

UZBEKISTAN

CONSTRUCTION SECTOR

INSIGHTS

*Is Uzbekistan opening up for
the investors?*

Is Uzbekistan opening up for the investors?

• Key Facts on Uzbekistan

Uzbekistan is the most populous country in Central Asia (over 33 million people).

Uzbekistan has a long entrepreneurial heritage and the potential to become the largest economy in Central Asia.

The Uzbek people is one of the oldest nations in the world and has almost 3000 year old history of statehood. Archaeological finds in the territories monuments Selengur, Kulbulak Teshiktash and prove that the first human settlement on the territory of Uzbekistan were more 1-1.2 million years ago.

• Tax structure and reforms

The Presidency has recently announced a tax reform that should facilitate this transition. Within the government various options are considered, ranging from a radical approach, including a full new tax code by 2019, to a more gradual approach, that requires careful evaluation of tax policy changes in terms of their impact on budgetary revenue as well as investment climate in the country.

The level of government revenue collection in Uzbekistan is significant.

Uzbekistan's tax system, has significant impact on capital investment decisions.

The current tax system has served Uzbekistan reasonably well over the last two decades. The tax-to-GDP ratio of 20 percent is amongst the highest of its peers. However, the neutrality of the tax system is questionable. A high tax burden on income, the multiplicity of tax instruments, and its complexity discourage investment and growth.

The value-added tax (VAT) is designed according to best practice: it has a single rate (20 percent) and a small number of exemptions.

With growing recognition by Uzbek authorities of the tax system bottlenecks, there is a need to thoroughly analyze the impact of tax policy options to support successful government decision-making.

• Recognition by the World Community

World Bank's Doing Business Report "Ease of Doing Business" – shifted up by 13 places in 2017.

The World Bank ranked Uzbekistan as 11th for the "Starting a Business" indicator.

The EBRD loan allocation will serve as a positive signal to prospective foreign investors.

According to IMF, Uzbekistan has high aspirations for the future. The long-run ambition of the nation is to fully transition to a modern, market-based economy that is diversified away from basic resource processing and better integrated in the global value-chains. It is against the backdrop of these objectives that the mission analyzed Uzbekistan's policies and development in taxation to determine if the tax system is effective in balancing the country's broad range of social and development objectives against the need to create an investment-friendly business climate.

"Uzbekistan stands ready to fully shed the legacy of a planned economy, integrating into the global value-chains, and adopting necessary structural transformations to develop market-based institutions" - IMF says.



The Economist

INTELLIGENCE UNIT



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In Uzbekistan, they are building new cities and rebuilding the old towns, powered and connected by new infrastructure.

Uzbekistan Economy

Uzbekistan is rich of natural resources

Uzbekistan has the fourth-largest gold deposits in the world. The country mines 80 tons of gold annually, seventh in the world. Uzbekistan's copper deposits rank tenth in the world and its uranium deposits twelfth. The country's uranium production ranks seventh globally.

The Uzbek national gas company, Uzbekneftegas, ranks 11th in the world in natural gas production with an annual output of 60 to 70 billion cubic metres (2.1–2.5 trillion cubic feet). The country has significant untapped reserves of oil and gas: there are 194 deposits of hydrocarbons in Uzbekistan, including 98 condensate and natural gas deposits and 96 gas condensate deposits.

The largest corporations involved in Uzbekistan's energy sector are the China National Petroleum Corporation (CNPC), Petronas, the Korea National Oil Corporation, Gazprom, Lukoil, and Uzbekneftegas.

• Economic Outlook

Activity continued to expand at a healthy pace in the first quarter of 2018, according to available indicators and a preliminary estimate of nominal GDP released by the Statistical Office.

Expansion was buoyed by industrial output, which saw growth across sectors. Mining and quarrying output recorded a notable jump, while the related leap in natural gas and petroleum exports boosted the external sector.

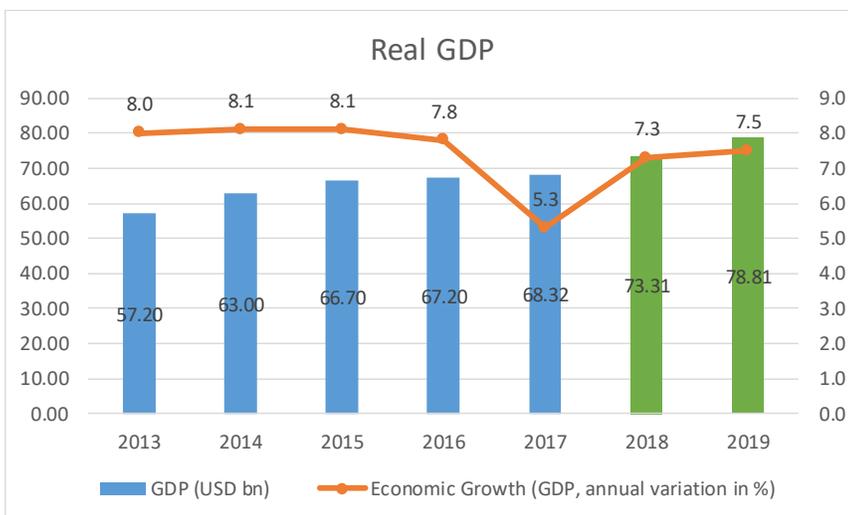
Further buttressing growth was a significant upsurge in investment activity, which saw fixed capital outlays increase nearly a third from a year ago amid booming construction sector activity.

Meanwhile, retail trade plummeted to a low single-digit expansion in Q1, signaling that household spending got off to a slow start in 2018.

• Economic Growth

The economy is expected to speed up this year, driven by healthy fixed investment growth and robust external demand, which should keep industrial production growth elevated in 2018.

