



*Kryvyi Rih City
Development Institution*

Proposals for the complex reconstruction of the territory

near 44th quarter of Kryvyi Rih

** The presentation contains materials for general acquaintance of a potential investor with investment opportunities in the city. Some data require additional research in the process of preparing an expanded business plan*



*** Photo access mode: <http://media-cdn.tripadvisor.com/media/photo-s/03/35/df/c0/lotte-hotel-moscow.jpg>*



Resume of the project



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Description of the project

❑ The project suggests a complex reconstruction of the territory development in the 44th district of the city of Kryvyi Rih (Dnipropetrovsk region) by an investor for a new multifunctional complex with a business center and extensive infrastructure on preferential terms (subject to the maintenance of the square and the arrangement of the surrounding area as a whole). The total area of the territory together with the green zone - more than 6 hectares.

Structural advantages

- ❑ Pokrovskiyi district of Kryvyi Rih city - is one of the largest districts in the city with a population of around 132 000 people (*), the area of the district is 5 953 ha (**).
- ❑ High paying capacity of the population in the district.
- ❑ Economic potential of the district is represented by 12 big industrial enterprises, including: *JSC Central mining and concentration plant, PJSC Kryvyi Rih iron ore complex, PJSC IEVRAZ SUKHA BALKА*»(**).
- ❑ Employed at big industrial enterprises of the district – **17 000 people ***.
- ❑ Employed at SMEs of the district – **2 534 people (*)**.
- ❑ The total area of buildings for business rent – **15 201,7 м. кв. (*)**.

Status of the project

❑ The project requires design estimates for construction and building works.

Budget

❑ The cost of the project (in the initial period) **160 957 582,43 UAH**. Project implementation resources – investors own funds.

Key project indicators

Indicator	Unit	Value
Discounted Payback Period, DPP	year	15,9
Net Present Value, NPV	thousand UAH	54 502, 25
Internal Rate of Return, IRR	%	15,28
Profitability Index, PI		2,95
Budget (own capital), in the initial period	thousand UAH	160 957, 58 UAH

* Source: official web-site of Pokrovskiyi district Administration of Kryvyi Rih City Council

** Source: Pokrovskiyi district Administration of Kryvyi Rih City Council

General Concept of the project

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Description of contemporary situation*

- Pokrovskiy district is one of the largest in the city
- The population of the district owns high paying capacity.
- The list of functioning trade-entertaining establishments :
 - trade-entertaining complex «Terra»;
 - trade-entertaining complex «Nieposieda»;
 - children entertaining complex «Jumanji».
- The city does not have an establishment of the type: «multi-functional trade-business center of A/B class».**



Suggested solution

- The building up of the modern multi-functional complex with business center (A/B type) and diversified infrastructure on the territory of “44 quarter” in the Pokrovskiy district.**
 - trade-entertaining area (1 – 4 floors) area of around 10 000 sq. m. – **accounting for the average market rent cost (**), possible annual revenue from operational activity of the owner might be around 33,6 mln. UAH;**
 - offices, conference halls (5 – 9 floors) area of around 6 500 sq. m. – **accounting for the average market rent cost (***), possible annual revenue from operational activity of the owner might be around 10,14 mln. UAH;**
 - hotel of 3 – 5 stars, **possible annual revenue from operational activity of the owner might be around 3,36 mln. UAH;**
 - premium class restaurant with a panoramic view (12 floor) - **possible annual revenue – 2,5 mln. UAH**
 - transfer of the land to the investor on beneficial conditions (1 UAH per year), in case of recreation development of the adjacent territory of an area of 2000 sq. m. (approximate volume of initial investments – 4 mln. UAH).

Effect from implementation

Economic effect (for investor)

- Receiving profits at the expense of renting / selling premises to economic entities
- Expansion of business-contacts and opportunities
- Synergic effect from interaction with companies, operating in the business center
- Benefits of conducting business in personally-owned premises

Social effect (for the city)

- Business infrastructure development in the city
- Creation of new jobsites
- Increase of municipal budget receipts as a result of business operational activity
- Recreational development of the adjacent area

* Source – Pokrovskiy district Administration of Kryvyi Rih City Council. Access mode – <http://www.zhrrkrog.dp.ua/node/13>

