

HOTEL REAL ESTATE MARKET OVERVIEW

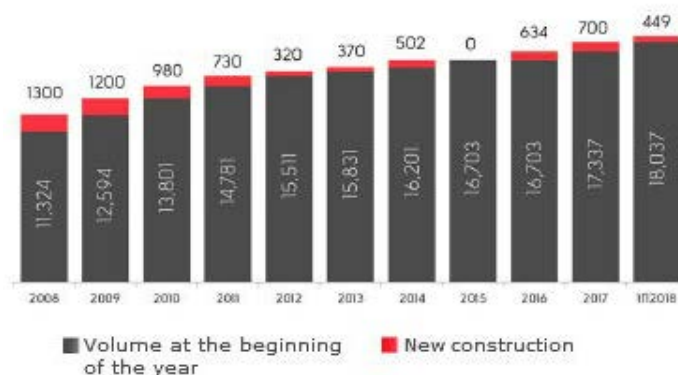


OFFER

The first half of 2018 in the hotel real estate segment has passed under an umbrella of final preparations to welcoming the FIFA World Cup 2018.

For the first 6 months of 2018, three projects with a total room capacity of 449 rooms were introduced to the market. The main increase took place in a 4-star segment, where offer increased by 291 rooms, thus a share of this type of hotels in a general structure of offer has been strengthened and is now equal to 53%.

Dynamics of hotel room capacity growth



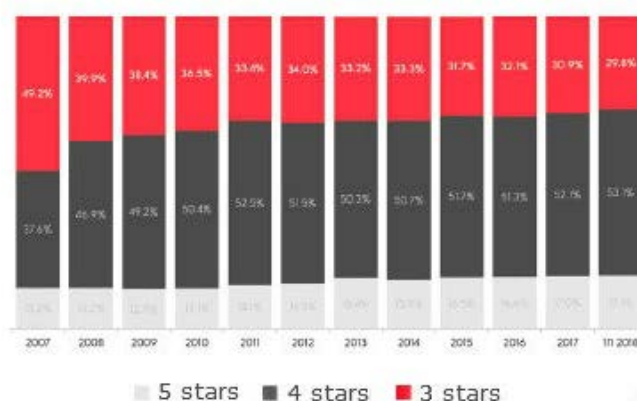
On the whole, the hotel real estate market of Saint Petersburg showed a high level of readiness for the most significant event over the last few years.

PROMISING OFFER

Over the past six months, there were announced plans on implementation of several hotel projects. Based on developers' plans, the following key projects can be highlighted:

- The owner of Piterland Shopping and Entertainment Centre is going to build a hotel for 550 rooms near the 300th Anniversary Park.
- Hilton, an international operator, has announced its plans to open two hotels by 2020: 100 rooms at 23, Fontanka Embankment, and about 150 rooms within the framework of the Docklands project (to be implemented in KIMa Prospect).

Dynamics of the hotel supply by classes



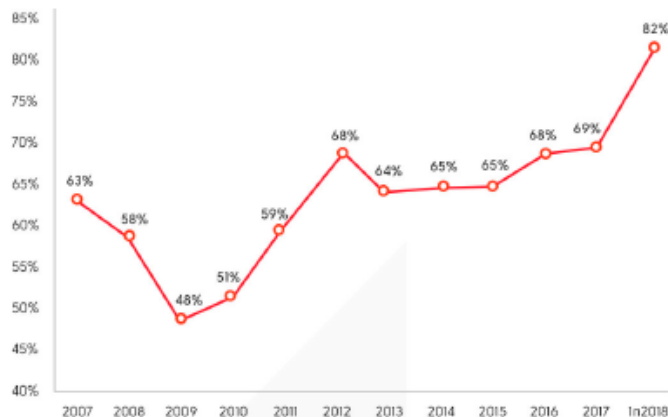
Thus, development of a hotel segment in Saint Petersburg will continue after the FIFA World Cup.

DEMAND

At the beginning of July, 2018, demand for accommodation in hotels is formed at the expense of the FIFA World Cup fans. The football matches hosted by Saint Petersburg have attracted a total of 300,000 fans. Prior to the end of the Championship, it is expected that this figure will be increase by another 100,000 people.

At the moment, accommodation facilities of all types are highly-demanded.

