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# **Project Novosibirsk**

*Information Memorandum*

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# Agenda

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**Country Overview**

**City Overview**

**Project Overview**

## General Information

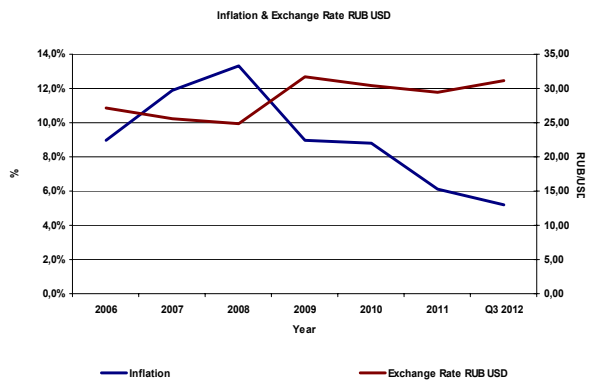
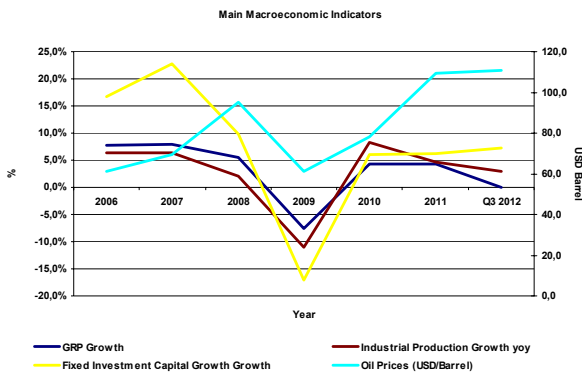
<b>Country</b>	Russia
<b>Capital</b>	Moscow
<b>Official Languages</b>	Russian
<b>Ethnic Groups</b>	81% Russians 3.7% Tatars 1.4% Ukrainians 1.1% Bashkirs 1% Chuvashes 11.8% others
<b>Government</b>	Federal semi-presidential constitutional republic
<b>Surface (sqkm)</b>	17.075.400
<b>Population</b>	142.517.670 (Juy 2012 est.) 8,3 per sqkm
<b>Currency</b>	Ruble (RUB)
<b>Age Structure</b>	0-14 years: 15.2% 15-64 years: 71.8% 65 years and over: 13%
<b>Median Age</b>	38,7 years
<b>Population Growth Rate</b>	-0,48%
<b>Death Rate</b>	1,6%
<b>Sex Ratio</b>	0.85 male/female



## Economic Framework (1/2)

- The main macroeconomic indicators show that Russian economy came out of the acute phase of the crisis. Reasonable monetary policy and substantial financial reserves have protected Russia from deeper consequences of possible external negative influence. The increase in oil and gas prices has provided additional support for the economy.
- Restoration of the consumer market was supported by increasing incomes per capita, by the changing situation in the consumer finance sector and by stabilization of the situation on the labor market.

	2006	2007	2008	2009	2010	2011	Q3 2012
GRP Growth	7,7%	8,0%	5,6%	-7,5%	4,3%	4,3%	N.a.
Industrial Production Growth yoy	6,3%	6,3%	2,1%	-11,0%	8,2%	4,7%	2,9%
Fixed Investment Capital Growth Growth	16,7%	22,7%	9,8%	-17,0%	6,0%	6,2%	7,2%
Inflation	9,0%	11,9%	13,3%	9,0%	8,8%	6,1%	5,2%
Occupancy Rate Average	92,8%	93,9%	93,6%	91,7%	92,5%	93,4%	94,7%
Oil Prices (USD/Barrel)	61,2	69,5	95,1	61,0	78,2	109,4	111,0
Exchange Rate RUB USD	27,19	25,58	24,86	31,74	30,39	29,41	31,15



## Economic Framework (2/2)

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Today the Russian economy, with about 1,700 billion dollars, is the ninth in the world in nominal terms and, according to some estimates, the sixth in terms of purchasing power parity (PPP Purchasing Power Parity).

### ***GDP***

After showing an impressive growth - seven percent per year from 1999 to 2007 and a record eight percent during the first half of 2008, the Russian economy has fallen into recession with the beginning of global crisis. One of the main indicators of this fact was the decline in GDP of 7.5%. However, since the third quarter of 2009, key indicators have started to show positive trends. In 2010 and 2011, GDP has grown by 4.3% per year, which suggests that the situation in the Russian economy has stabilized.

### ***Industry***

In first nine months 2012, the industrial production grew by 2.9% compared with January-September 2011. Manufacturing industry rate grew in comparison with the first three quarters 2011 and amounted to 4.5%.

