



Ristijärvi Helmi Villas

And Development Land



Vipuvoimaa
EU:lta
2014-2020



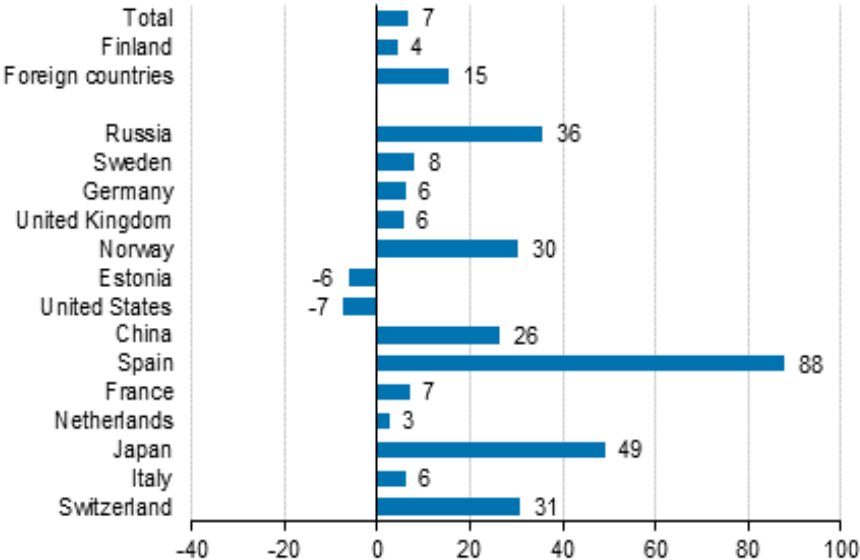
Kainuu

Background

Tourism in Finland

Finland is a unique, non-mainstream holiday choice. It is, in an exceptional way, a passionate and uncompromising country. Visit Finland works to increase awareness of Finland as a tourist destination, especially among modern humanists. Tourism in Finland is continuously growing business sector and according to the statistics of tourism, the number of nights spent by foreign tourists at Finnish accommodation establishments have increased strongly, by 15.4 per cent from last year and nearly 345,000 nights were recorded for them in April 2017.

Change in overnight stays in April 2017/2016, %



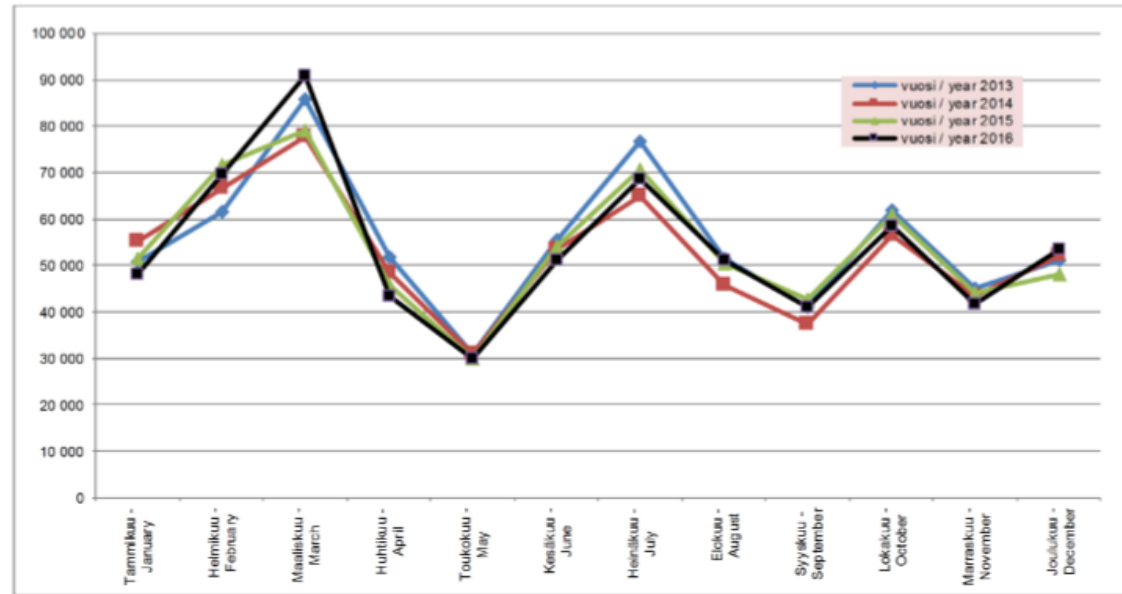
Background

Tourism in Kainuu Region

Speaking about tourism in Kainuu, it is important to mention, that the region is appealing to the visitors around the whole year as it provides tourists with the best out and indoor facilities non stop.

Accommodation establishments registered 647 300 overnight stays in 2016. The number of foreign travelers has increased by 13.3 % (48.000, + 13,3 %) while domestic overnight stays fell by 1.1 % (599.300).

