
Project St. Petersburg

Information Memorandum

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General Information

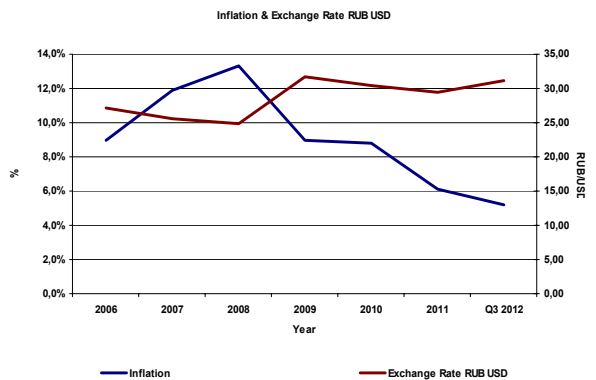
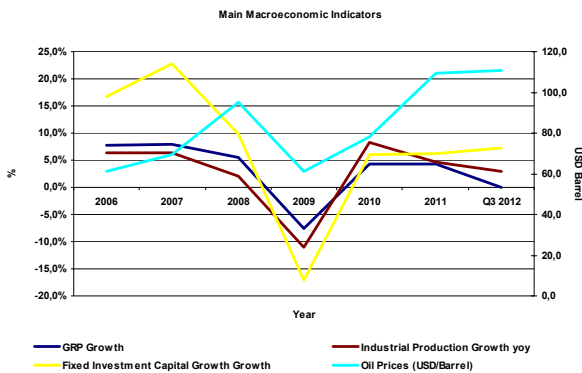
Country	Russia
Capital	Moscow
Official Languages	Russian
Ethnic Groups	81% Russians 3.7% Tatars 1.4% Ukrainians 1.1% Bashkirs 1% Chuvashes 11.8% others
Government	Federal semi-presidential constitutional republic
Surface (sqkm)	17.075.400
Population	142.517.670 (Juy 2012 est.) 8,3 per sqkm
Currency	Ruble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

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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City	St. Petersburg
Federal District	Northwestern
Surface (sqkm)	1.439
Population	4.879.566

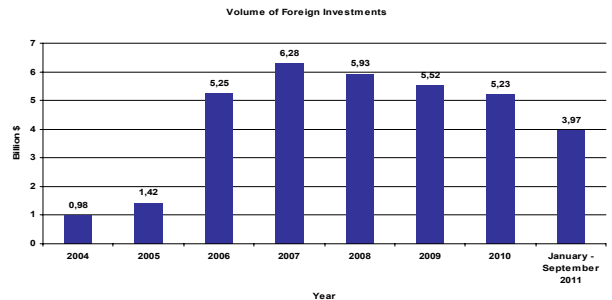
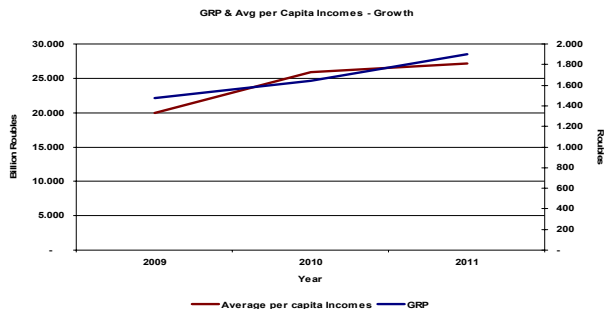


- St. Petersburg is located in northwest Russia on the Neva River, at the head of the Gulf of Finland on the Baltic Sea. Its location and proximity to European countries make it known as "The European Arch" of Russia.
- It is one of the most actively developing regions in Russia with a great potential economic growth due to the advantageous geopolitical position, well-developed transportation system and diversified economy.
- St. Petersburg is one of the major trade gateway, industrial and financial center of Russia: industrial production and tourism are major determinants of its economy.
- It is the largest city in the region and the second largest city in the country, covering an area of approximately 1.439 square kilometers. The population density is 3.3915 inhabitants per square kilometer.
- With a packed cultural program and a large number of world heritage sites, as well as a developing tourist infrastructure, Saint Petersburg has started to enter into the number of the world's leading centers of culture and tourism: in 2010 it takes the 7-th place among the most visited and popular cities of Europe.

