



PLEASE MAKE UP THE ROOM

Your Guide to Branded Hotel Market in Russia, the CIS and Georgia | 2011

MARKET OVERVIEW

The recent economic crisis has slowed down hotel development in Russia and the CIS countries in 2010, but the continued imbalance of supply and demand, as well as general insufficiency of quality accommodation, still provides a strong need to expedite new projects. The problem of financing is still current, with many developments put on hold or cancelled altogether.

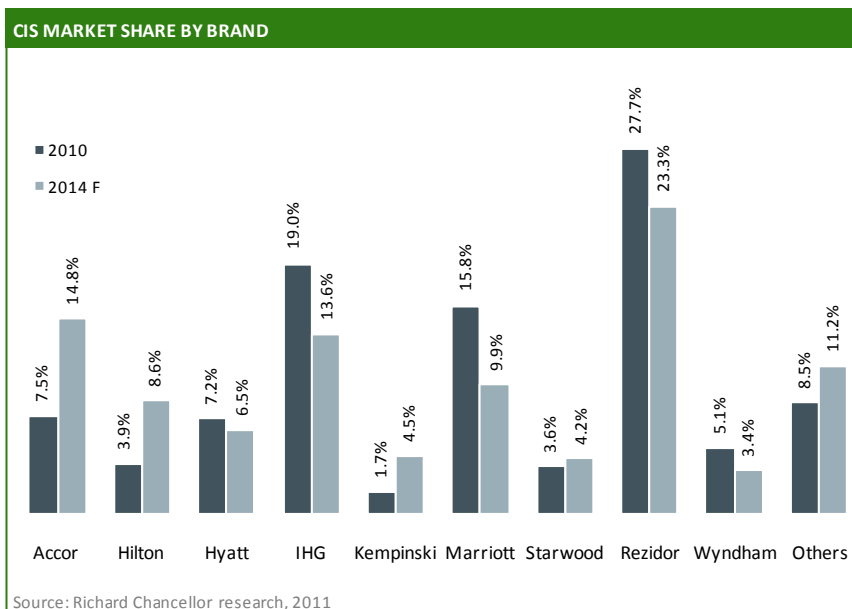
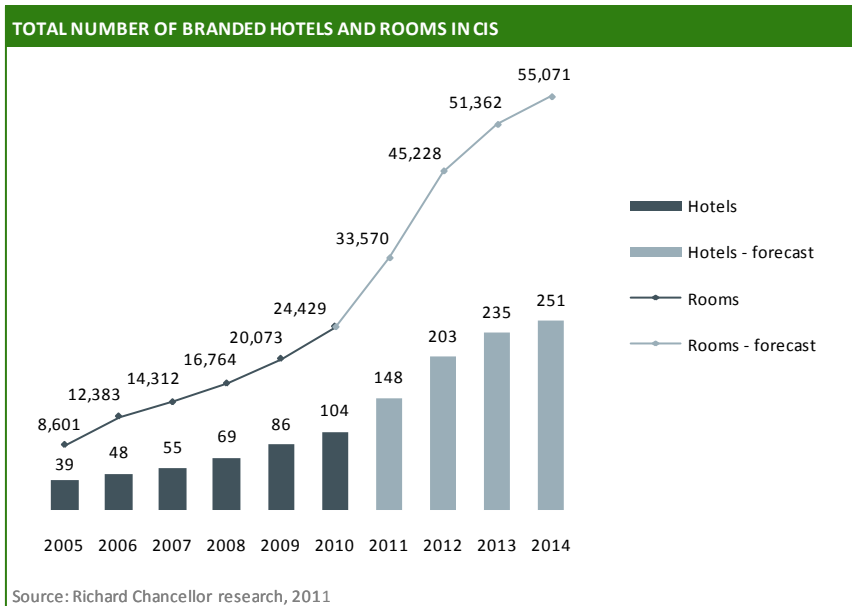
One of the major forces for hotel development in certain countries have become the forthcoming world sporting events. The approaching 2014 Winter Olympics have attracted international hotel operators to Sochi. The recent victory of Russia in the bid to host the Football World Cup in 2018 is a great opportunity for construction of quality hotels in several regions.