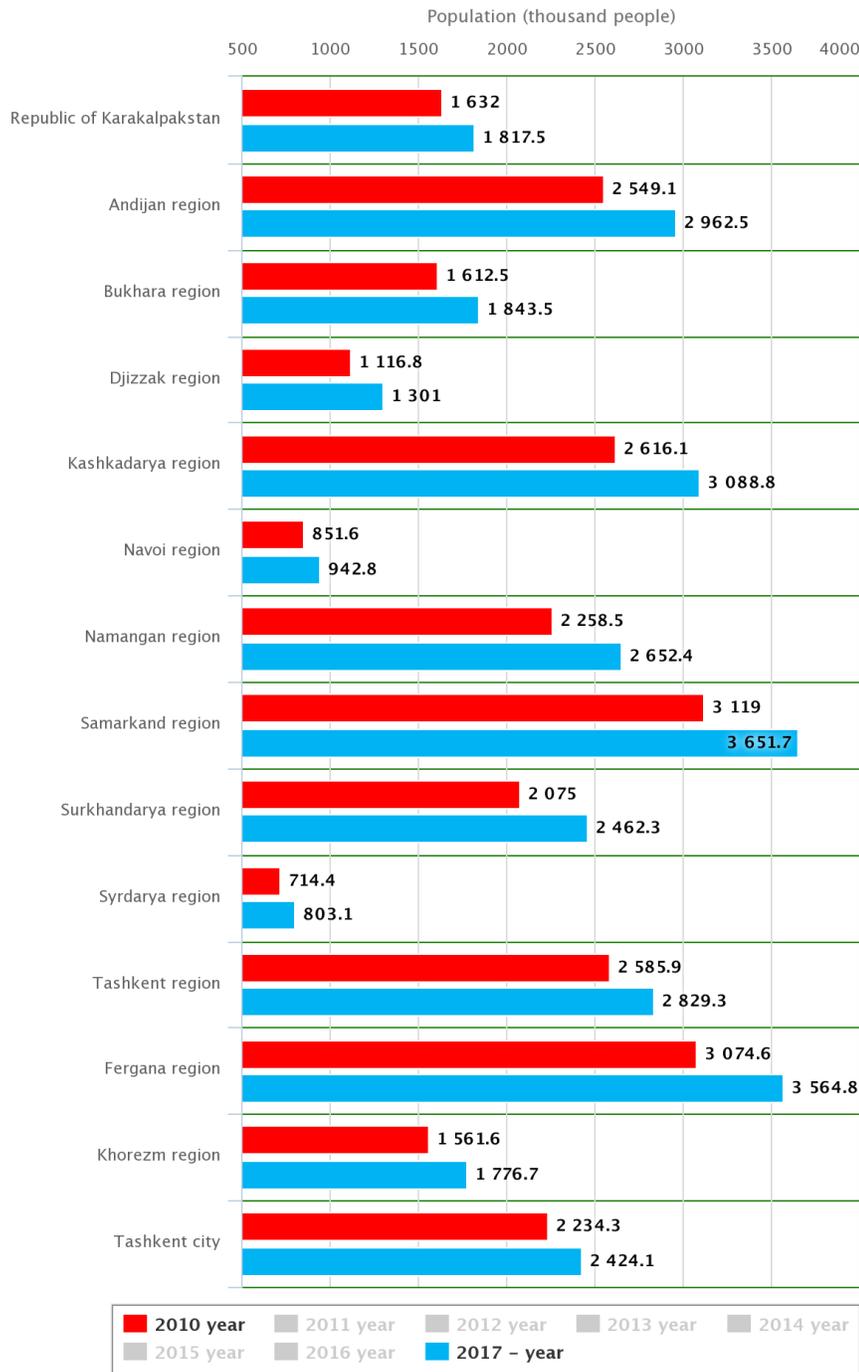
Nevertheless, prevailing inflationary pressures and volatile commodity prices will continue to generate uncertainty in the medium term. We expect GDP to grow 6.8% in 2018, which is up 1.5 percentage points from the last year, and 7.5% in 2019.



50,000 Uzbek soums is the largest banknote, used in the currency system of Uzbekistan. The banknote describes National emblem of Uzbekistan, top of the "Ezgulik" ark in Independence Square in Tashkent.

A Huge Market in the Region with 33 mln. Population

Source: The State Committee of Republic Uzbekistan on statistics



• Population

According to The State Committee of the Republic of Uzbekistan on statistics, as January 1, 2018 the population of the republic is 32 653 900 people.

Uzbekistan is Central Asia's most populous country. Its 32,653,900 citizens comprise nearly half the region's total population.

The population of Uzbekistan is very young: 34.1% of its people are younger than 14 (2016 estimate).

According to official sources, Uzbeks comprise a majority (80%) of the total population. Other ethnic groups include Russians 2%, Tajiks 5%, Kazakhs 3%, Karakalpakhs 2.5% and Tatars 1.5% (2016 estimate).



Action Strategy on Uzbekistan's Development for 2017-2021

The **Government of Uzbekistan** decrees that the timely and effective implementation of the **Development Strategy for 2017-2021** shall be the top priority of all government bodies and their officials.

The state bodies and entities, responsible for the implementation of measures envisaged in a state program, have been instructed to pay particular attention to:

- improving the system of handling of letters from natural and legal persons, introducing of new effective tools and methods to establish an open dialogue with ordinary people, putting in practice of a system of reporting to the public, strengthening among the public the trust in authorities;
- inadmissibility of bureaucratic barriers and obstacles when handling of letters from natural and legal persons and inadmissibility of transforming the process of dialogue with ordinary people into "window-dressing".

The Strategy is to be implemented in five stages, each of which provides for approval of a separate annual State program in accordance with a declared name of the year.

• I. Priority areas for improving the system of state and public construction

- 1.1. Further strengthening the role of the Oliy Majlis (parliament), political parties in deepening the democratic reforms and modernization of the country.
- 1.2. Reforming the governance system.
- 1.3. Improving public management system.