Economic Framework

- During 2011, St. Petersburg's economy showed stable development. The Gross Regional Product in 2011 exceeded pre-crisis level and reached 13.7%. According to the Committee for Economic Development, Industrial and Trade Policy, in 2011, the Industrial Production Index reached 113.8%.
- The labor market registers an unemployment rate of about 0,4% and a monthly average income per capita of 27.013 Roubles (\$ 855).
- During the first nine months of 2011, foreign investments into St. Petersburg reached \$3.97 billion, which is 106.7% over the respective period in 2010.
- The biggest share of foreign capital goes to manufacturing industry, which was over 90% in 2010, whereas investments into real estate activities and construction totaled only 3.5% and 1.4%, respectively. Major investors are France (34%), Belarus (12%), South Korea (10%) and Belgium (8%).
- The property sector's outlook is turning positive, with a preliminary assessment showing an increased share of foreign capital going into construction and real estate activities. Stabilization of the financing sector contributed to the acceleration of residential construction. During 2011, the residential stock increased by 2.70 billion square meters, or 44,737 apartments. The annual growth registered was 2%, compared to the previous year.

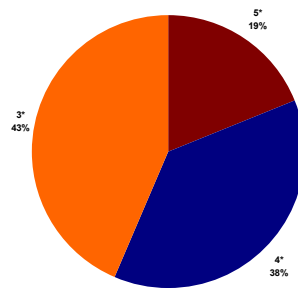
	2009	2010	2011	Q3 2012
GRP (Billion Roubles)	1.473	1.642	1.902	
Occupancy Rate (%)	99%	99%	100%	100%
Average per capita Incomes (Roubles)	19.937	25.897	27.146	27.013
Residential Property Construction (Thousand sqm)	2.603	2.657	2.706	1.420
Investment in Fixed Capital (Billion Roubles)	319	375	294	116



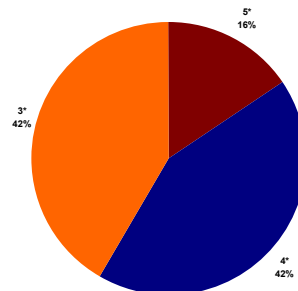
Hotel Market

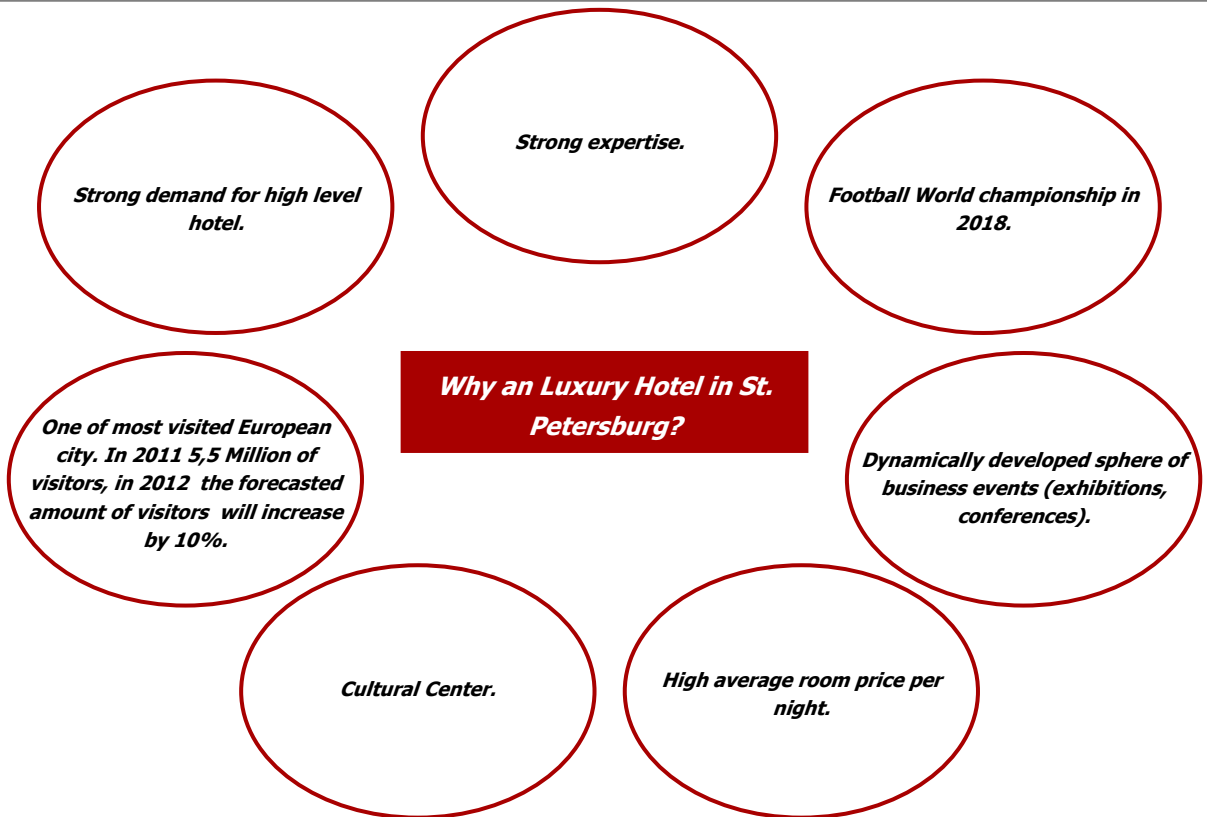
- At the third quarter 2012, there were 69 modern hotels operating in St. Petersburg, offering a total of 15.477 rooms in three, four and five stars categories.
- In particular the hotel market is composed by:
 - 13 five stars hotels → capacity: 2.420 rooms;
 - 26 four stars hotels → capacity: 6.627 rooms;
 - 30 three stars hotels → capacity: 6.430 rooms;
- The share of hotel rooms in the five and four stars categories already amounted to 58%.
- The hotel room index is about 6,8 rooms per 1.000 inhabitants, the European average room index is about 7 rooms per 1.000 inhabitants.
- The volume of domestic demand (Russian visitors), as previously, is greater than the volume of foreign guests. Around 52-55% of the inbound flow comprised Russian visitors and 45-48% were foreigners.
- One of characteristics of St. Petersburg hotel market is seasonality. Maximum occupancy of hotels is in June (the period of White Nights), and minimal occupancy is in the winter period. The average city-wide level of occupancy rose to 58% (in 2010, it was 52%).
- The average room rate for a five stars hotel is 270 Euro per room/night.