The Ukrainian hotel sector has been under a lot of pressure caused by strong demand for quality hospitality services prior to the UEFA EURO 2012. According to the latest reports, the country is on track with the Championship preparations, but they still experience some delays in construction of new projects, due to lack of financing.

Although Belarus is behind Russia and Ukraine in hotel development, the upcoming 2014 World Ice Hockey Championship has created a great prospect for hotel sector of Minsk. A couple of internationally branded hotels are in the pipeline here.

The main advantage of hosting sporting events is the improvement of the whole tourism infrastructure of host cities. It is very important for maintaining and increasing tourist inflow in the future, after the games are finished.

The gradual recovery from the financial crisis and the continuing demand for quality hotels of all scales across the CIS countries will hopefully bring back confidence to investors and developers in 2011. The countries will also need to work on simplifying and clarifying procedures in the construction sector and investment field in order to support new projects.

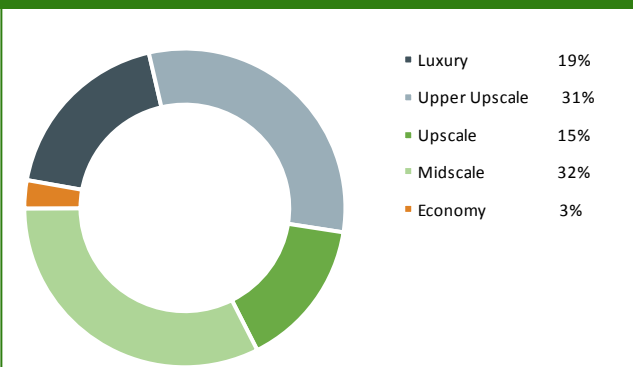


COUNTRIES COVERED:

| | |
|--------------|------|
| Ukraine | p 8 |
| Kazakhstan | p 10 |
| Russia | p 12 |
| Belarus | p 18 |
| Armenia | p 20 |
| Georgia | p 22 |
| Azerbaijan | p 24 |
| Moldova | p 26 |
| Uzbekistan | p 27 |
| Tajikistan | p 28 |
| Kyrgyzstan | p 29 |
| Turkmenistan | p 30 |