• II. Priority areas for ensuring the rule of law and further reforming the judicial system

- 2.1. Ensuring true independence of the judiciary, increasing the authority of courts, democratization and improving the judicial system:
- 2.2. Providing guarantees of protection of rights and freedoms of citizens:
- 2.3. Improving the administrative, criminal, civil and commercial law:
- 2.4. Improving the system of fight against crime and crime prevention:
- 2.5. Further strengthening of the rule of law in the judicial system:
- 2.6. Improving the systems of legal aid and legal service :

• III. Priority areas of economic development and liberalization

3.1. Further strengthening of the macroeconomic stability and the maintenance of high rates of economic growth:

ensuring high growth rates of gross domestic product through maintaining macroeconomic balance, deepening of structural and institutional reforms by means of implementation of medium-term programs;

ensuring balanced state budget at all levels while maintaining social orientation of expenses, improving inter-budgetary relations, focusing on raising the revenue part of local budgets;

further improvement of monetary policy using instruments in line with best international practices and gradual introduction of modern market mechanisms of monetary regulation, ensuring stability for the national currency;

maintaining policies of reducing tax burden and tax system simplification, improving tax administration and expanding the incentive measures;

reforming and improving the stability of the banking system, the level of capitalization and deposit base of banks and strengthening their financial stability and reliability, expansion of lending to promising investment projects, as well as small and medium enterprises;

expansion of the volume of insurance, leasing and other financial services through introduction of new types of services and improving their quality; development of financial markets as an alternative source of capital attraction and investment by enterprises, financial institutions and the public;

expanding international cooperation, including with leading international and foreign financial institutions, upholding of prudent external borrowing policy, using foreign investments and loans effectively.

Action Strategy on Uzbekistan's Development for 2017-2021

3.2. Improving the competitiveness of the economy through deepening of structural reforms, modernization and diversification of its leading industries:

ensuring balancedness and stability of the national economy, increasing the share of services sector, SMEs in its structure;

carrying out active investment policies aimed at modernizing, technical and technological renovation of production, implementation of production, transport-communications and social infrastructure projects;

further modernization and diversification of the industry through upgrading to a new qualitative level, aimed at development of high-tech industries, primarily for the production of finished products with high added value on the basis of deep processing of local raw materials;

creation of a competitive environment for industries and gradual reduction of the monopoly at commodity and services markets;

promotion of production of new types of products and technologies, thereby ensuring the competitiveness of domestic products in foreign and local markets;

continuation of policies aimed at encouraging local production and import substitution, especially of consumer goods and components, boosting inter-sectoral industrial cooperation;

reducing energy consumption and resource intensity of the economy, widespread introduction of energy-saving technologies, increasing the share of renewable energy sources, increasing the economy's productivity;

creating new and improving the efficiency of existing free economic zones, technoparks, small industrial zones;

accelerated development of services sector, increasing the role and share of services in the gross domestic product, achieving a fundamental shift in the structure of services, primarily due to modern high-tech services;

achieving accelerated development of the tourism industry, enhancing its role and contribution to the economy, diversification and improving the quality of tourist services, upgrading of tourism infrastructure;

liberalization and simplification of export activities, diversification of the structure and geography of exports, expansion and mobilization of the export potential of industries and territories;

further development of road transport infrastructure, introduction of ICTs in the economy, social sphere, control system.

3.3. Modernization and intensive development of agriculture.

3.4. Continuing of institutional and structural reforms aimed at reducing the state's presence in the economy, further strengthening the protection of rights and priority role for private property, encouraging the development of small business and private entrepreneurship:

ensuring reliable protection of the rights and guarantees for private property, removing of all barriers and restrictions, providing total freedom for the development of private entrepreneurship and small business, implementation of the principle - "If people are rich, then the state will also be rich and mighty";

creating favorable business environment for the development of small businesses and private entrepreneurship, strict suppression of unlawful interference of state, regulatory and law enforcement authorities into the activities of business entities;

further expansion and simplification of procedures for privatization of state-owned assets, reduction of the state's stake in the authorized capital of economic entities, creation of favorable conditions for the development of private enterprises on the basis of privatized state assets;

improving the investment climate, active attraction to the economy and provinces of foreign investment, especially foreign direct investment;

introduction of modern international standards and corporate governance, strengthening the role of shareholders in the strategic management of enterprises;

improvement of the mechanism and simplification of procedures for connecting businesses to engineering networks;

reducing the state's role in the regulation of social and economic development, decentralization and democratization of the public administration system, expansion of public-private partnerships, enhancing the role of non-governmental organizations and local authorities.



Action Strategy on Uzbekistan's Development for 2017-2021

3.5. Integrated and balanced socio-economic development of provinces, districts and cities, optimum and efficient use of their potential:

ensuring integrated and efficient use of natural, mineral-raw materials, industrial, agricultural, tourism and employment potential of each province to accelerate socio-economic development, creation of jobs and raising incomes;

reduction of differentiation in the level of socio-economic development of territories by expanding the scope of modernization and diversification of the economy of the territories, achieving accelerated development of the relatively backward territories and municipalities, primarily through increasing their trade and export capacities;

active development of small cities and towns by creating in them of new plants and service centers, creation of small industrial zones, attracting of bank loans and private foreign investment;

reduction of subventioned districts and cities, expansion of the revenue base of local budgets through rapid development of industries and services sector;

further development and modernization of production, engineering, communications and social infrastructure of territories in order to create favorable conditions for industrial and other production facilities, extensive development of private entrepreneurship and improving the living conditions of the population.

