

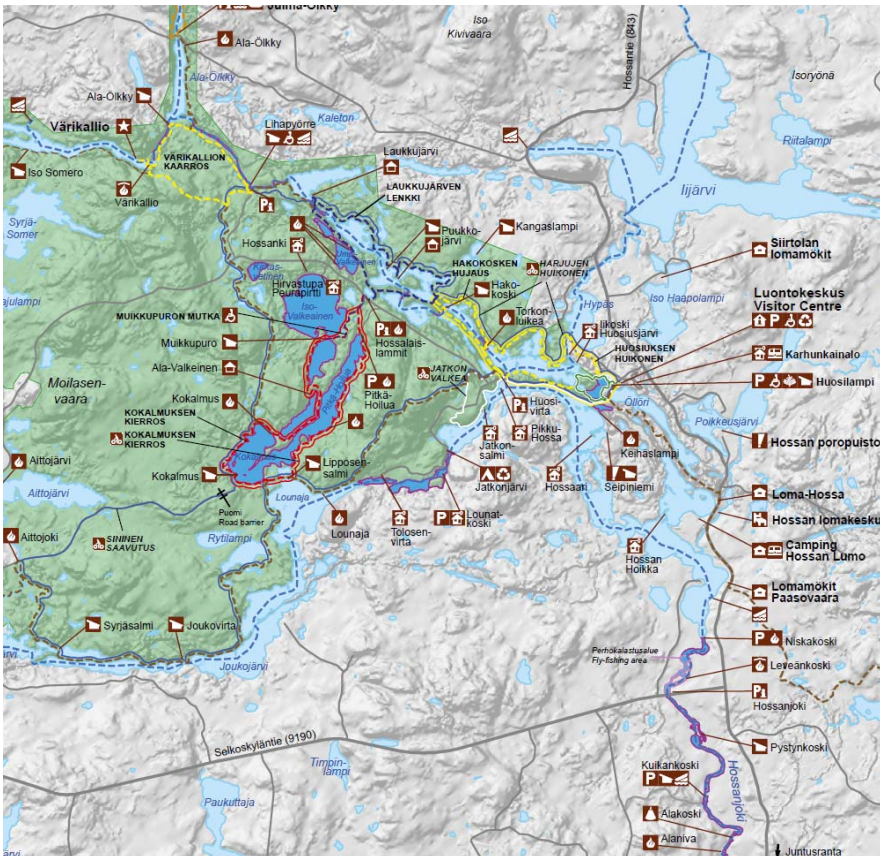
HÖSSA

Seipiniemi Nature Base Camp





Location and accessibility



Airports

- Kuusamo 90 km
- Kajaani 210 km
- Oulu 250 km

Railway station

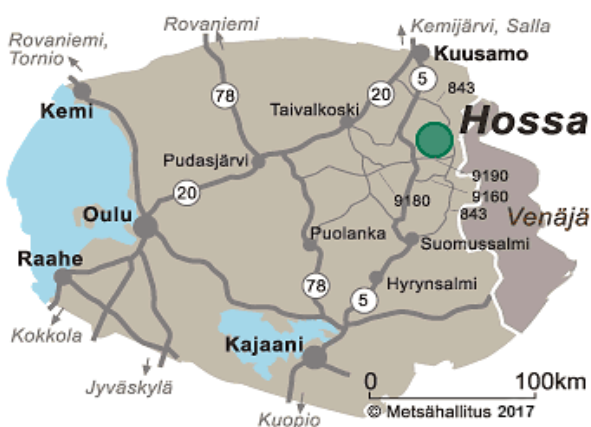
- Kontiomäki 170 km

Distances by road

- Suomussalmi 100 km
- Kuusamo 80 km
- Ruka 100 km
- Kajaani 200 km
- Vuokatti 209 km
- Ukkohalla 142 km
- Paljakka 166 km
- Kuhmo 201 km