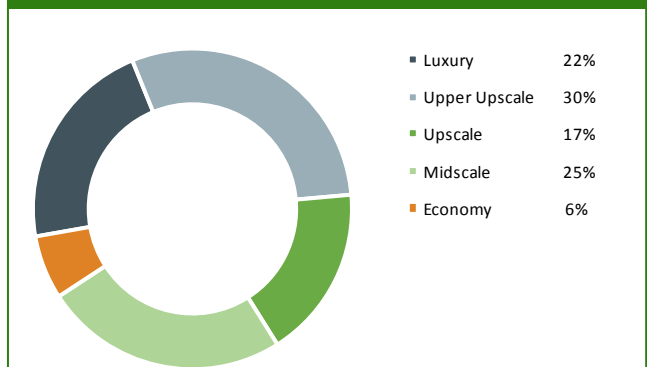
MARKET OVERVIEW

DISTRIBUTION OF BRANDED HOTEL ROOMS IN CIS BY SCALE, 2010



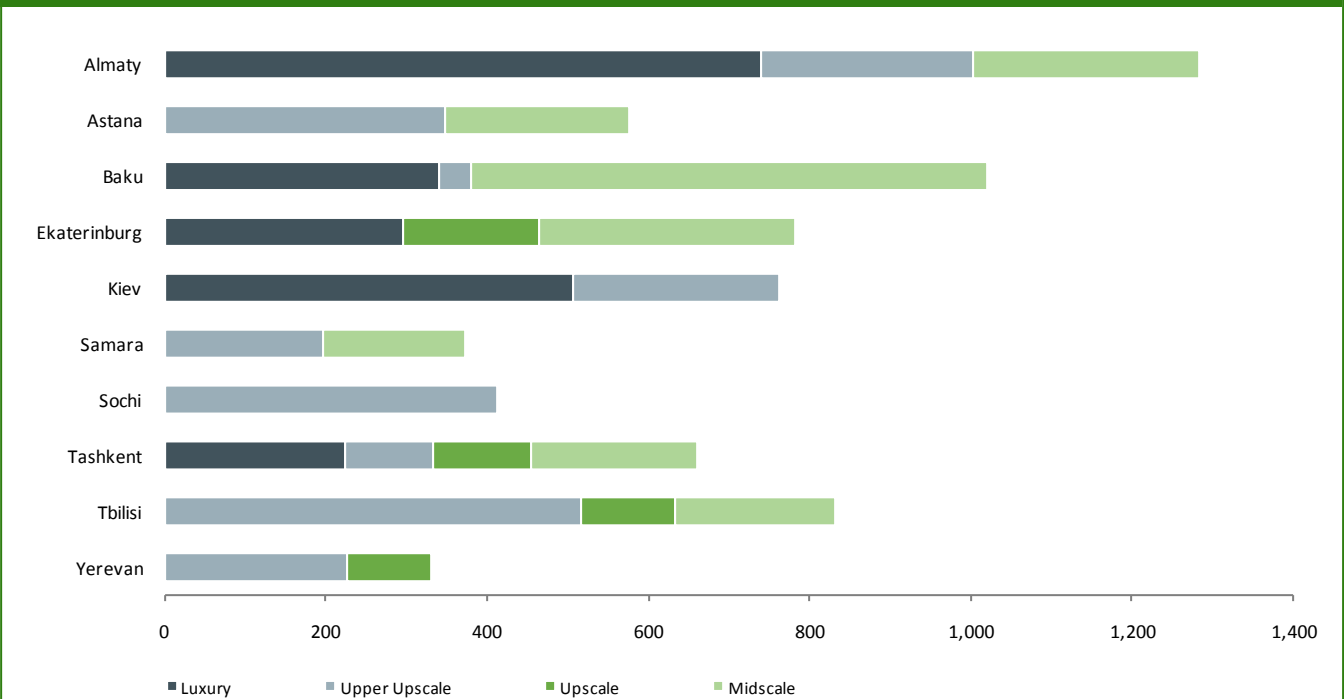
Source: Richard Chancellor research, 2011

DISTRIBUTION OF BRANDED HOTEL ROOMS IN CIS BY SCALE, 2014 F



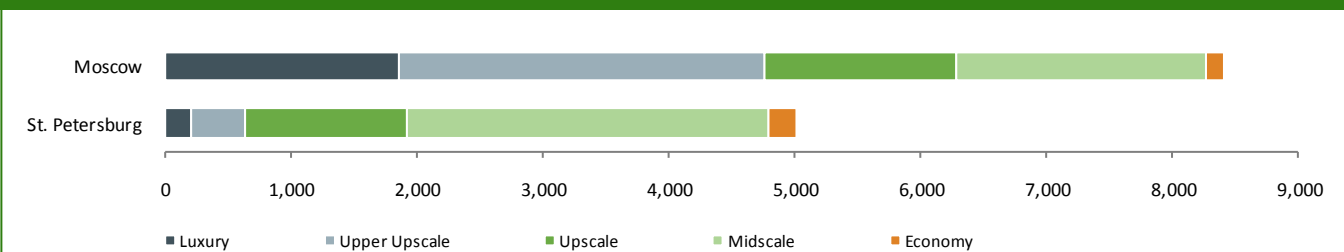
Source: Richard Chancellor research, 2011