A revival of consumer demand supports positive dynamics of production.

### ***Consumer Demand***

The growth of retail trade turnover amounted to 6.3%, what is 4.6% higher than in the same period of 2011.

The decrease in net savings and high availability of consumer credits has contributed to the stable growth in turnover since the beginning of the year.

In addition, the growth in demand was based on income growth. Real wages in Q3 2012 versus the same period last year grew by 9.4%.

### ***Investments***

According to Rosstat, the increase in investments in fixed assets in January-September 2012 was 7.2% comparing to the same period of 2011.

In September investments in fixed capital in Russia decreased by 1.3% in annual terms. Decrease in investment activity was accompanied by a reduction in "Construction" activity by 1.3% in August 2012.

### ***Unemployment***

In 2012, the situation on the labor market has continued to improve - the number of unemployed in Q3 2012 averaged to 5.3% of the economically active population.

Since September there has been a seasonal trend of increased unemployment. Overall unemployment in September increased by 30 thousand people compared to August 2012.

### ***Inflation***

Consumer inflation in Q3 2012 has increased and reached 5.2% (4.7% - a year ago).

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## General Information

<b>City</b>	Novosibirsk
<b>Federal District</b>	Novosibirsk Oblast
<b>Surface (sqkm)</b>	502,1
<b>Population</b>	1.498.900 2.935 per sqkm



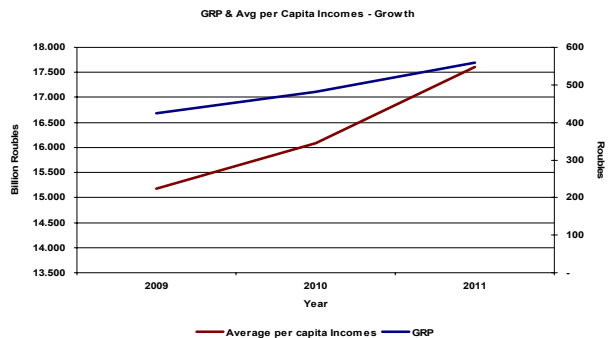
- Novosibirsk is the administrative center of the Novosibirsk Region as well as Siberian Federal District; it is located in the southwestern part of Siberia at the banks of the Ob River and it occupies an area of 502.1 sqkm.
- Novosibirsk is the largest industrial center in the Russian Federation and the largest city in Siberia; with a population of about 1.498.900 inhabitants (56% of the total population of Novosibirsk Oblast) it is the third most populous city in Russia, after Moscow and St. Petersburg.
- Novosibirsk is the most important transportation junction in Siberia. Novosibirsk connects Siberia, Far East, Central Asia and the European regions of Russia. Human and trade flows contribute significantly to the development of the city.
- The city is the main business, trade, financial and scientific center of the Asian part of Russia and one of the most important cultural center of Russia.
- Novosibirsk region was assigned with BB+ rating on the international scale with a stable outlook and AA (rus) on the national scale, with a stable outlook by international rating agency Fitch Ratings. The latest revision of the rating took place on 11 May 2012.



## Economic Framework

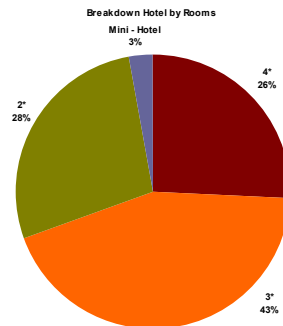
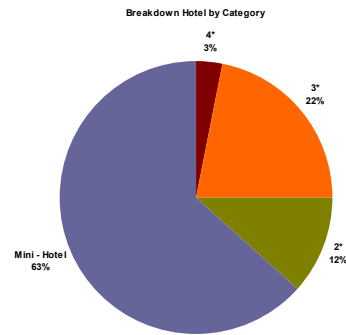
- Year by year, Novosibirsk highlights positive economic dynamics: in the last year it is one of fastest growing city in the world.
- In 2011, the Gross Regional Product (GRP) is about 559 Billion Roubles (\$ 19 Billion), highlighting an average growth rate over the last three years of about 15%.
- As mentioned in the previous slide, Novosibirsk is an important industrial center, despite the lack of precious mineral resources. In particular, the industrial complex consists of 214 large and medium industrial enterprises.
- These companies produce more than two thirds of all industrial output of the Novosibirsk region.
- Leading industries are the electric power industry, gas supply, water supply, metallurgy, metal working, and mechanical engineering.
- Currently, the unemployment rate is 5,2%, over the last three years it has decreased of about 3%. At the end of July 2012, the monthly average income per capita is about 17.813 Roubles (\$ 560).
- In the last five years there has been an intensification of the city urban development, the real estate sector has showed high rates especially in housing and public/administrative facilities construction. Novosibirsk was in its building boom, when so-called global financial crisis began.
- In 2011, investments in fixed capital amounted to 142 Billion Roubles (\$ 5 Billion), increasing if 20% yoy in the last three years.
- Foreign investments increases considerably in the last years, the biggest share of the foreign capital goes to following sectors: science and high-tech manufacturing, infrastructure of tourism and recreation and construction of community facilities.