** 280 UAH per 1 sq.m.

*** 130 UAH per 1 sq.m.



Potential volume of the market (population in the radius of 135 km)*

City/town	Population of the city (town), thousand people
1. Kryvyi Rih	632,7
2. Kropyvnytskyi (114km)	244,4
3. Nikopol (105km)	121,5
4. Marhanets (131km)	49,7
5. Zhovti vody (56 km)	48,8
6. Pokrov (97km)	43,6
Total:	1 167,2

Competitive advantages of the Kryvyi Rih city for the implementation of this project

- The average monthly salary in the city of Kryvyi Rih is **7 794,9 UAH** (as of July – October 2017)
- As of 01.10.2017 the city attracted foreign direct investment in the amount of 1380.2 million USD.
- Well-developed transport infrastructure of the city**, which allows to serve the territory with a population of 1 167, 2 million people.
- A big number of children of preschool and school age** are potential permanent visitors of the entertaining complex;
- A big part of the city population – is youth**, which might be a target group for the complex to attract them and start business in the offices provided.



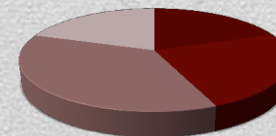
Pokrovskiy district, Kryvyi Rih city

Indicator of saturation in rented areas in the Pokrovskiy district of Kryvyi Rih city – 114 sq.m. per 1000 persons*.

Analysis of social-entertaining infrastructure of Pokrovskiy district of the Kryvyi Rih city **

- 16 cultural establishments: 2 palaces of sport; three schools of aesthetic education, 10 libraries and 1 communal enterprise "Kryvyi Rih City Academic Theater of Musical and Plastic Arts "Academy of Motion";
- During the reporting period, 262 events were attended by 191,000 viewers. Charity events - 12 with 4,600 spectators
- 2 sports stadiums, a palace of sports, 50 sports grounds

Age structure of the population of the Kryvyi Rih city Pokrovskiy district **



0 - 17
18 - 39
40 - 59
60 +

* Dnipropetrovsk investment agency

** Official information from Pokrovskiy district Administration of Kryvyi Rih City Council



Main characteristics of the project



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The project suggests the building up of a multifunctional business complex (A/B class) with a diversified commercial-entertaining and social infrastructure by an investor in the heart of Pokrovskiy district.

Technical features of the plot

Location	Residential area of "44 kvartal", Pokrovskiy district of Kryvyi Rih city
The total area of the land plot, required for construction:	
- commercial-business center;	min 2,5 thousand sq.m
- parking	1 thousand sq.m
The area of adjacent territory, which will be maintained by an investor	2 thousand sq.m
Technical communications	The plot has access to electricity and water supply
The total area of the complex, including:	21 700 000 sq.m;
	10 000 sq.m;
➤ Area reserved for placing a mall, social and cultural infrastructure (1-4 floor);	6 500 sq.m;
➤ Area reserved for offices;	2 600 sq.m;
➤ Area reserved for hotel (10-11 floor);	1 300sq.m;
➤ Area reserved for premium-class restaurant (12 floor)	





Infrastructure and building project



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I set of construction (1st – 4th floors), total area 10 000 sq. 2015 – mall with an entertaining complex.

Possible content :

- *Key leaser (food big-box store);*
- *boutiques;*
- *beauty shops, massage rooms;*
- *cinema, food-zones;*
- *fitness-center;*
- *medical centers;*
- *child care / early development academy for kinds / private kindergartens*



II set of construction – (5 -12 floors), total area 11 700 sq. 2016 – 2017.

5 – 9 floors (total area 6 500 sq.m.) – office premises.

The offices of the following economic sectors:

- Information technologies;
- financial services;
- legal service and consultancy, etc.;
- conference-halls;
- training center.

10 – 11 floor (total area 2 600 sq.m.) – hotel 3 – 5 stars

12 floor (total area 1 300 sq.m.) – premium-class restaurant.





Time-table of project implementation

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Action	2017	2018	2019	2020	Budget, thousand UAH
Preparation of the design estimates and passing the official licensing procedures					6060,00
Communications supply (gas, electricity, water)					18 576,83
Preparation of the plot					901,5
Expenses for building up of the 1 st – 4 th floors (10 000 sq. m.)					39 728,25
Expenses for building up of the 5 th – 9 th floors (11 700 тис sq. m.)					38 271,32
Implementation of internal finishing works					52 746,7
The recreation development of the adjacent area* (2000 sq. m.*2000 UAH) and land rent*					2 875,5
Investments into the hotel					1 797,3
Introduction of the object into operation					
THE PROJECT BUDGET, thousand UAH	11 110	54 156,74	46 016,31	49 674,52	160 957,58