• IV. Priority areas of development of the social sphere

4.1. Consistent increase in real income and job creation.

4.2. Improving social security system and health care, enhancing socio-political activity of women.

4.3. Implementation of targeted programs to build affordable housing, development and modernization of road transport, engineering, communications and social infrastructure, ensuring the improvement of living conditions of the population:

further improvement of living conditions of the population, especially of young families, residents of dilapidated houses and other citizens in need of better housing by providing mortgage loans on preferential terms and construction of affordable housing in urban and rural areas;

improving of utility services, provision of clean drinking water in rural areas through construction of new water pipelines, steady introduction of modern cost-effective and efficient technologies;

ensuring environmental safety, construction and modernization of recycling of household waste, strengthening their logistical base, providing households with modern waste management facilities;

achieving major improvement of transport services, raising passenger safety and reduction of harmful emissions into the atmosphere, purchasing of new comfortable buses, construction and reconstruction of bus stations;

further construction and reconstruction of road infrastructure, particularly, development of regional roads, overhaul and repair of off-farm rural roads, streets in settlements;

improving access to electricity through construction of new and modernizing of existing electricity generating capacities, upgrading of low-voltage power grids and transformer substations, as well as implementation of measures to improve the provision of households with other fuel and energy resources and increasing the use of renewable energy;

development and improvement of activities of theaters, cultural and educational institutions and museums, strengthening their material and technical base.

4.4. Development of education and science.

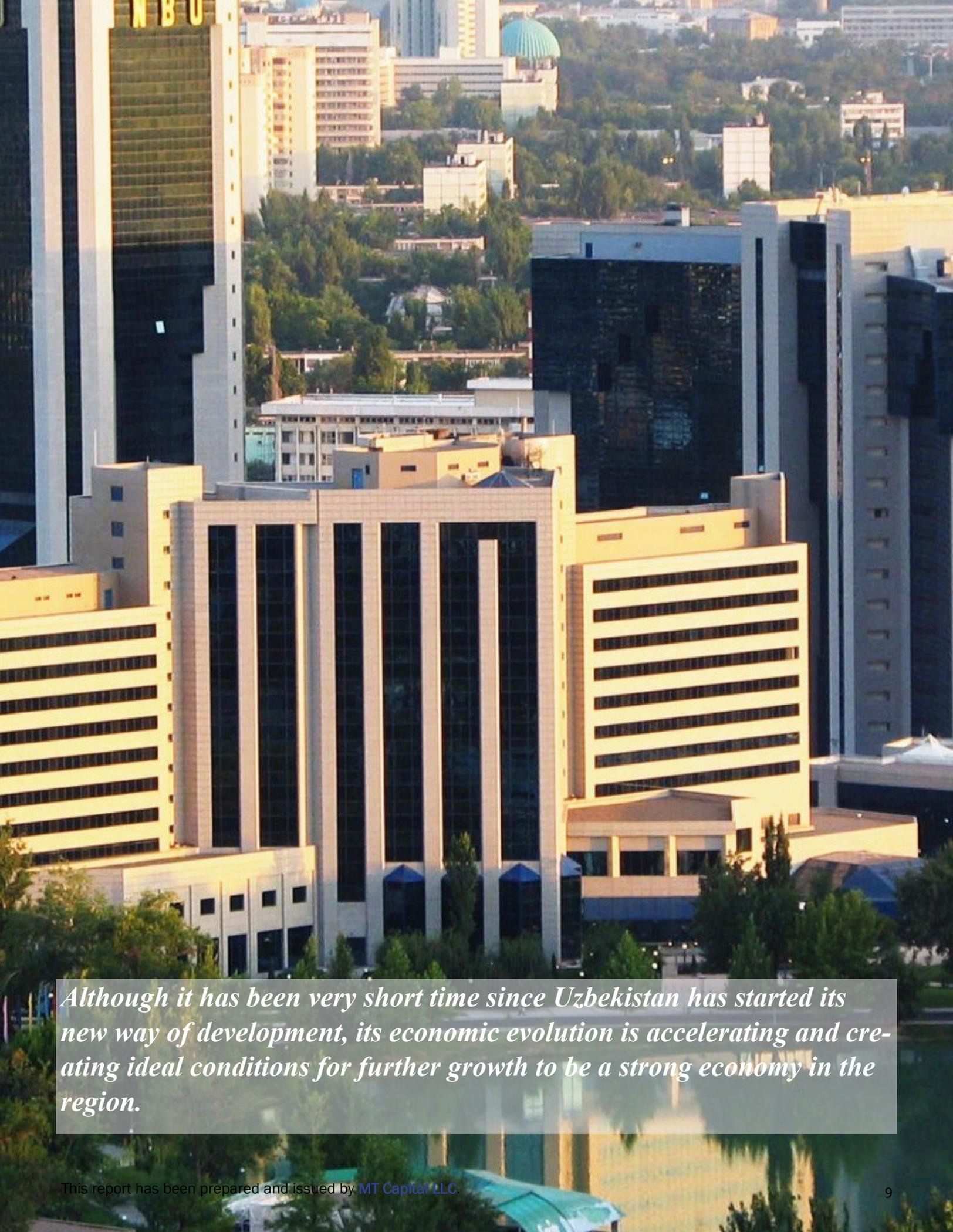
4.5. Improving the state youth policy.

• V. Priority areas in the field of security, inter-ethnic harmony and religious tolerance, and implementation of balanced, mutually beneficial and constructive foreign policy

5.1. Priority areas in the field of security, religious tolerance and inter-ethnic harmony.

5.2. Priority areas in the implementation of balanced, mutually beneficial and constructive foreign policy.





Although it has been very short time since Uzbekistan has started its new way of development, its economic evolution is accelerating and creating ideal conditions for further growth to be a strong economy in the region.

Investment Incentives and Privileges

• Investment Incentives

Enterprises with foreign investments operating in any industry of Uzbekistan are granted tax holidays for:

- 3 years if the FDI exceeds \$300,000
- 5 years if it exceeds \$3 million
- 7 years if it exceeds \$10 million

The Government of Uzbekistan (GOU) will only grant the tax holiday if:

- the company reinvests at least 50 percent of the tax savings;
- the investor does not require a sovereign guarantee.

The GOU grants new foreign investors ten-year immunity to changes in tax legislation if they invest at least \$5 million.

Enterprises with foreign investment can receive exemptions from customs duties for equipment and spare parts imported in line with contracts that have GOU approval and support.

Source: Deloitte

• Changes in Tax System

Since the beginning of 2018 there has been a lot of changes and shifts in the tax system of Uzbekistan. The old tax regime has started moving out from its shell and the interests of the entrepreneurs and wellbeing of the population considered as the priority versus the state budget proficiency.