	2009	2010	2011	Q3 2012
GRP (Billion Roubles)	424	482	559	-
Occupancy Rate (%)	90%	92%	93%	95%
Average per capita Incomes (Roubles)	15.177	16.090	17.602	17.813
Residential Property Construction (Thousand sqm)	1.212	1.364	1.505	304
Investment in Fixed Capital (Billion Roubles)	101	107	142	63



# Hotel Market

- At the beginning of September 2012, the hotel market accounts for 68 structures with a total capacity of 2.394 rooms.
- In particular the hotel market is composed by:
  - > 2 four stars hotels → capacity: 618 rooms;
  - > 15 three stars hotels → capacity: 1.045 rooms;
  - > 8 two stars hotels → capacity: 665 rooms;
  - > 43 mini hotels → capacity: 66 rooms.
- Today, in Novosibirsk there is not a five stars hotel.
- Four stars hotels account a market share of 3% in terms of structures and 26% considering the room capacity.
- The hotel room index is about 1,7 rooms per 1.000 inhabitants, the European average room index is about 7 rooms per 1.000 inhabitants.
- The main share of visitors of the city is represented by business tourists (70% - 80%).
- The occupancy over the year is stable, the annual average occupancy rate is about 50% - 60%.
- The average room rate for Doubletree by Hilton 4\* is 200 Euro per night/room.



*Stable demand among business tourist (no seasonality).*

*One of the most important cultural center of Russia .*

*Strong demand of qualitative hotels with high level of services.*

***Why a Luxury Hotel in Novosibirsk?***

*Opening of an innovative biotechno park in 2015.*

*Lack of competition - Only one international hotel chain operator.*

*Dynamically developed sphere of business events (exhibitions, conferences).*

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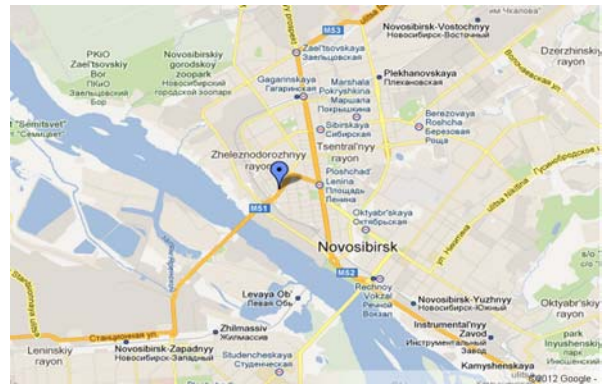
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## The Project

- The project concerns the construction of an high level hotel in Novosibirsk: the Hotel Domina Novosibirsk (hereinafter the "Hotel" or the "Structure").
- The Hotel will be a eleven storey building and it will open on 2014.
- The Hotel will be a four stars hotel, located in the centre of Novosibirsk close to the Lenin Square, the Opera Theater and the Red Flame Theater.
- The Structure will be strategically located: Tolmachevo Airport a 30 minutes drive away and the rail road station 5 minutes' walk from the Hotel.



- The Structure will offer relaxing atmosphere and friendly and modern services.
- The Hotel will have 217 rooms, consistent with the highest quality standard in the industry:
  - 204 standard;
  - 9 semi-luxury;
  - 4 luxury.

## Key Information

<b>Hotel</b>	Hotel Domina Novosibirsk
<b>City</b>	Novosibirsk, Russia
<b>Rating</b>	Four stars
<b>Opening Date</b>	2014
<b>Number of Rooms</b>	217
<b>Room Features</b>	Air conditioner, mini-bar, safe, telephone, cable/satellite television, free Wi-Fi Internet.
<b>Services</b>	Concierge, day-and-night Reception desk, business centre services, 24-hour room servicing, locker room, laundry services, the cot, breakfast, subterranean parking.
<b>Restaurant</b>	Number of seats: 120.
<b>Bar</b>	Number of seats: 100.
<b>Shop</b>	Hair Salon.
<b>Congress Center</b>	Two congress centers: <ol style="list-style-type: none"><li>1. Number of seats: 54;</li><li>2. Number of seats: 32.</li></ol>
<b>Fitness Center/Spa</b>	Fitness equipment, saunas and jacuzzi.

