

INVESTMENT MEMORANDUM



Project: Redevelopment and repositioning of the existing hotel and restaurant

Location: Siem Reap, Cambodia

Total expenses: 3.393 thousand USD, including:

2025	2026	2027	2028	2029	2030	2031	2032
1.090	0.800	0.760	0.280	0.192	0.134	0.068	0.069

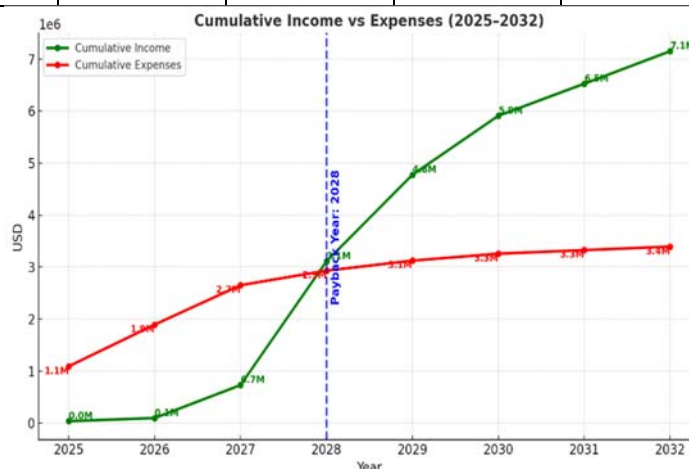
Net profit: 3.755 thousand USD with total revenue stream:

2025	2026	2027	2028	2029	2030	2031	2032
0.037	0.060	0.633	2.379	1.663	1.135	0.616	0.625

IRR: 35%

Project Execution Period: 2025-2032

Payback Period: Nov 2028



Total Investment Volume: 1,920 thousand USD

1. PROJECT DESCRIPTION.

Ra-Ta Boutique Hotel management is seeking a development partner interested in a high-return real estate investment based on a renovation of 3-star hotel.

The project's key advantage is its prime location in Siem Reap's historic district, just 15 minutes from the UNESCO-listed Angkor temple complex, Cambodia's main attraction, and within walking distance of the city center and the popular Pub Street tourist area.

Siem Reap, Cambodia's cultural capital, is the country's leading tourism hub and a stable destination for investment, attracting over 2.6 million temple visitors annually.





The Kingdom of Cambodia offers a dynamic, investor-friendly economy with:

- Average GDP growth of 5.3% over the past decade
- A dual-currency system with 15+ years of stable KHR/USD exchange rates
- No restrictions on cross-border capital transfers
- Low, transparent tax rates
- A legal framework based on French law
- Mortgage options for foreigners, 10-year investment visas with multiple incentives for foreign investors.
- Full property ownership rights and secure land ownership mechanisms for foreigners.

Despite a border conflict in May–June, 2025 represents an optimal entry point for the project, supported by Cambodia’s ongoing multi-year economic growth and the strong recovery of the region’s tourism appeal in 2023–2024, driven by the launch of a new international airport and the construction of the Phnom Penh – Siem Reap – Bangkok expressway.

2. PROJECT CONCEPT.

The project concept envisions expanding the development site through the acquisition of adjacent land plots, followed by a full-scale reconstruction and transformation of the existing infrastructure into a multifunctional apart-hotel with three apartment types:

- **Studios** – 32 sq. m,
- **One-bedroom apartments** – 50 sq. m,
- **Two-bedroom apartments** – 78 sq. m.

The architectural and planning solutions of the complex will establish a pedestrian route linking Preah Sihanouk Avenue, the city’s hotel street, with the River Side recreational zone. This will enhance accessibility and attractiveness of the apart-hotel while also creating potential for further development opportunities by the project company. The project is based on the use of renewable energy sources and energy-efficient solutions, which will be seamlessly integrated into the landscape, help reduce operating costs and develop the infrastructure of an entire area of the district.

3. INVESTMENT OPTIONS AND FINANCIALS.

Total project cost: **USD 3,393,000**, including:

- **USD 1,920,000** – direct equity investment through the purchase of a stake in the development company (*Option 1 – Equity Participation*);
- **USD 1,473,000** – funded through bank loans, revenues from the existing hotel and restaurant, and proceeds from apartment sales during the construction phase (*Option 2 – Debt & Pre-Sales Participation*).

	Project expenses (thousand USD)			
	2025	2026	2027	2028-2032
Purchase of the existing property and neighboring land plots	1.050	0	0	0
Design, project promotion, and operations of the development company	41	100	41	41
Construction	0	700	711	0
Taxes	0	1	6	702

The project's profit is generated through the sale of apartments at a fixed price of USD 2,250 per sq. m, along with revenue from the operation of service infrastructure and the management of the apartment pool under an “apart-hotel” model. Construction is planned in phases to maintain partial functionality of the existing hotel and restaurant. This approach will allow for a swift recovery of customer flow, supporting the promotion and sales of completed apartments.

	Project incomes (thousand USD)				
	2025, 2026	2027	2028	2029	2030-2032
Existing hotel and restaurant profit	97	-	-	-	-
Apartments sales	0	633	2.103	1.368	1.368
Apartments rental and ancillary revenues	-	-	253	186	399
Bank deposit	-	-	23	108	610
Total:	97	633	2.379	1.662	2.377

The project provides for both direct apartment sales and an investment model with a Guaranteed Rental Return (GRR), under which owners receive a fixed annual income (at least 6.5% of the apartment's value) by transferring their property to the apart-hotel management. An additional incentive under the GRR model is the Guaranteed Buyback (GBB) option, allowing the developer to repurchase apartments from owners at 107.5% of the purchase price at any time after the apart-hotel begins operations. This structure ensures that owners achieve a 40% return on investment if they choose to sell their apartment after five years of ownership. The project's high IRR is driven by the requirement to maintain sufficient liquidity for timely apartment buybacks.

4. PAYBACK PERIOD.

Investments under Option 1 are expected to break even in 2028 — one year after the planned completion of construction and the launch of apart-hotel operations.

If all apartments in the complex are purchased under the GRR model and owners subsequently choose to sell their property back under the GBB scheme, the developer recovers all costs by the 6th year of the apart-hotel's operation, once again becoming the 100% owner of the units previously sold under GRR.

The net annual profit of the apart-hotel is projected to range from USD 120,000 (assuming 75% of units are acquired under GRR) to USD 386,000 (assuming 75% of all apartments remain owned by the developer).

5. MARKET OVERVIEW: COMPETITION AND RISKS.

At present, the project faces no direct competition, as most development activity in Cambodia is concentrated in the capital. A comparable project in Siem Reap, completed in 2023, sold out within 18 months after construction at an average price of USD 2,350 per sq. m, with 80% of units purchased under the GRR model. The developer plans to launch its next project in 2027.

The focus on renewable energy and energy-efficient solutions distinguishes the project by optimizing operational expenses, making it more competitive and cost-effective.

6. CONTACTS.



Please contact the hotel's management using the details provided to obtain additional information and discuss potential partnership terms

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