The old team, including the Head of Uzbek Tax Authority has been removed after more than 15 years of tenure, under which the tax system has not achieved a lot.

• Upcoming Reforms

Currently reforms in the Tax system and tax practice are under way. Reforms envisage decreasing the tax burden for all parties, including foreign investors, and implementing innovational approach to the collection of taxes, as well as decentralizing budget development and regional expenses management.

The project of New tax system is under discussion among the public, including foreign experts. The Georgian tax authority and professionals are support and advising the Uzbek counterparties, along with other international business community, such as World Bank, UNDP, EBRD, among others.



Government Programs in Construction Business

- **Program on Construction and Reconstruction of Energy-Efficient Affordable Multistory Houses in the Cities of Uzbekistan for 2017-2020**

The Program envisages to construct and reconstruct 1,236 houses with 51,350 apartments in the cities of Uzbekistan from 2017 to 2020. The houses should be 5, 7 or 9 floors with energy saving technologies and affordable for low income people.

The Operator of the Program is a Specialized Engineering Company “**Uzshahar Qurilish Invest**” LLC, who is responsible for approving project cost estimates, typical project designs, technical inspection and supervision of the construction works and their quality as well as targeted usage of the resources.

Ipoteka Bank has been appointed as the financing source who finances both the construction of multistory houses (up to 95% of the total costs) through “Uzshahar Qurilish Invest” and mortgages for the clients who obtain apartments in this houses.

- **Tax exemptions for those who are involved in this Program:**

Individuals who obtain apartments within the Program are excepted from property tax on the purchased apartment by the time they fully pay back the mortgage from Ipoteka Bank.

Main contractor and subcontractors, including non-residents are exempted from all types of taxes, including VAT and social taxes, on the works done for the Program on a turnkey basis by April 1, 2021.

Organizations who produce construction materials, equipment, construction vehicles and auto transport (in the territory of Uzbekistan) are exempted from VAT, social taxes and unified tax by April 1, 2021 on the part done for the Program.

“Uzshahar Qurilish Invest”, main contractors and importers are exempted from customs duties for the goods, raw materials, steel structure, building materials and other items for the Program by April 1, 2021.

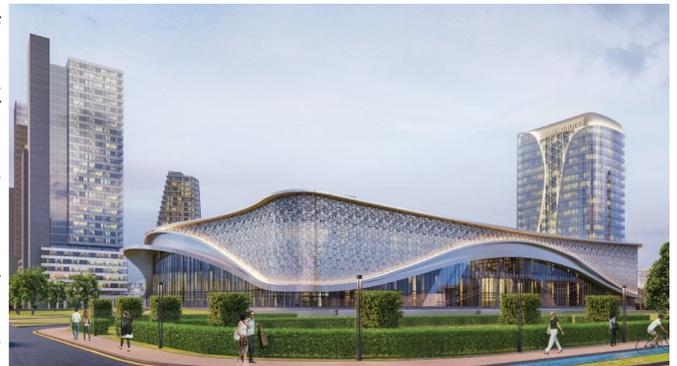
#	Regions	Total		2017		2018		2019		2020	
		number of	number of	number of	number of	number of	number of	number of	number of	number of	number of
		houses	apartments	houses	apartments	houses	apartments	houses	apartments	houses	apartments
	UZBEKISTAN	1 236	51 350	191	7 919	335	13 917	355	14 757	355	14 757
1	Karakalpakstan	37	1 665	7	315	10	450	10	450	10	450
2	Andijan Region	49	2 058	7	294	14	588	14	588	14	588
3	Bukhara Region	36	1 512	6	252	10	420	10	420	10	420
4	Jizzakh Region	50	2 145	5	210	15	645	15	645	15	645
5	Qashqadaryo Region	49	2 205	7	315	14	630	14	630	14	630
6	Navoiy Region	29	1 218	5	210	8	336	8	336	8	336
7	Namangan Region	50	2 100	8	336	14	588	14	588	14	588
8	Samarqand Region	57	2 565	9	405	16	720	16	720	16	720
9	Sirdaryo Region	35	1 575	5	225	10	450	10	450	10	450
10	Surxondaryo Region	35	1 470	5	210	10	420	10	420	10	420
11	Tashkent Region	135	5 664	15	624	40	1 680	40	1 680	40	1 680
12	Fergana Region	47	2 010	5	210	14	600	14	600	14	600
13	Xorazm Region	35	1 575	5	225	10	450	10	450	10	450
14	Tashkent city	592	23 588	102	4 088	150	5 940	170	6 780	170	6 780

Source: President’s Decree #PP-2660 dated on November 22, 2016

Tashkent City International Business Center

In order to boost the economy and improve architecture of the city, the Government of Uzbekistan has started brand new development project in the heart of Tashkent - Tashkent City International Business Center (IBC) with 80 ha area.

For the development of the concept of the Tashkent City International Business Center project, a number of well-known foreign architectural companies from Turkey, Singapore, South Korea, Germany and some local companies were invited. Eight Masterplans were developed and submitted for the consideration to the leadership of the country and as a result, the Masterplan of the Turkish architectural company - Tabanlıoğlu Architects was approved.



The South Korean Delegation, lead by Mrs. Kim Hyun-mi, the Minister of Land, Infrastructure and Transport, has visited the Tashkent City IBC and learn the opportunities in the territory of the largest business are in the region. The representatives of Korea EximBank, Korea Expressway, Hyundai Engineering Co. Ltd, POSCO Engineering and Construction, and HSnK Architects Group were among the guests.

The leading German consulting company Drees & Sommer is helping the Directorate of IBC with the coordination of the construction process in the territory of Tashkent City.