National parks

- Syöte 123 km
- Oulanka 127 km
- Riisitunturi 133 km
- Rokua 212 km



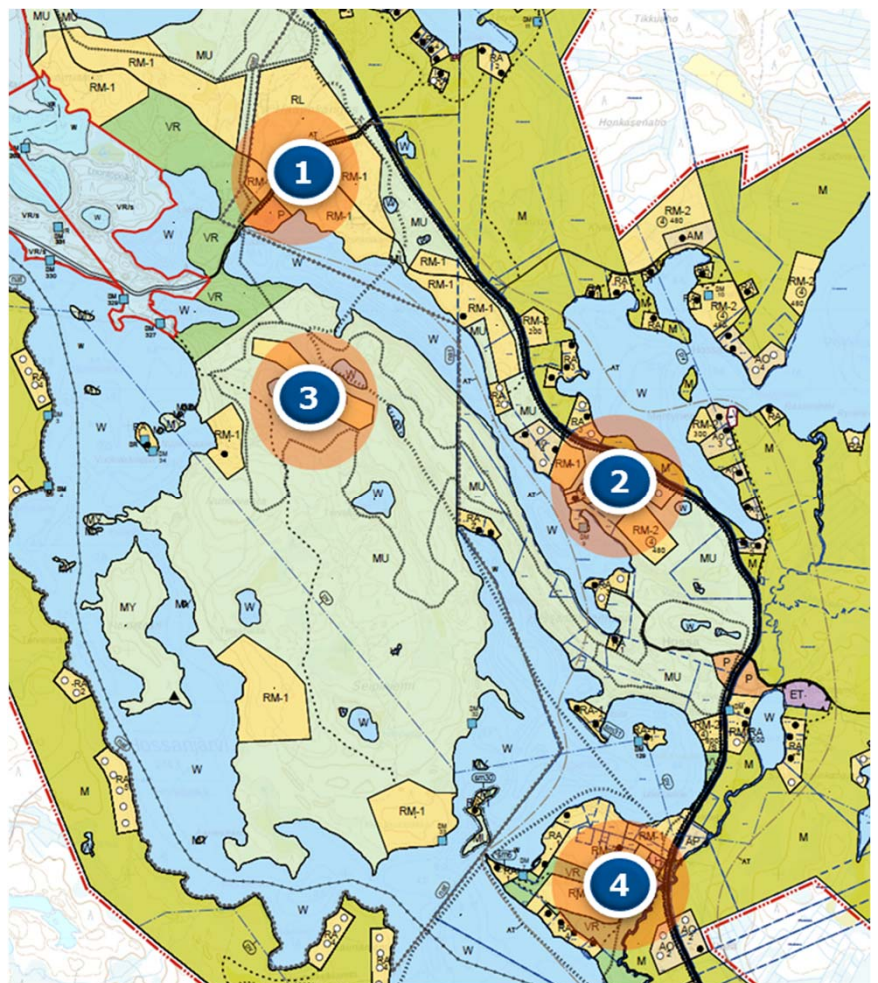


Accommodation investments in Hossa

Hossa tourist services include Hossa Visitor Centre, camping and caravan area Camping Hossan Lumo with summer shop, hotel Hossa Holiday Center, The Spirit of Hossa Seipiniemi (restaurant, accommodation and program services), Hossan Poropuisto (restaurant and reindeer farm visits) as well as cottage and holiday apartments offered by Paasovaara holiday cottages, Loma Hossa and Siirtola log cabins.

