

REVIEW OF HOTEL REAL ESTATE MARKET

Results of the first half of 2019



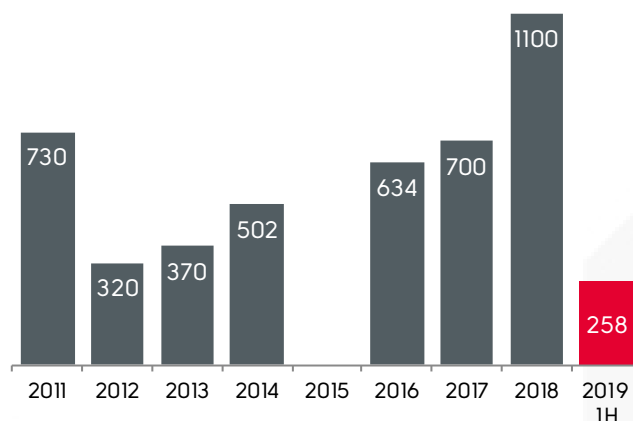
- In 2019, there forecasted no significant increase in quality hotel real estate offer.
- The total increase in a number of rooms for 2019 can be about 450 rooms, mainly due to local operators' hotels opening. As of June 2019, the total volume of quality hotel real estate offer remains at the level of 19,000 rooms.
- Entry flow is not expected to increase in 2019, according to forecasts. It will remain at the level of 8.5 million people, which is similar to the indicator of 2018.

**8 500 000 people -
the projected tourist
flow in 2019**

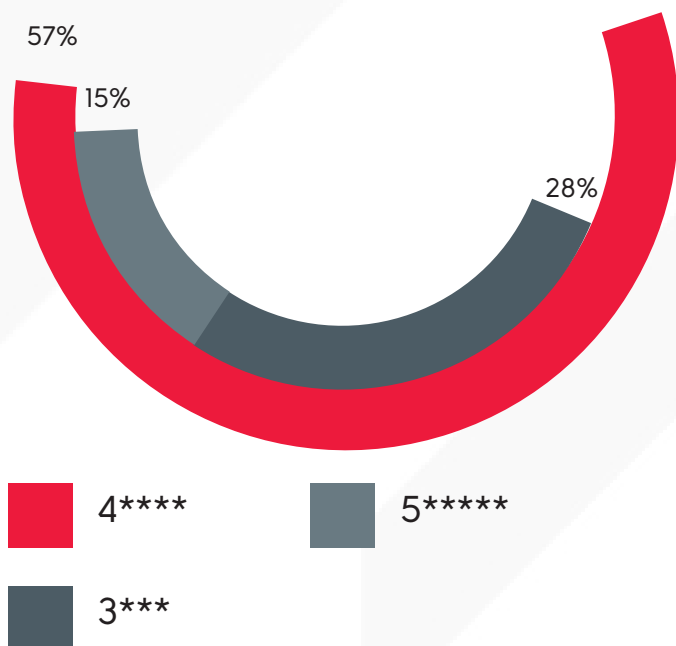
Tourist flow to St. Petersburg, million people



Dynamics of an increase in the number of rooms in St. Petersburg



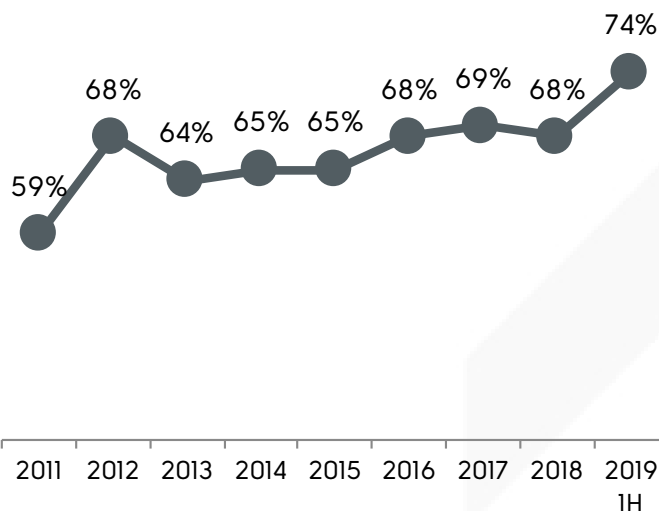
The structure of the hotel segment by class



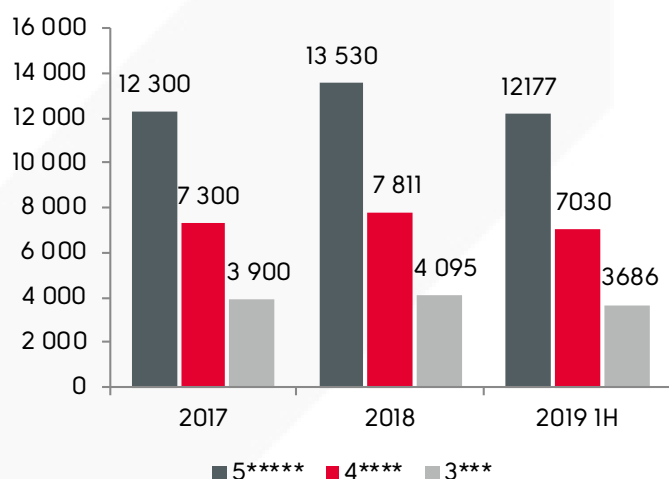
- The structure of the offer depending on a hotel class has not undergone any significant changes.
- As of June 2019, the volume of 5***** hotels is about 15%; a share of 4**** hotels is 57% of the total volume of high-quality offer; 3** hotels occupy a share of 28%.
- The share of 4-star hotels continues to increase. For the first half of 2019, the number of rooms increased due to the introduction of such 4-star hotels, as Station V18 and Mercure.