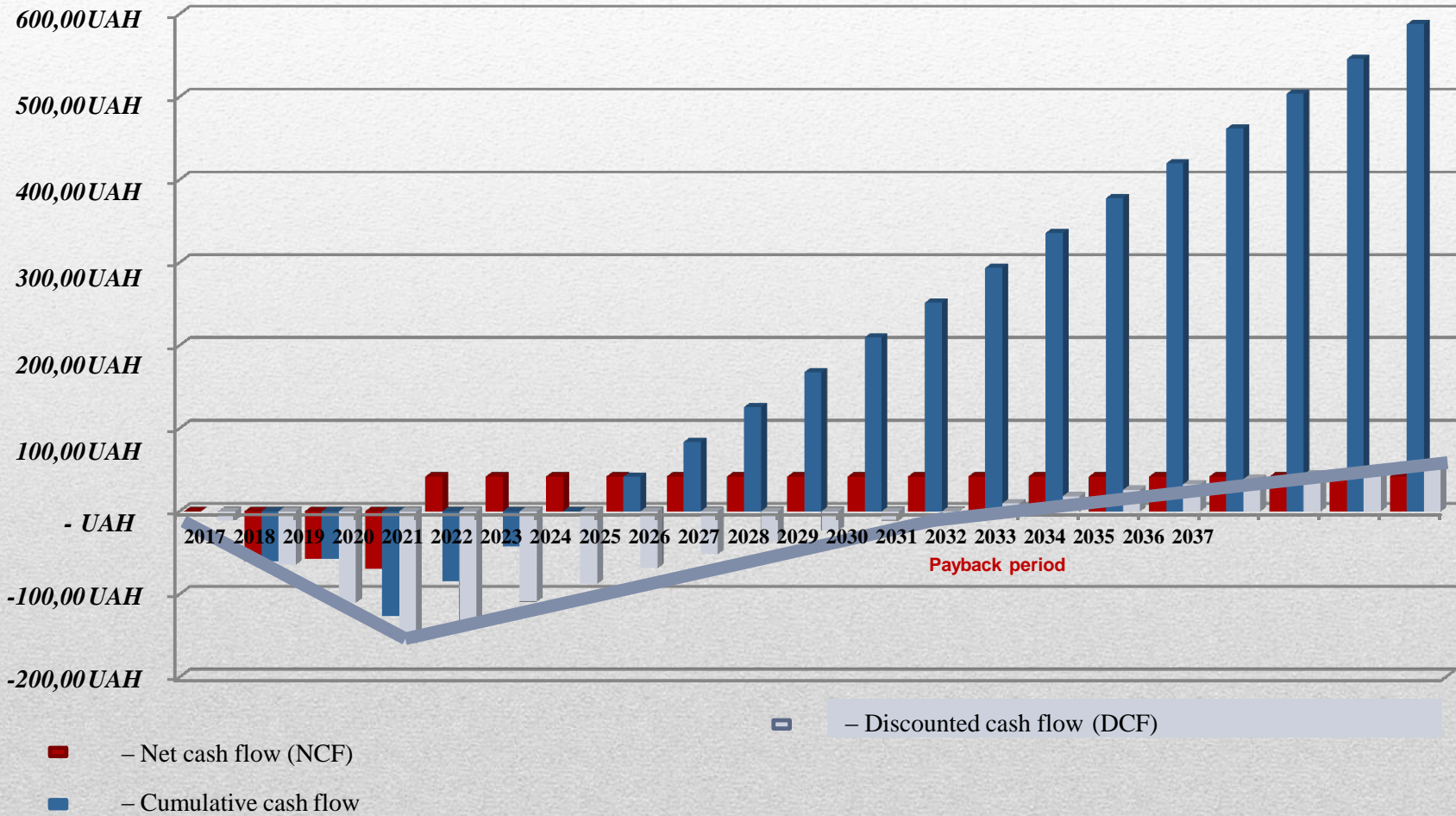


Key project indicators



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million UAH





1. Shopping center with entertaining area*

- Around 10 000 sq. m.
- The investor's income from renting premises in order to predict the widest range of services for family vacation and shopping.
- **Potential annual revenue for the investor from operational activity as a result of renting the area (EBIDTA) – 34 million UAH**
- Socially-cultural component of the multifunctional complex infrastructure might be presented by :
 - *key leaser (food big-box store) and clothing stores, households, etc.*
 - *exposition gallery;*
 - *cinema, food-zones;*
 - *entertaining zone with extreme attractions (wind tunnel);*
 - *fitness-center;*
 - *medical centers;*
 - *ophthalmologist;*
 - *early development academy for kinds;*
 - *private kindergarten (pre-K).*