Yöpymiset kuukausittain Sotkamossa



More than half foreign overnight stays came from Russia and the amount was 25.800 which is 6.8 % better than in the previous year. From Ukraine (2.500, + 171 %), China (2.200, + 1401 %), Poland (1.900, + 1790 %), German (1.200, + 76 %) and the united states (1.200, + 376 %) were recorded the next highest number of overnight stays.



General information on the case

General information

In a scenic location along the National road 5 in Ristijärvi, Finland, a modern and innovative holiday resort and service concentration is being built.

General information

Helmi Villas is the future of a diverse and innovative tourist destination in the middle of Kainuu region. The place would be a perfect mixture of traditional and natural Finnish environment merged with a contemporary resort area. The Helmi Villas' prime location near the lake Ristijärvi together with a modern infrastructure would make the place an attractive destination to different target groups.



General information

This site is categorised as a high level investment with large growth and expansion opportunities.



General information on the case

Vision and objective

The objective is to create a resort area which would serve the needs and wants of different customers being as flexible, versatile and adaptive as possible.

Investment differentiation

The site is situated in Ristijärvi area which stands out by focusing tourism towards active +55 seniors. The investment differentiation could be based on the opportunity of building the resort area suitable especially for domestic senior citizens as well as international.

Target groups

The Helmi Villas resort aims to reach towards as extensive a clientele as possible. Potential users of the resort include whole families as well as individual tourists.



General information on the case

Strengths

- Rising trend for active senior citizens.
- Unique and peaceful location.
- Off-market opportunity.
- The municipality is willing to negotiate and discuss all possibilities.

Challenges

- The main challenge is to build a tourism based business or permanent living concepts.

Main Success Factors

- Close cooperation with the municipality
- Focused investment into the site and surrounded areas.

Operating model

The next step is to build the future of senior travel destinations extensive and with high-quality services. Area of the concept design is progressed to the implementation phase, which now the municipality are looking for partners.



The concept design. Investment.

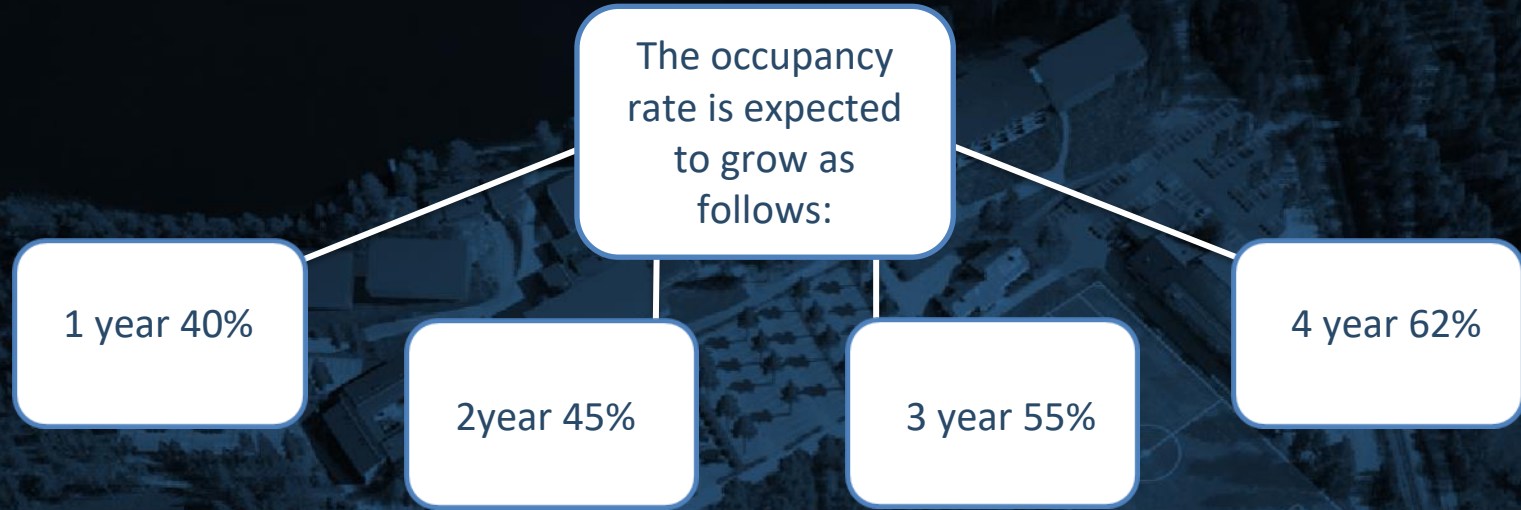
Main building including a restaurant space and 15 rooms (20 m ² /unit)	1 300 m ²	1 050 000 €
Holiday apartments (semi-detached) 18 units, 36 apartments (40 m ² /unit)	1 500 m ²	2 160 000 €
Lakeside saunas 2 units of 15 m ²	30 m ²	54 000 €
Acquire of the current real estate	500 m ²	300 000 €
Renovation of the Pirtti building		40 000 €

Estimated total investment: 3 604 000 €



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The Occupancy Rate



From the year 5 the occupancy rate is expected to stabilise to 68 %.



