to Turkistan. Departure from the historic railway station of Turkistan

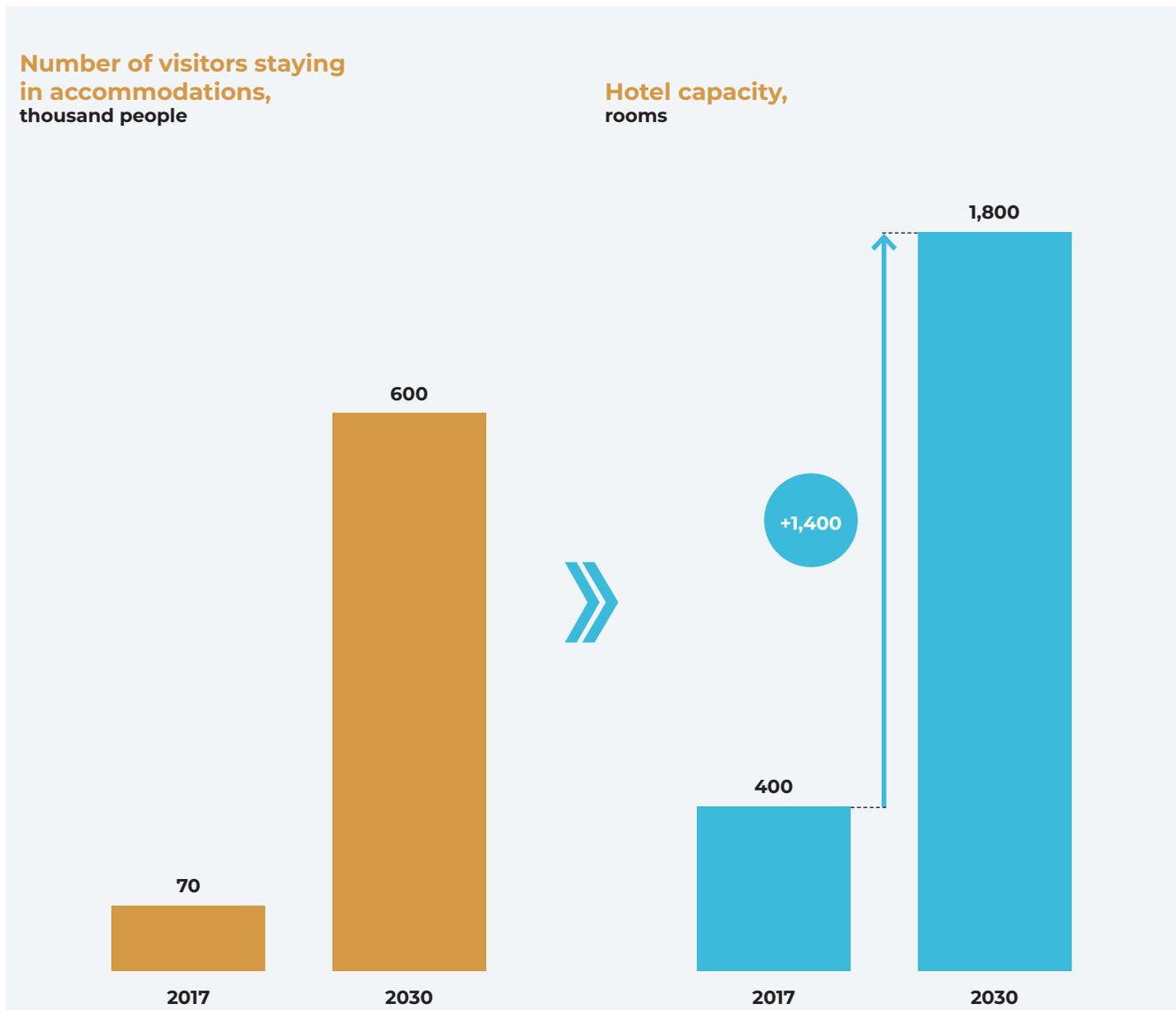
~0.75

~0.75

~1



The growing tourist flow will result in a demand for additional 1,400 rooms



Lack of high-quality accommodation gives investors a unique opportunity to enter the new market with a fast-growing demand for 3- to 5-star hotels.



Construction of hotels (4- and 5-star) in the cultural and spiritual center of Turkistan

Description of available areas

Six areas of 0.3–1 ha in close proximity to the Mausoleum of Khoja Ahmed Yasawi

Utility infrastructure

All the areas have access to the required infrastructure:

- Water supply
- Sewage system
- Electricity
- Telecom



Arystan Bab Mausoleum

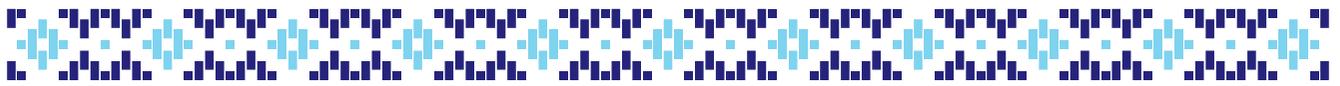


According to legend, **Arystan Bab** was a spiritual mentor and a teacher of **Yasawi** and an ashab, and **lived for more than 400 years**.