Tashkent City International Business Center



Located in 80 ha land area in the heart of Tashkent, the IBC consists of 8 different Zones:

- (1) Residential houses up to 12 floors,
- (2) Residential houses up to 18 floors,
- (3) Tashkent Mall with 2 Mix-use Skyscrapers
- (4) Mix-use Skyscraper with Hotel Ritz Carlton
- (5) Congress Hall with Hotel Marriot
- (6) Financial District
- (7) Trade and Entertainment Zone
- (8) Parks & Public Area



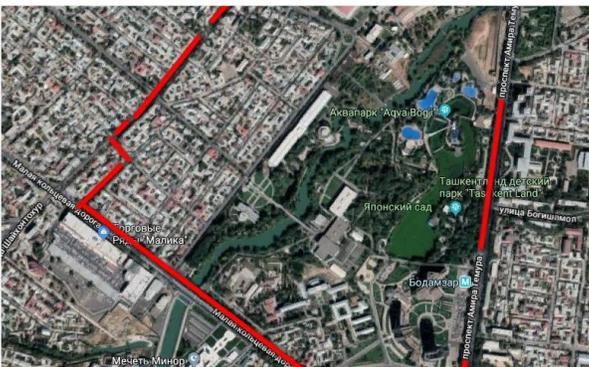
Hi-Tech City



The Government of Uzbekistan has designated a site in Tashkent, where the High-Tech City International High-Tech Innovation Center will be built.

It is determined that High-Tech City will be located between the streets of Amir Temur, Malaya Kolmogorovaya, Sandikkurgon and Iftikhor of Tashkent city. This is a very large area with landmark objects for the city.

Korean company Posco Daewoo Corporation has been chosen as the partner for the project, after signing a cooperation agreement with the Uzbek Authority for Foreign Investments and the Mayor of Tashkent city for the joint implementation of the High Tech City project during the President Mirziyayev's visit to South Korea in 2018.



The array created to "provide favorable conditions for the introduction of advanced information and communication technologies" will be located near the Tashkent University of Information Technologies and will include the International Business Center territory, which houses the International Hotel (formerly Inter-Continental) and the highest building of the capital - the National Bank of Uzbekistan, as well as UzExpoCenter.



The project will be implemented on the territory of about 50 hectares.

On the territory of High Tech City will be located business centers, apartment houses, research centers, educational, commercial and industrial institutions and other facilities. In the framework of this project, smart technologies will be used, including energy-saving systems and building automation.

The cost of the project, implemented jointly with the South Korean POSCO Daewoo, is estimated at 1.4 billion US dollars.

The functions of the management company Hi-Tech City will be performed by the Directorate for the operation and construction of new facilities on the territory of the center, organized under the Ministry for Development of IT and Communications. It will select potential investors, negotiate with them and conclude investment agreements, as well as monitor the implementation of projects.

Nurafshon City



Nurafshon City is the new capital and administrative city of Tashkent Region, the formerly known as Tuytepa.

The city will be the first "smart" city in Uzbekistan, administrative buildings, modern and comfortable housing, business center, hotels, sports center, youth creativity center, libraries, schools, multi-profile hospital will be built there.

Provision is made for the creation of parks, gardens, squares, alleys for hiking and cycling. Implementation of an effective public transport system is planned.

The city of Nurafshon is located 4 km from Toytepa railway station, on the Tashkent-Kokand highway, 25 km south of Tashkent. The population of Nurafshon city is estimated at 29,000.

Tashkent and Nurafshon will be connected via the high-speed road.

An artificial canal will flow through the center of the city, along it an embankment will be built, cafes, shops and other objects will open.

In the city there are a garment factory, trucking enterprises, manufacturing enterprises.



Developing Tourism Infrastructure



Silk road route's three important cities are located in Uzbekistan, namely Khiva, Bukhara and Samarkand. There are numerous well connected tourist destinations in Uzbekistan. There are five UNESCO World Heritage Sites in Uzbekistan and 30 are on tentative list.

The following measures are planned by the Government to support tourism:

- creating network of affordable and medium level hotels (3 stars)
- attracting developer companies from the region
- retaining international Hotel management and operator companies (owners of the brands), such as Ibis, Best Western, among others
- average size of the hotels to be planned around 5,000-5,500 m2 area with 150–200 rooms in each one
- 4-5 hotels in each city/town, attracted to the tourists
- Covered geography: Tashkent, Samarqand, Bukhara, and Khiva
- \$5-7 mln per hotel, which covers costs for project designing, construction, furnishing, and land plot under hotel
- From 2018 to 2019 - project designing and construction of hotels (Tashkent - stage 1), including 6 months to develop project documentation
- Completion and Opening ceremonies in one year after the start of construction
- In the following years others cities (Bukhara, Samarqand, and Khiva) will be covered one by one in each year
- Investor will have an ownership rights for the whole business

Tax exemptions: in Uzbekistan there have been given several tax exemptions when building hotels with investments of the foreign investors

Corporate Income Tax and Others

When Building Hotels with Four Star and Above there are tax exemptions for 5 years from:

- Corporate income tax
- Land tax and Property tax
- Unified tax for corporates

When attracting foreign direct investment, exemption from taxes is granted on:

- Corporate income tax
- Property tax
- Tax on improvement and development of social infrastructure
- Unified tax for micro-firms and small businesses
- Deductions to the Republican Road Fund

The period of exemptions will depend on the amount of foreign direct investments:

- from \$300,000 to \$3.0 mln – for three years
- from \$3.0 mln to \$10.0 mln – for five years
- above \$10.0 mln – for seven years

Foreign specialists are exempted from individual income and social taxes till January 1, 2022 on:

- unified social tax for qualified foreign socialists, attracted as the management personnel
- individual taxes for qualified foreign socialists, attracted as the management personnel

Customs duties exemptions:

Imported equipment, technique, complex items, spare part and materials, which are not produced in Uzbekistan, are exempted from customs duties and payments (except fees for customs clearance)

Real Estate Market of Uzbekistan

Who takes care of Uzbek real estate and developer market?

Uzbekistan, especially in Tashkent, real estate market is rapidly developing, and the number of new buildings in the past five years has grown several times and the number of companies that are changing the face of Tashkent, are getting more and more.