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The Helmi Villas Concept

Investment parameters

- Total investment 3 604 000 €
- Review period 20 years
- Depreciations 5 %
- Income tax 20 %

Other income and growth model

- Space rentals (outsiders) €40,000/yr. (+4%/yr.)
- Celebratory use of the old Pirtti €40,000/yr. (+4 %/yr.)

Restaurant and other sales and growth model

Restaurant sales is expected to grow as follows:

- Restaurant and other sales/overnight visitors (pro rata to occupancy rate)
- Restaurant and other sales/day visitors (+ 4%/yr.)



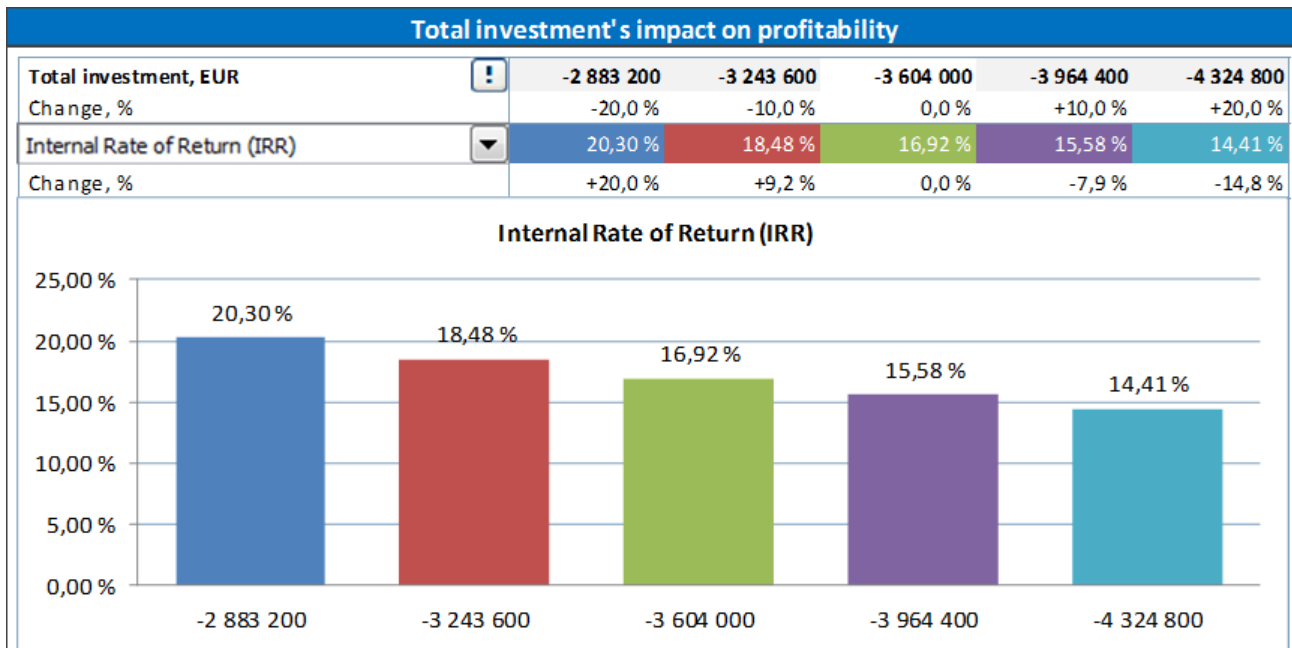
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Result