The Mausoleum, built by order of Timur, is used as a starting point for the small Hajj: "**Start your way from Arystan Bab... Having come to Azret, ask...**"

The well has water that can **heal the most severe wounds**, according to legend.





A Thematic 5-star Hotel



A clear trend can be seen in the global tourism industry: unique hotels become the main reason for visiting a country.



Turkistan has everything needed to build the world's first Central Asian style premium hotel:



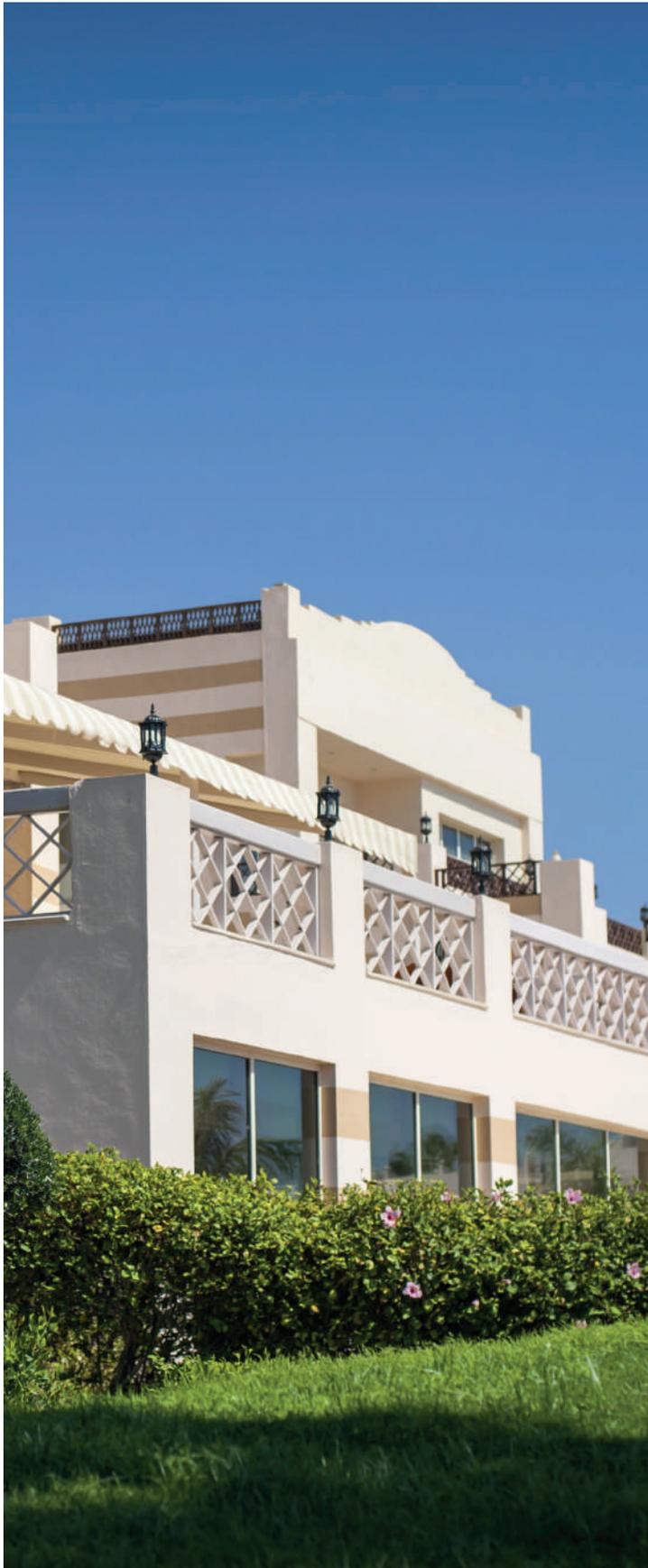
Eastern wing in the historic style of the Ancient East



Wind of nomads offering accommodation in comfortable yurts with all modern conveniences



Typical Project



Project location and description

A 4-star hotel in the mid-range segment

Hotel room capacity: 100 rooms

Total area of one hotel:
3,300–3,700 sq. m



Project cost

USD 3–4 mln



Implementation timelines

Project implementation timelines:
2020–2022

Design: 6 months (including obtaining the required documentation)

Commissioning: 1.5–2 years after the start of construction



Economics of a Typical Project

Project IRR for the investor will be 20–22%, yielding an NPV of USD 600,000–800,000

Assumptions

Occupancy¹, %	65.0
EBITDA margin, %	26–30
Discount rate, %	17
Room rate, USD / night	50–60

Guest room area²

3,400
sq. m



CAPEX

~1,000
per sq. m



Required investments

3–4
USD mln

Investment indicators under general conditions

IRR, %	20–22
NPV, USD thousand	600–800
Payback period, years	7–8

¹ Average annual occupancy

² Given the average room size of 27 sq. m and use of 80% of the hotel area for rooms (100 × 27 / 80%)



Contact details

Administration of Entrepreneurship and Industrial and Innovative Development of the Turkistan Region



Support provided

Support and follow-up of investment projects in the Turkistan Region. Assistance in land plot selection and registration of the required documents.