A lot of good and worthy players came to the development market. For example, companies like Murad Buildings, Golden House and NovaStroy are doing their best to keep pace with the times, trying to introduce new tools for construction. Probably, development is the most urgent issue in the market today, because now there is a construction boom. If earlier on the market there were only one or two players, now the number of developers is growing every day.

In the city there are not enough office buildings, therefore in many new projects the 1st and 2nd floors are commercial premises. This year, non-residential premises are in great demand. Many young talented people want to start their startup, open various marketing agencies, architectural companies. Accordingly, the demand for various office premises is growing.



Price

Real estate prices are not growing much. Everything depends on location, whether the foreign partners are involved in, and whether any new technologies are being implemented.

Government Support

Undoubtedly, real estate business has become very attractive for many people. Specialists think this boom is due to the fact that recently the Uzbek Government has provided really good support of it.

The Hokimiyats (regional governments) of each district and city help developers. They give plots for construction, and it is easier to obtain a building permit. Moreover, recently non-resident citizens were given the opportunity to obtain a residence permit in the capital city - Tashkent. This served even more demand in the housing market. I

The most important thing is to create all the conditions for non-resident citizens. They can already buy real estate in new buildings, and as of April 2018 they will also be able to purchase the housing of the secondary fund. Since the moment the law came into force, many deals were made with nonresident citizens.

However, no deals were made with foreigners - the bill is still weak in this regard. It is also necessary to create comfortable conditions for foreign citizens.

The main share of sales falls on the category of economy, comfort and business.

Comfort class is a house with a ready inexpensive repair. Recently, a young audience of up to 30 years old has become more to buy real estate comfort category.

Real Estate Developer Companies

Golden House Development LLC



Golden House, a Number One Developer in Uzbekistan, has built 29 Residential houses, including ongoing ones, in 92.2 ha land area since inception of their business in 2009

New Projects

The View is the first luxury residence with a five-star service for its residents. The project will be implemented together with the British architectural bureau Benoy. It will be located on Rajabi Street and will consist of 4 buildings of different number of storeys: from 11 to 14 floors.



Infinity - a residence of a premium class. It will be a modern residential area with luxury apartments and a developed commercial infrastructure.

Panoramic windows, spacious apartments, the introduction of a "smart house" system, energy saving system - all this will ensure maximum comfort and security for future residents of the complex. The world-famous companies Cracknell, LDPI and Buro Happold Engineering also work on the project.



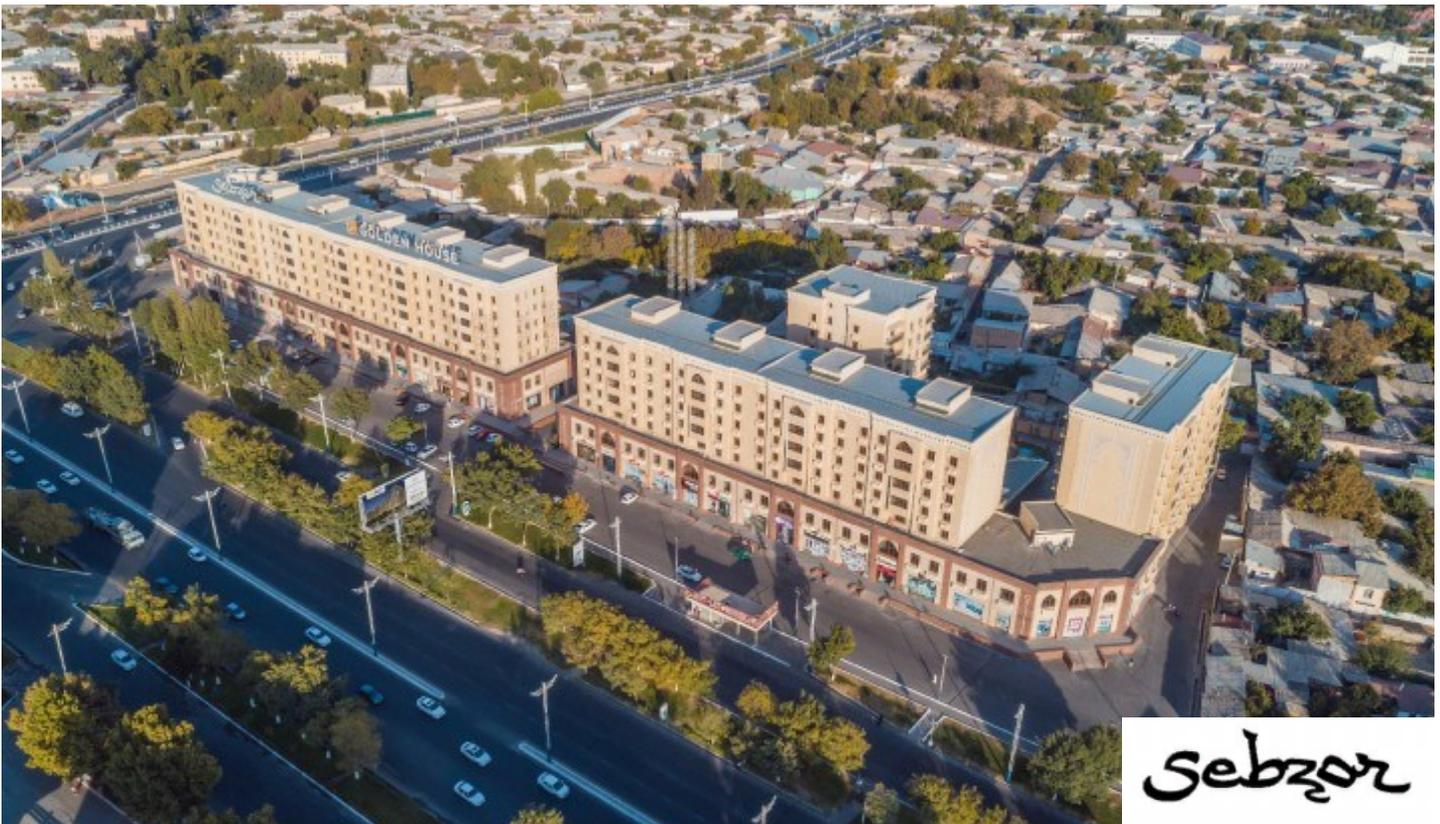
Sebzor Residential House by Golden House

Located in the heart of the old part of Tashkent city, Sebzor Residential House is one of the beautiful complexes, developed and built by Golden House, the leading developer in Uzbekistan. The complex consists of 2, 3, 4, and 5 bedrooms apartments with different sizes.