Locations for accommodation investments in Hossa are:

- **1. Visitor Centre area**
- 2. Välakangas
- 3. Seipiniemi
- 4. Hossanniemi



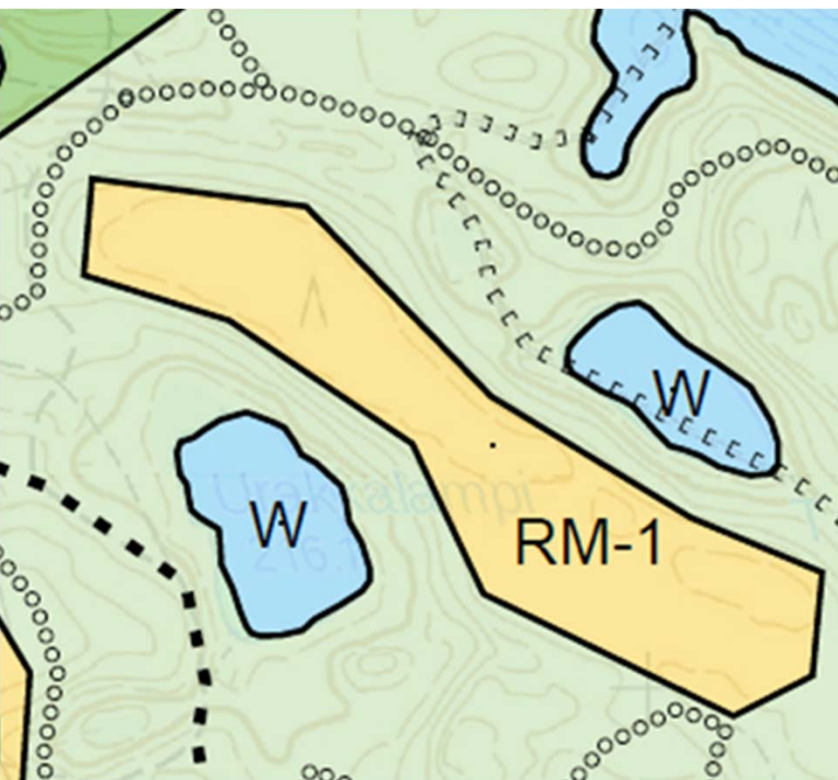
Seipiniemi

Description

Seipiniemi is being developed as a resort offering unique combination of activities, nordic way of life and accommodation. The investments in the area correspond to identified market trends and demand (such as individual tourism, sustainable tourism, safe nature experiences and unique accommodation trends).

In the proposed area it is possible to create a unique resort made up of a real nature experience in Hossa´s style – "nature luxury". The accommodation units are so called landscape cabins with large windows (feel of nature) and in large aspect the ecological aspects are taken into account.

The versatile nature activities and program services as well as the accommodation concept together form an internationally interesting nature tourism resort.