Expediency of locating the early development academy for kids (twenty-four hour kindergarten) in the newly-built complex

- The amount of pre-school establishments (kindergartens) in Pokrovskiyi district is **26 units**.
- The capacity of these establishments in Pokrovskiyi district is **3826 children**.
- The factual occupancy of the kinder gardens in Pokrovskiyi district is **4938 persons**.
- The amount of pre-school age children in Pokrovskiyi district is **5 516 oci6**.

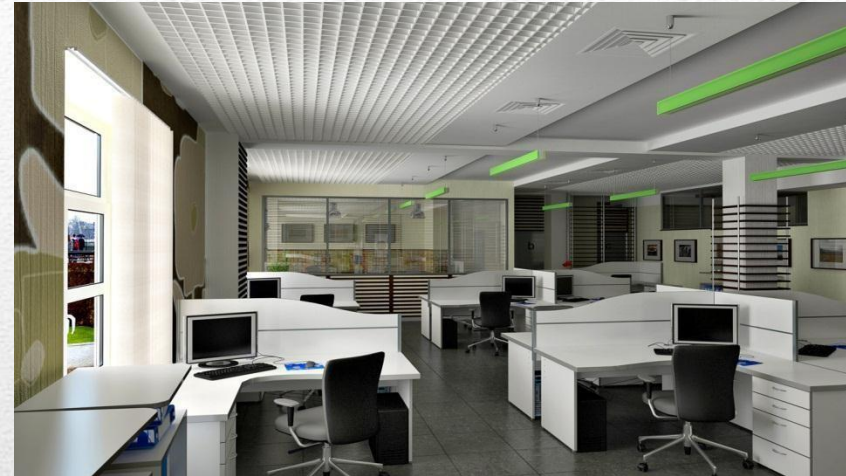


* Project needs additional research



2. Office center*

- Around 6 500 sq.m. (5 – 9 floors).
- The investor's income is due to the commissioning of 100% ready-to-use premises.
- Estimated expenses for construction – 38, 27million UAH.
Estimated expenses for finishing – 26, 95 milliom UAH.
- **Potential annual revenue for the investor from operational activity as a result of lease of areas (EBIDTA) – 10, 14 million UAH (**)**



Infrastructure advantages for business

- Ergonomic and convenient design of the office premises (ergonommic and energy-efficient);
- modern systems of communication and security;
- modern life support system of the building;
- heating system;
- system of ventilation and climate-control;
- system of fire-alarm;
- centralized security;
- 100% readiness of general use spaces;
- developed adjacent territory;
- parking.



* Project needs additional research

** Provided the cost of rent is 1 sq.m. - 130 UAH.



3. Hotel*

- Around 2 600 sq.m. (10 – 11 floors).
- The expected revenue for investor will come from running the hotel.
- Estimated cost of initial investments for equipping the hotel is 1,797 million UAH.
-
- **Potential annual revenue for the investor from operational activity as a result of lease of areas (EBIDTA) – 3.36 million UAH (**)**

- Internal rate of return – 16%



* Project needs additional research

** With the cost of renting one number - 350 UAH.

*** Photo access mode : [https://www.google.com.ua/search?q=spa+%D0%BE%D1%82%D0%B5%D0%BB%D1%8C&safe=off&client=firefox-](https://www.google.com.ua/search?q=spa+%D0%BE%D1%82%D0%B5%D0%BB%D1%8C&safe=off&client=firefox-a&hs=gs8&rls=org.mozilla:ru:official&source=lnms&tbnm=isch&sa=X&ei=SapkUvH8C46r0AXh1IDICA&ved=0CAkQ_AUoAQ&biw=1366&bih=639&dpr=1#facrc=_&imgdii=_&imgrc=vnqhb)

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4. Premium-class restaurant

- Around 1 300 sq. m. (12 floor).
- The investor's income by leasing the room with access to the terrace.
- **Potential annual revenue for the investor from operational activity as a result of lease of areas (EBIDTA) – 2.5 million UAH (**)**



* Project needs additional research

** Provided the cost of rent is 1 sq.m. - 160 UAH.

*** Photo access mode : <http://europeluxuryhotelfinder.com/prague-rooftop-restaurants/>



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