DISTRIBUTION OF BRANDED HOTEL ROOMS BY SCALE IN MAJOR CITIES OF RUSSIA & CIS, 2010



Source: Richard Chancellor research, 2011

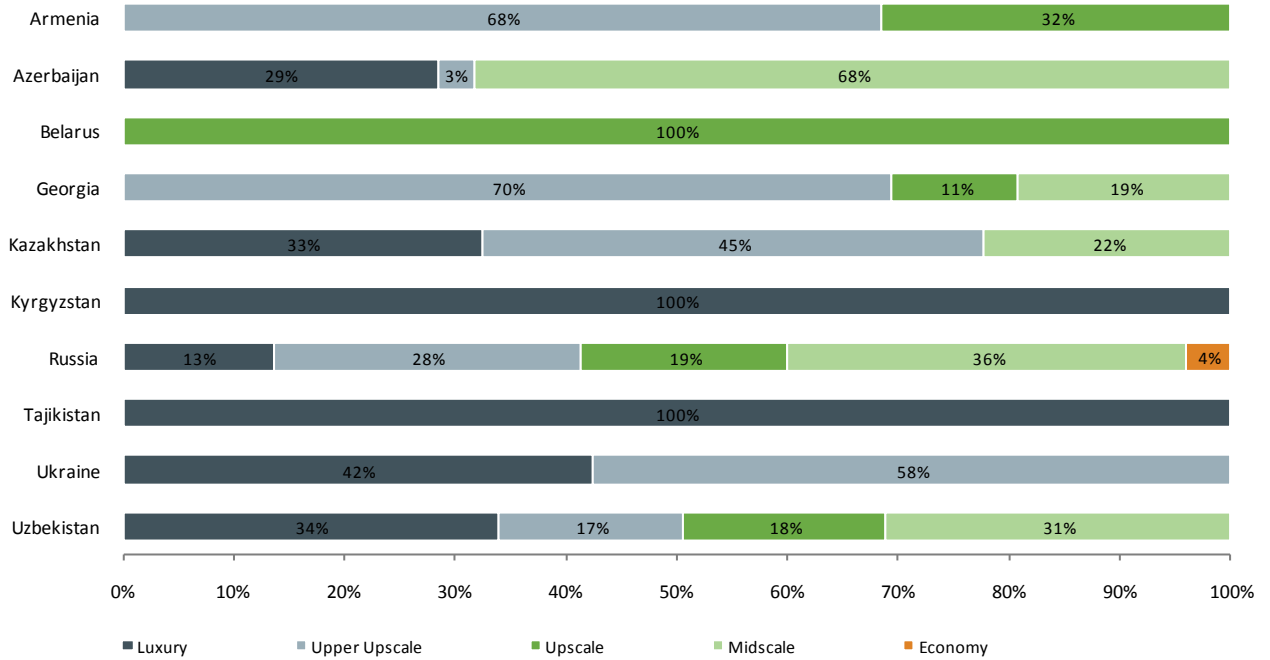
BRANDED HOTEL ROOMS BY SCALE IN MOSCOW AND ST. PETERSBURG, 2010