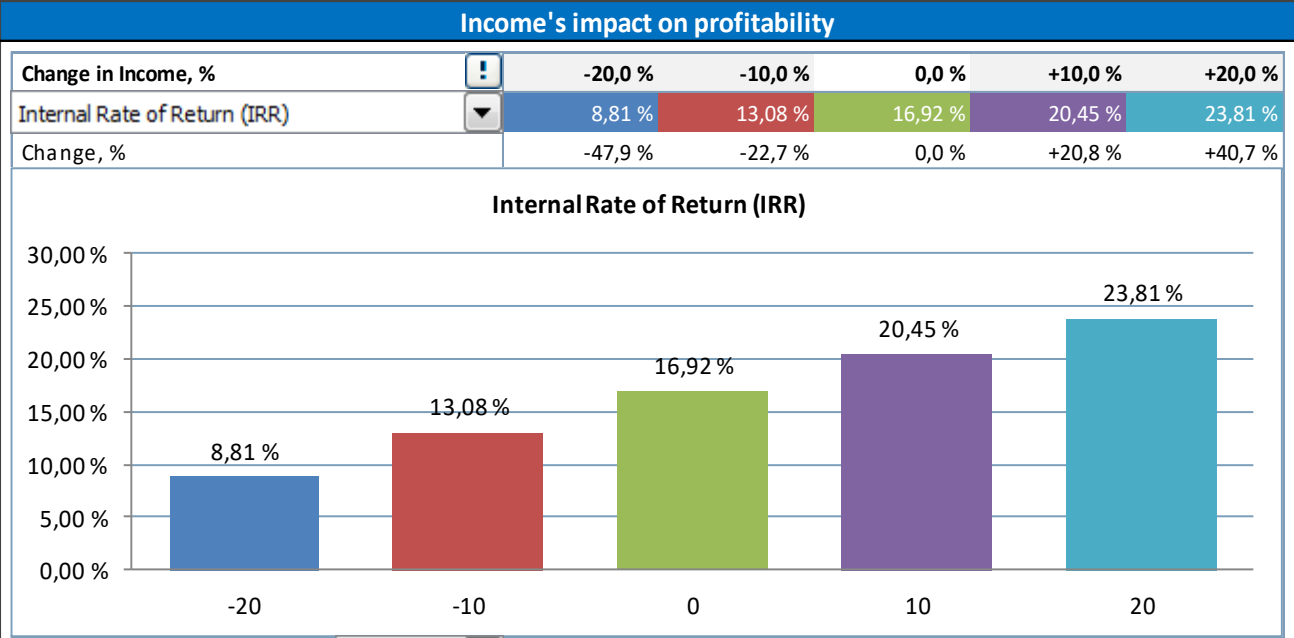
- Internal rate of return (IRR): 16.92%
- Net Present Value (NPV): 4 256 355 €
- Payback time 8,2 years

INCOME AND EXPENDITURE FORECAST First 10 years	Year 1 €1000	Year 2 €1,000	Year 3 €1,000	Year 4 €1,000	Year 5 €1,000	Year 6 €1,000	Year 7 €1,000	Year 8 €1,000	Year 9 €1,000	Year 10 €1,000
TOTAL RETURN ON BUSINESS	1,283	1,442	1,749	1,972	2,079	2,097	2,206	2,226	2,246	2,266
Accommodations	803	912	1,126	1,282	1,358	1,371	1,449	1,464	1,478	1,493
Restaurant and other sales	400	447	538	602	631	633	662	664	666	669
Old Pirtti: Celebrations and parties	40	42	43	45	47	49	51	53	55	57
Space rentals (outside agents)	40	41	42	42	43	44	45	46	47	48
TOTAL EXPENSES	-1,116	-1,124	-1,132	-1,139	-1,147	-1,155	-1,163	-1,170	-1,178	-1,186
Raw materials and consumables	-333	-337	-340	-343	-347	-350	-354	-357	-361	-364
Staff costs	-298	-300	-301	-303	-304	-306	-307	-309	-310	-312
Other operating costs	-485	-488	-490	-493	-496	-499	-501	-504	-507	-510
EBITDBA: Operating income before depreciations	167	318	617	833	932	942	1,044	1,055	1,067	1,080
Depreciations	-180	-180	-180	-180	-180	-180	-180	-180	-180	-180
EBIT: Operating Income	-13	137	437	652	751	762	864	875	887	900

Sensitivity analyses



Sensitivity Analyses

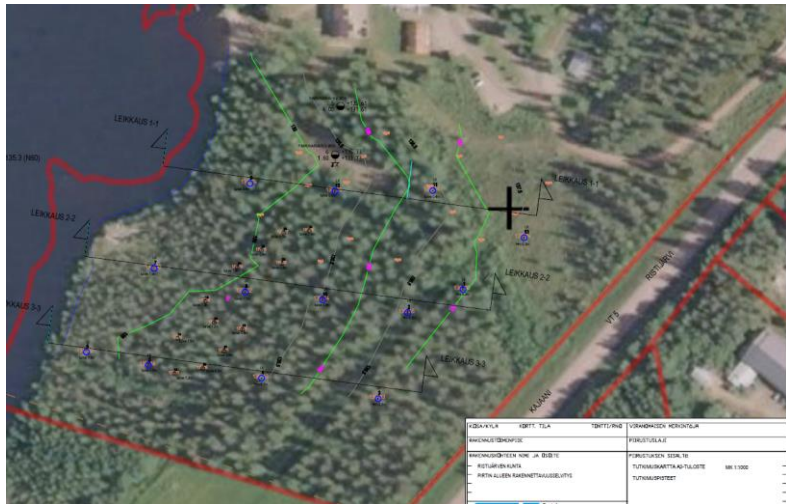




Total investment

Estimated total investment : 3 604 000 €





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