Breakdown Hotel by Category



Breakdown Hotel by Rooms





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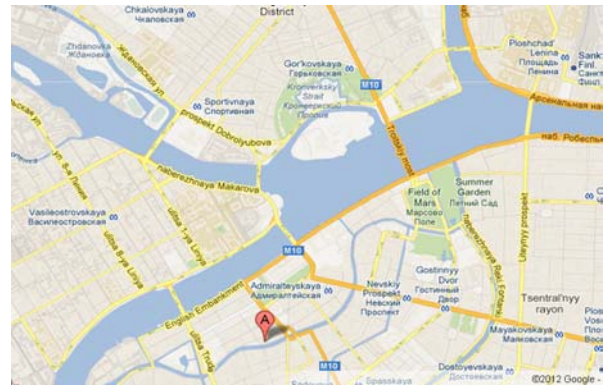
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The Project

- Domina Prestige St. Petersburg (hereinafter the "Hotel" or the "Structure"), an architectural site, is a seven storey building constructed in 1759.
- The Hotel is a five stars hotel, located in the centre of St. Petersburg on the Moika River Embankment, at the crossroads of cultural, business and social life of the city. St. Isaac's Square and the majestic St. Isaac's Cathedral are very close. The famous Mariinsky Theatre, the Palace Square and the Hermitage, Nevsky Prospekt and the modern cultural center on the New Holland Island are at the distance of a short walk through the historical center of St. Petersburg.



- The Structure was created on a concept of living based on the fundamentals of excellent service and sincere hospitality combined with unique style and contemporary design.
- The Domina Prestige St. Petersburg reopened on March 2012.
- The Hotel offers 108 rooms: 16 mansards, 77 improved, 12 lifestyle, 2 half-suites, president suite, rooms for disabled customers, smoker / non-smoker rooms.

Key Information

Hotel	Domina Prestige St. Petersburg
City	St. Petersburg, Russia
Rating	Five stars
Opening Date	March 1°, 2012
Number of Rooms	108
Room Features	Air conditioner, mini-bar, safe, 2-line telephone, tea and coffee station, library, premium class linen, cable/satellite television, free Wi-Fi Internet.
Services	Concierge, day-and-night Reception desk, business centre services, 24-hour room servicing, locker room, laundry services, the cot, breakfast.
Restaurant	<i>Arcobaleno</i> restaurant: Italian Fusion cuisine, buffet breakfast, lunches, seasonal menu, the wine card, children menu. Number of seats: 70.
Bar	<i>Nove</i> bar: the cocktail card, snacks menu, DJ, board games. Number of seats: 50.
Shop	Souvenir shop.
Congress Center	Atelier99 (63sqm) and Office99 (22sqm).
Fitness Center/Spa	Fitness equipment, saunas and jacuzzi.