Source: Richard Chancellor research, 2011

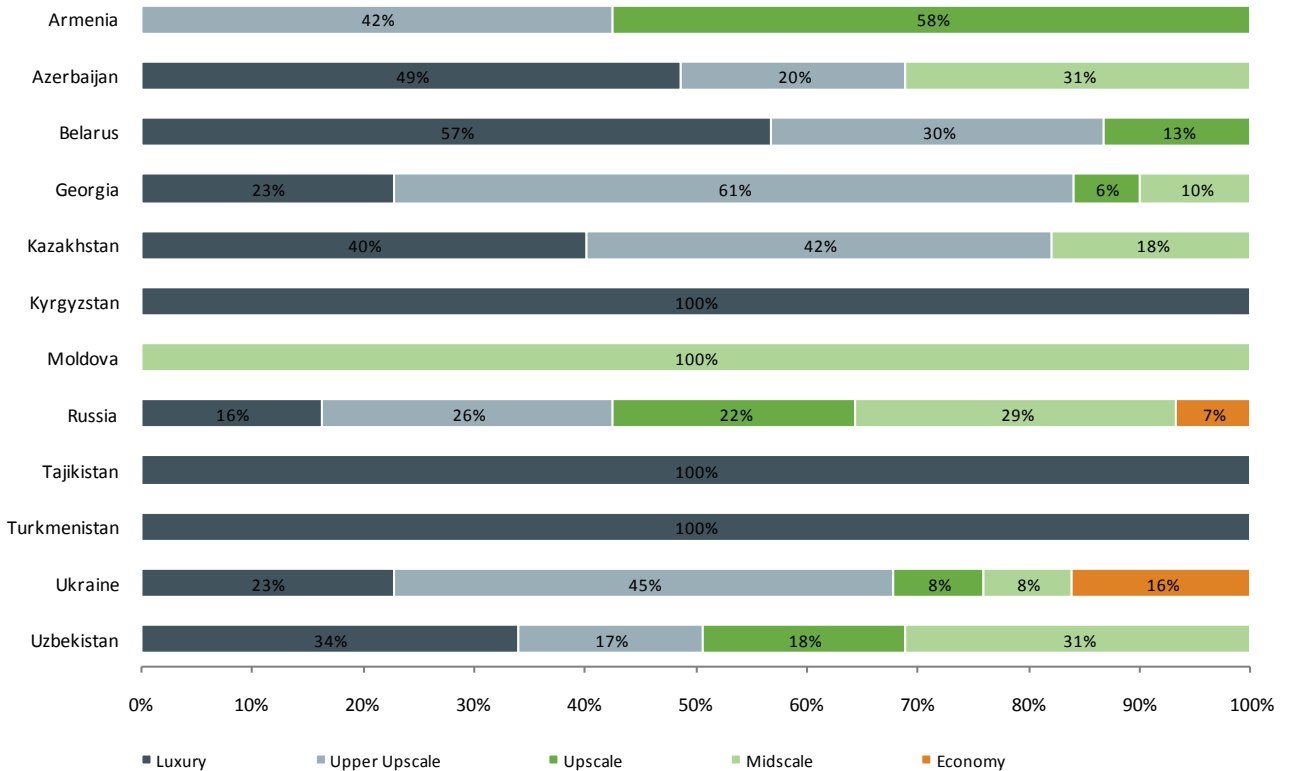
MARKET OVERVIEW

DISTRIBUTION OF BRANDED HOTEL ROOMS, 2010



Source: Richard Chancellor research, 2011

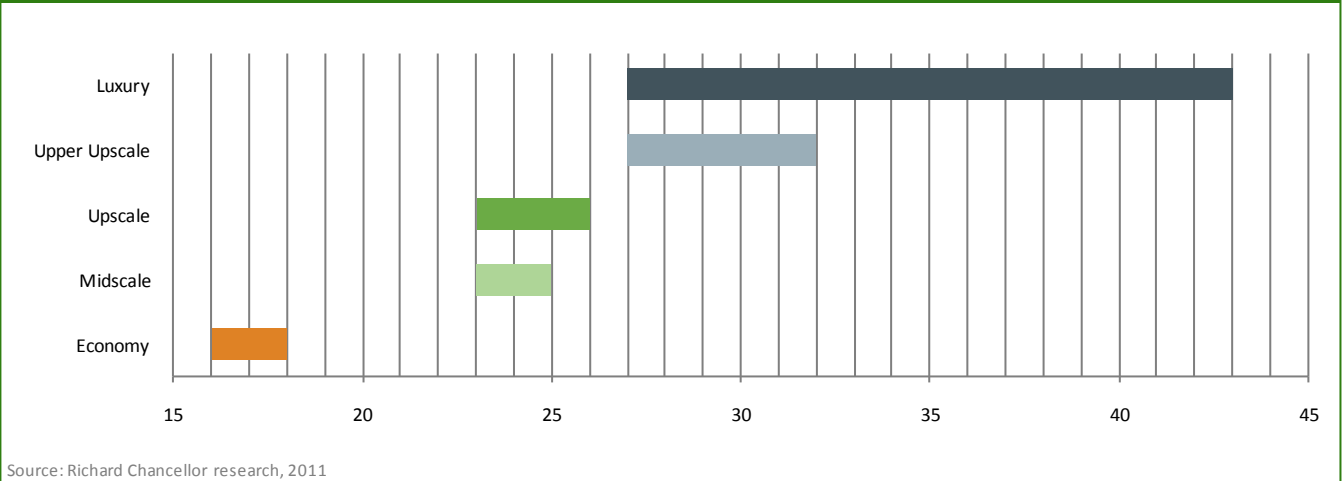
DISTRIBUTION OF BRANDED HOTEL ROOMS, 2014 F