Dynamics of St. Petersburg's hotels occupancy



OCCUPANCY RATE

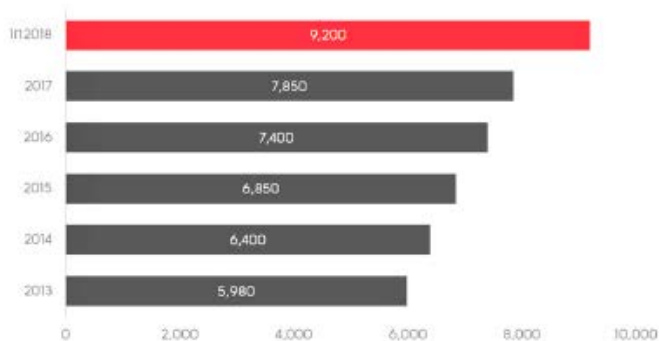
At the dates of the Championship matches, an average occupancy rate for hotels in Saint Petersburg is fixed at a level of 90-93%, which is a record for the market.

Over the first six months, an average occupancy rate reached 82%, which is a record number for the hotel segment in Saint Petersburg as well.

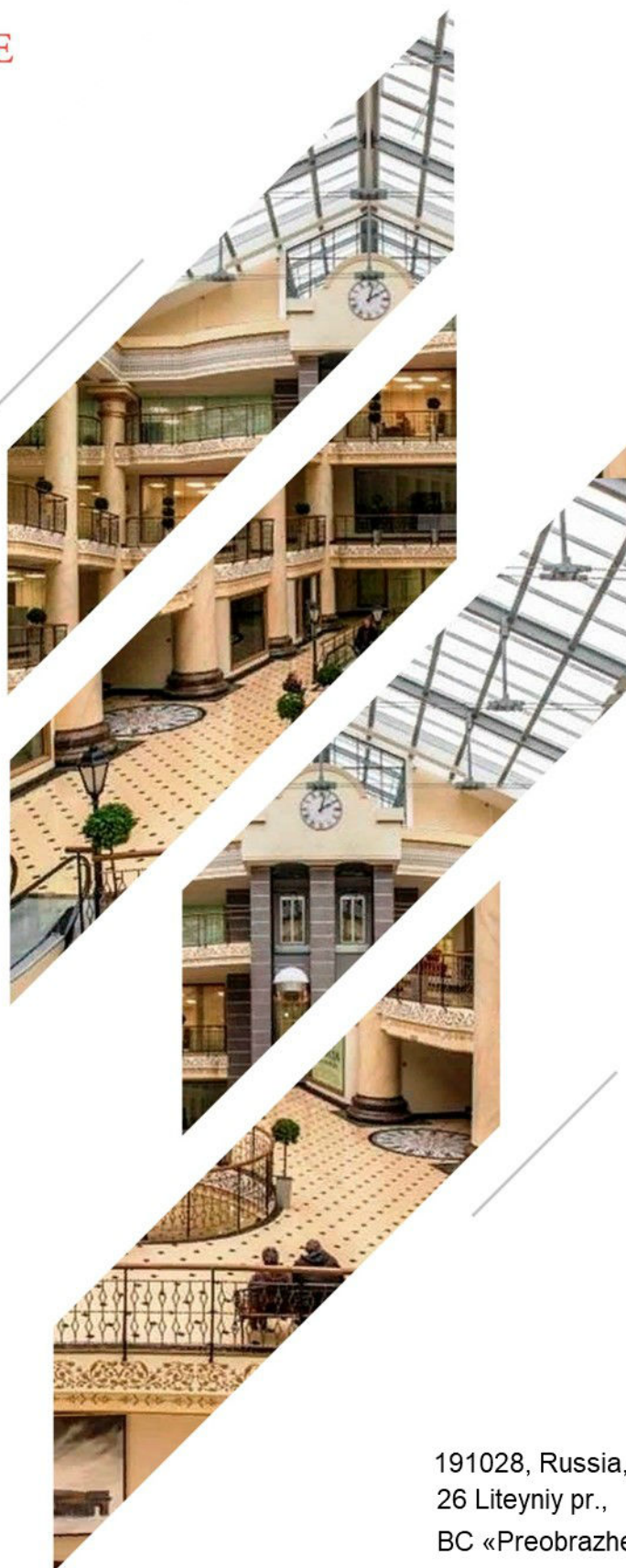
PRICES FOR ACCOMMODATIONS

For the period of the FIFA World Cup hosting, an average room rate in a hotel segment of Saint Petersburg was fixed at a level of 12,000 RUR. At that, for the first six months, this figure is at an average 9,200 RUR (against 5,200 RUR for the first quarter)

Dynamics of accommodation prices



The rate correction in the direction of growth was recorded in all the market segments, however, it is a usual situation for a high season, and the FIFA World Cup has additionally influenced the rate growth.



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