- In summer 2019, the occupancy of city hotels can reach 85%.
- Increase in hotel occupancy by an average of 10-15% compared to the same period in 2018 is due to the delayed demand that arose as a result of the World Cup 2018. Russian and foreign citizens interested in educational tourism, postponed plans to visit St. Petersburg for this year.
- Increase in occupancy is also due to the fact that in 2019 large increase in new offer as in 2018 is not expected.

Loading hotels in St. Petersburg



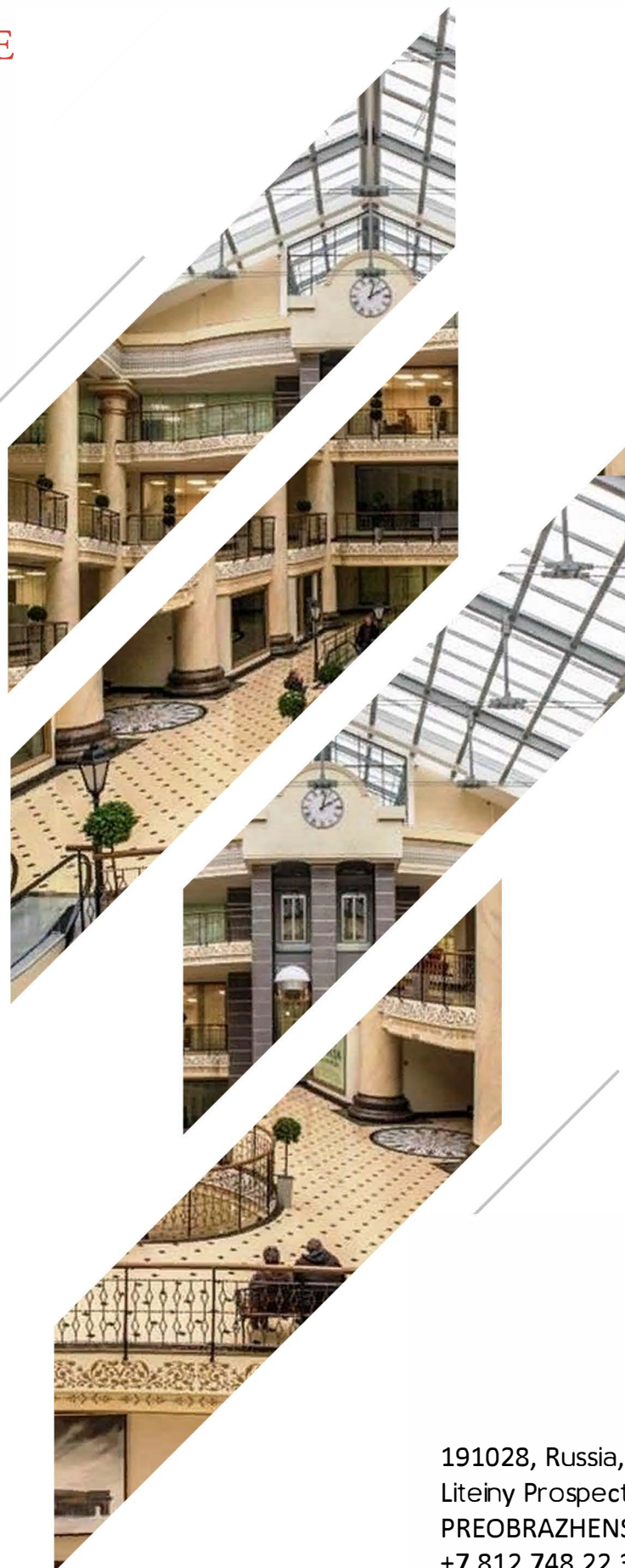
Prices for accommodation in hotels of St. Petersburg



- Within the first half of 2019, there was a reduction in accommodation rates due to increased offer of quality hotel real estate.
- As of June 2019, an average room rate is about 7,700 rubles.
- Reduction of an weighted average rate per room compared to 2018 is 10%.

Trends and Forecasts

- We expect a decrease in activity in the hotel segment with regard to new projects appearing for the next two years. According to our forecasts, the growth of the quality hotels market until 2020 will be not more than 500 rooms.
- An weighted average rate per room will undergo a slight downward correction.
- Average rates will be lower than last year ones by about 10%.
- Tourist flow will remain at the level of 2018. Against the developed infrastructure, we expect that by 2020 this figure may increase again due to the UEFA Euro 2020 holding. Considering a visa-free entry, a flow of foreign tourists may increase by another 25-30%.



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