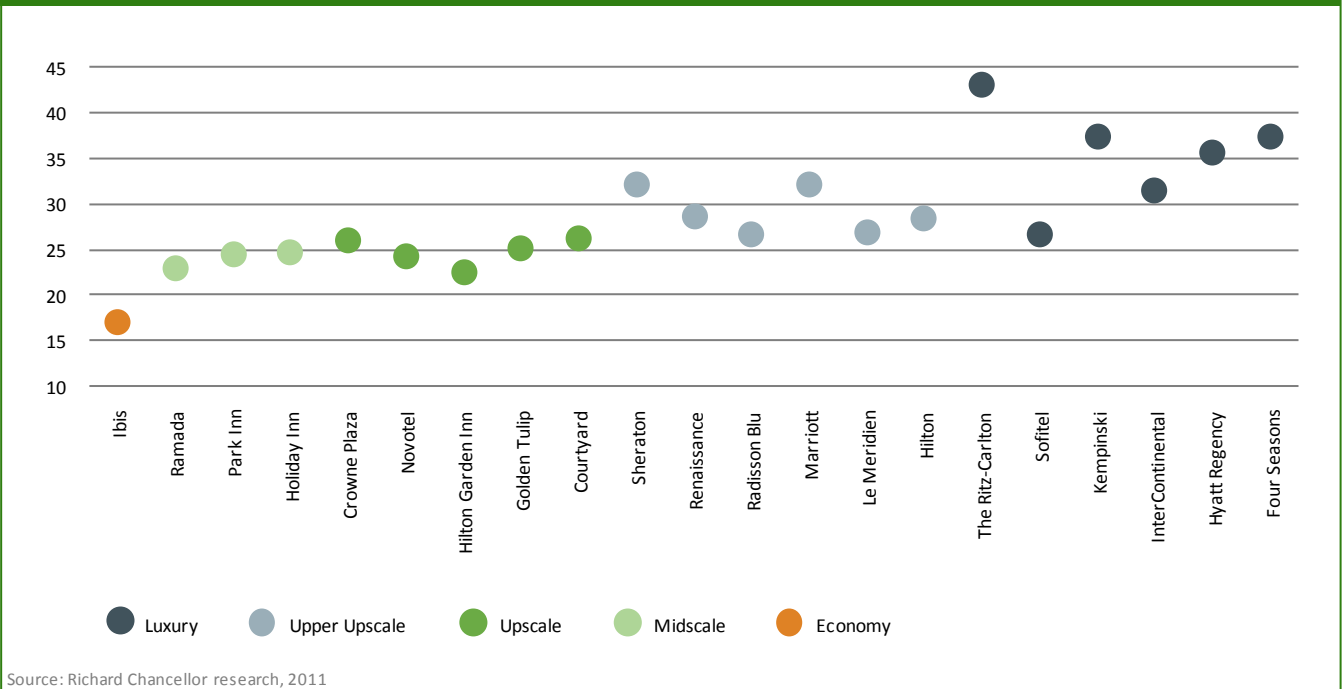
Source: Richard Chancellor research, 2011