Kuva: Suomussalmen kunta



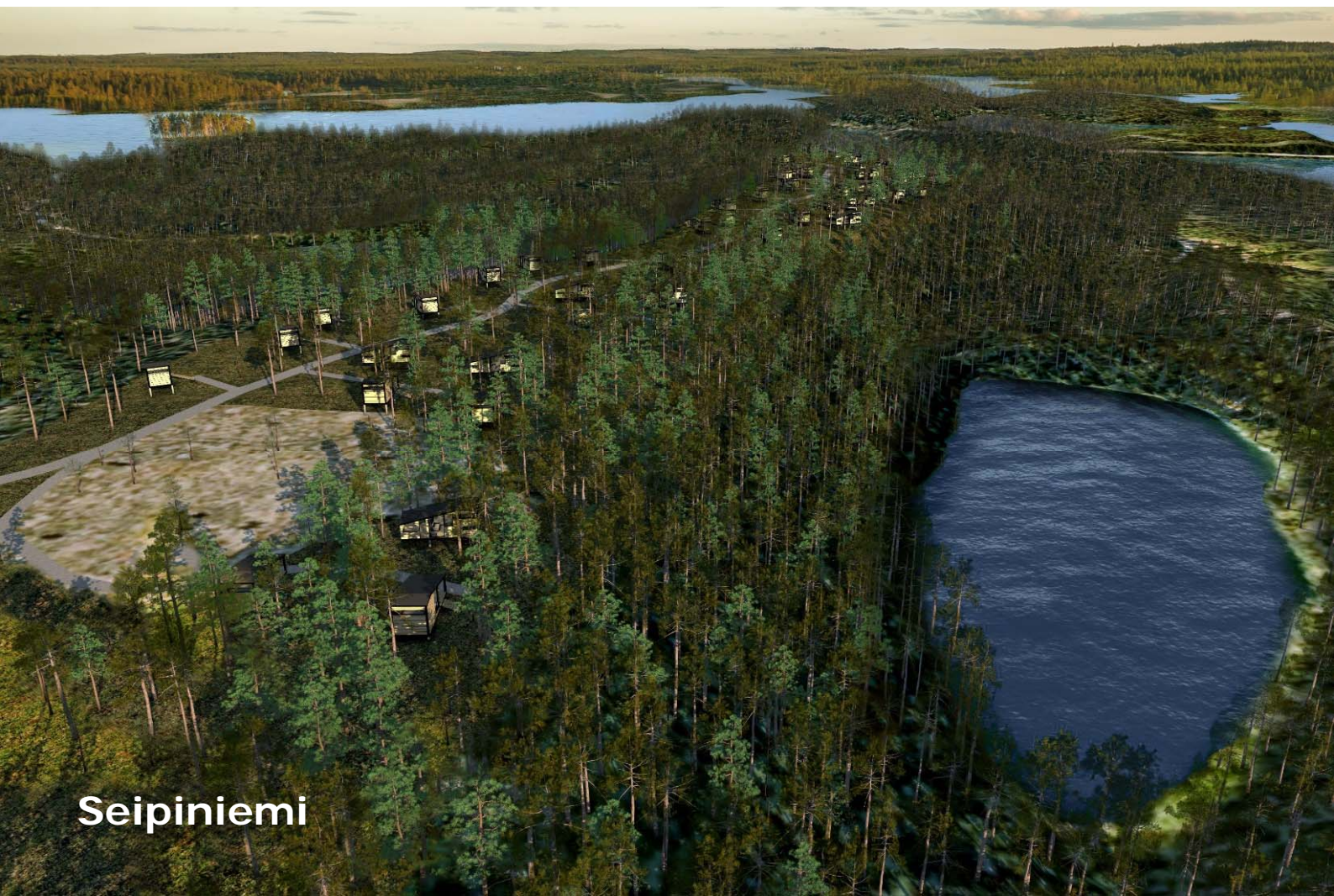


Seipiniemi

Wilderness Basecamp in brief

- A thematic accommodation, activity and service concept which is based on the versatile utilization of nature.
- The key values include slow life, peace of nature and learning from nature.
- In addition to accommodation various activities and service are offered all year around (winter and summer products). This may include:
 - Nature amenities: gathering food from nature and learning to prepare it: berries, mushrooms, fish, game, superfood, etc.
 - Finnish sauna experience: Finnish sauna traditions and sauna experiences
 - Wellbeing from nature: tar, peat, nature assisted treatment methods
 - Activities: summer and winter multi-activities, relaxation, silence and enjoying natural phenomena
 - Culture: traditions and local culture, handicraft, expression skills (poetry, painting, photography, music)
- Also rental equipment available for own use.





Seipiniemi

Business Opportunity

Wilderness Base camp

- Nature cottages (30 m² x 50 units, 1500 m²)
 - Service building 200 m²
 - Campfire sites and other structures close to accommodation
 - Total investment sum is around 3,4 M€.
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- Investors and operators are invited to implement the project.
 - The resort may be owned and operated also by several parties.
 - Metsähallitus owns the land and negotiates the terms for land use





Seipiniemi

Income statement: operator (tenant)