The total area of the complex is 1.8 ha, where 201 apartments are located along with parking lot for 110 vehicles and playgrounds. The complex autonomously supplies itself with heating.



Creating the project, the developer turned to traditional eastern architecture, breathed new life into the beloved old and took care of its functionality, and that's why the Sebzor is a compromise between eastern elegance and modern rationality.



Real Estate Developer Companies

Murad Buildings



Murad Buildings

one of the largest developers in Uzbekistan - mainly deals with projects of residential complexes, which are developed according to an individual architectural concept.

The company has 15 years of experience in the development business of Uzbekistan and the main competitor of Golden House, another giant in this sector.

Selected Projects



Do'stlar

48 apartments from 125 m2 to 227 m2



Mufarrah

48 apartments from 108 m2 to 263 m2



Gulsaroy

76 apartments from 52 m2 to 147 m2



Green City

126 apartments from 47 m2 to 154 m2

Real Estate Developer Companies

Nova Stroy



Nova Stroy

One of the leading developers in Uzbekistan, despite being young company comparing to other giants of the market.

Nova Garden

NOVA GARDEN is the elegant residential house, located in one of the attractive places of the Yunus-Abad district. On the one hand, the American Embassy, city hospital No. 7 and supermarket "Sunday" and on the other hand the shopping center "Mega Planet" and the famous market "Universam".



Nova Center

"NOVA CENTER" is a complex of three eight-storey houses, built according to modern technologies, providing the most comfortable conditions for living. In each house you will find a suitable 2-rooms, 3-rooms, 4-rooms apartments with free layout. The areas offered are: 62 m², 74.2 m², 77 m², 97 m², 107 m², and 140 m².



Prices of Utilities and Materials in Uzbekistan

Natural Gas 

\$0.036 per m3
if metering device exists

\$0.063 per m3
if metering device does not exist

Cold Water 

\$0.078 per m3
if hot water exists

\$0.057 per m3
if hot water does not exist

Hot Water 

\$0.049 per m3
if metering device exists

\$2.885 per person
per month if metering device does not exist

Electricity 

\$0.028 per kWh
if metering device exists

\$0.014 per kWh
if electric oven exists

Heating 

\$0.028 per kWh
if metering device exists

\$0.014 per kWh
if electric oven exists

Waste 

\$0.440
per person per month

it may vary depending on the location

Cement 

\$73 per ton

traded in the Commodity Exchange of Uzbekistan

Sand 

\$9 per m3

available in each region of Uzbekistan

Rebar 

\$700 per ton

traded in the Commodity Exchange of Uzbekistan

Cement Market in Uzbekistan

Due to the growth of investments into the economy of the Republic of Uzbekistan and the development of construction industry, production and consumption of cement in the country have increased significantly in recent years.

Uzbekistan currently employs 12 cement plants with a total annual production capacity of more than 9 million tons. However, the achieved level of cement production (about 8.5 million tons in 2016) does not satisfy the market demand.

The increase in the capacity for the production of cement is envisaged through the modernization of existing and construction of new plants and production lines.

According to the official forecast, the production of cement in Uzbekistan will grow by an average of 3.5-5.0% per year and in 2019 it will reach 8.9 million tonnes. Such parameters are determined by the Program of Measures to Ensure Structural Transformation, Modernization and Diversification of Production for 2015-2019.



Cement

\$73 per ton

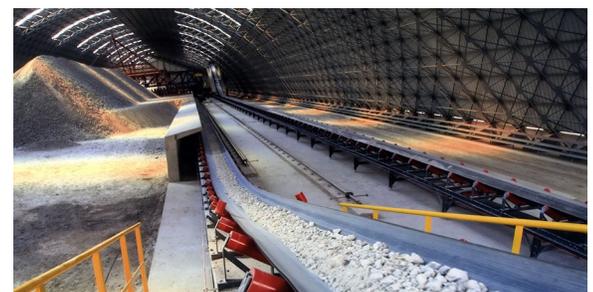
traded in the
Commodity Exchange
of Uzbekistan

Existing Cement Plants	
Plants	Capacity, mln t
QizilqumCement JSC	3.50
AkhangaranCement JSC	1.74
BekabadCement JSC	1.25
QuvasaiCemmnt JSC	1.08
Jizzakh Cement Plant	1.00
Fergana Cement JV LLC	0.12
Turon Eko Cement Group LLC	0.10
FarkhodShifer LLC	0.10
Everest Metal Favorit LLC	0.10
Kezar LLC	0.06
Sing Lida JV LLC	0.10
Buyuk Private Co	0.06
Total	9.21

Plants Under Construction & Projected	
Plants	Capacity, mln t
Titan Cement FC LLC	0.22
Shangfeng Bridge of Friendship LLC	1.20
YaypanShifer LLC	0.10
GallaorolCement DC	0.10
Sherobod Cement Plant JSC	1.50
SurkhanCementInvest FC LLC	0.36
Total	3.48



QizilqumCement, the largest cement plant in Uzbekistan with 3.5 mln tons production capacity



JizzakhCement, the youngest plant in Uzbekistan, built in 2015 with the annual production capacity of 0.76 mln tons

This report has been prepared and issued by **MT Capital LLC**

MT Capital LLC, a investment firm in Central Asia founded in 2018 with extensive experience in attracting private and institutional investors into the markets of Uzbekistan and Kazakhstan mainly.

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Analyst Disclosure

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