Phone: +7 (7252) 24-71-13. **E-mail:** akimat.uko@ontustik.gov.kz

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 an 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

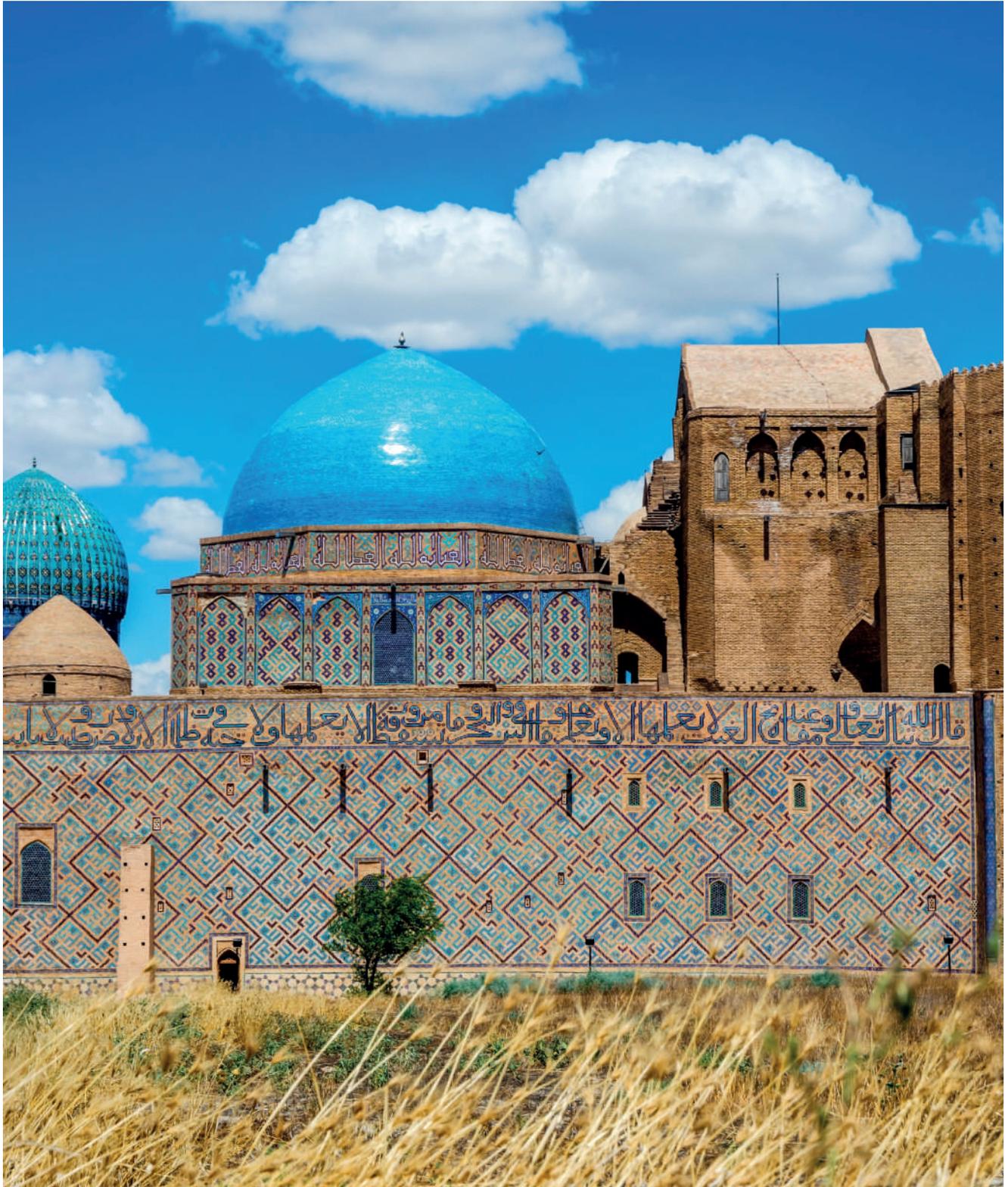


Support provided

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 Turkistan Tourist Area as of the presentation date 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 Turkistan Tourist Area.