INCOME STATEMENT, 1000 EUR	Year 1	Year 2	Year 3	Year 4	Year 5
INCOME	1 697,3	2 046,9	2 142,8	2 368,9	2 510,6
CABINS	876,0	1 056,5	1 106,0	1 222,7	1 295,8
Rate per night, eur	120	121	121	122	122
Occupancy rate	40 %	48 %	50 %	55 %	58 %
<i>Persons/year</i>	<i>14 600</i>	<i>17 520</i>	<i>18 250</i>	<i>20 075</i>	<i>21 170</i>
ACTIVITIES AND SERVICES	383,3	462,2	483,9	534,9	566,9
Summer activities and equipment	127,8	154,1	161,3	178,3	189,0
<i>Activity, eur/person</i>	<i>50</i>	<i>50</i>	<i>51</i>	<i>51</i>	<i>51</i>
<i>Amount (%) of overnight visitors</i>	<i>35 %</i>	<i>35 %</i>	<i>35 %</i>	<i>35 %</i>	<i>35 %</i>
Winter activities and equipment	255,5	308,1	322,6	356,6	377,9
<i>Activity, eur/person</i>	<i>70</i>	<i>70</i>	<i>71</i>	<i>71</i>	<i>71</i>
<i>Amount (%) of overnight visitors</i>	<i>50 %</i>	<i>50 %</i>	<i>50 %</i>	<i>50 %</i>	<i>50 %</i>
OTHER SALES	438,0	528,2	553,0	611,3	647,9
<i>Catering</i>	<i>365,0</i>	<i>440,2</i>	<i>460,8</i>	<i>509,4</i>	<i>539,9</i>
<i>Other (sauna etc.)</i>	<i>73,0</i>	<i>88,0</i>	<i>92,2</i>	<i>101,9</i>	<i>108,0</i>
COSTS	-1 595,5	-1 757,2	-1 805,8	-1 912,5	-1 981,7
Raw materials and consumables	-473,4	-570,9	-597,7	-660,7	-700,3
External services	-84,9	-102,3	-107,1	-118,4	-125,5
Staff costs	-417,6	-459,6	-471,9	-499,4	-517,1
Other operating costs	-619,7	-624,3	-629,1	-633,9	-638,8
EBIT: Operating income	101,8	289,7	337,0	456,4	528,9
<i>Taxes</i>	<i>-20,35</i>	<i>-57,94</i>	<i>-67,41</i>	<i>-91,28</i>	<i>-105,78</i>
RESULT	81,4	231,8	269,6	365,1	423,1

- The results for the first five years are estimated to be positive. The profitability will improve as the occupancy rate rises.
- The profitability is also increased by the fact that in addition to the accommodation business, the operating company also has activity and other sales. For the owner the right choice of tenant is of great importance for the concept to be realized.



BASE ASSUMPTIONS FOR CALCULATIONS

- Calculation is based on tenant´s perspective
- Operational model
 - Investor / owner is responsible of real estate tax and insurance, land lease, depreciations and the repair costs of the building. The resort is leased out to a operator.
 - The tenant pays the business and operating costs of the resort (maintenance, cleaning, energy costs, etc.) and also the investments needed for operation (equipment and machinery)
- The income on business calculations comprise sales in accommodation, activities and other sales (catering service to cabins, sauna)
 - Occupancy rate: 1st year (40 %), 2nd year (48 %), 3rd year (52 %), 4th year (55 %) ja 5th year (stabilizes at the level of 58 %)
 - It is assumed that 35 % of overnight visitors buy summer activities (average rate 50 €/person) and 50 % winter activities (average rate 70 €/person)
 - It is assumed that all overnight visitors use catering and sauna service.
- Cost structures generally follow typical models in the hotel, restaurant, and leisure industry. Operating margins are assumed to improve within the review period. Calculations use Finnish industry classification 5510 (hotels) and 5520 (holiday villages, travel lodges, and similar accommodations) information. in the first year these costs from turnover are:
 - Raw materials and consumables: 28 %
 - External services: 5 %
 - Staff costs: 25 %
 - Other operating costs: 37 %
- Income tax 20 %
- It is assumed that there is no separate start-up phase, and the resort is fully operational from the start.
- These business calculations provide a general view from a pre-feasibility point of view.