INDICATIVE STANDARD HOTEL ROOM SIZES

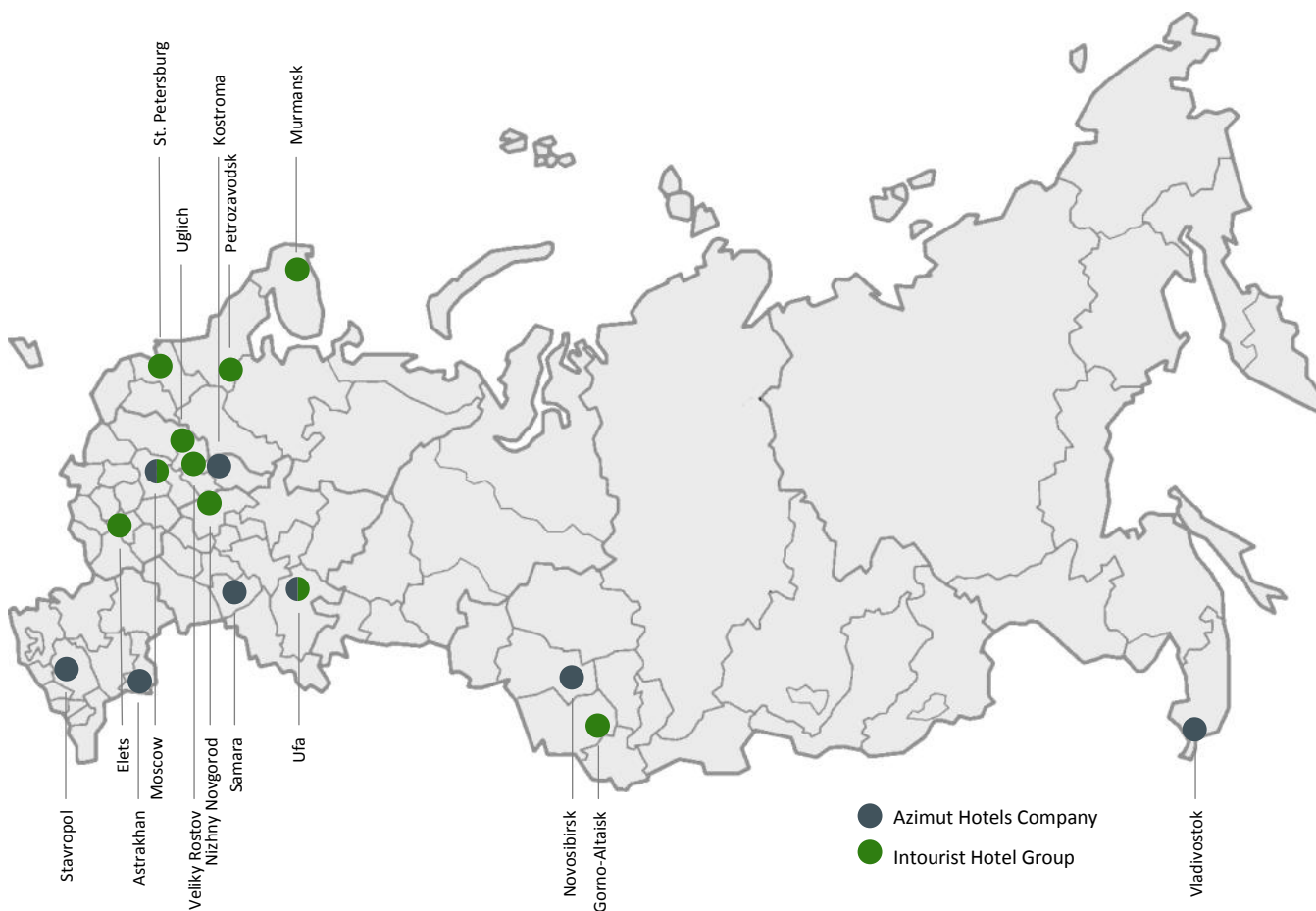
INDICATIVE STANDARD ROOM SIZE BY SCALE, SQ. M



INDICATIVE STANDARD ROOM SIZE BY BRAND, SQ. M



MEET THE LOCALS



| HOTELS | | |
|-----------------------|---|-------------|
| Hotel Group | Hotel name | No of rooms |
| Azimut Hotels Company | Azimut Hotel Astrakhan | 242 |
| | Azimut Hotel Kostroma | 90 |
| | Azimut Hotel Moscow | 134 |
| | Azimut Hotel Murmansk | 234 |
| | Azimut Hotel Novyi Bereg, Moscow region | 57 |
| | Azimut Hotel Samara | 96 |
| | Azimut Hotel Sibir, Novosibirsk | 259 |
| | Azimut Hotel St. Petersburg | 897 |
| | Azimut Hotel Stavropol | 200 |
| | Azimut Hotel Ufa | 185 |
| | Azimut Hotel Vladivostok | 624 |
| Intourist Hotel Group | Altai Resort Tourist Complex, Gorno-Altai | 11 |
| | Bashkortostan Hotel Complex, Ufa | 126 |
| | Cosmos Hotel, Moscow | 1771 |
| | Elets Hotel | 135 |
| | Moskovsky Tract Hotel, Velikiy Rostov | 51 |
| | Moskva Hotel, Uglich | 47 |
| | Oktyabrskaya Hotel, Nizhny Novgorod | 79 |
| | Peking Hotel, Moscow | 134 |
| | Severnaya Hotel, Petrozavodsk | 168 |



Optimise your operations, Maximise your profit

Success in the hospitality industry can be defined in many different ways. For IFK Hotel Management, that definition lies in providing return on investment and increasing asset value for its clients. Whether you are an institutional investor, hotel developer or entrepreneurial owner, our customized approach is designed to meet your needs in every area of operations. From marketing, to operations, to financial reporting, our fully integrated services create efficiency that grow your hotel's business and your profit.

IFK Hotel Management is a representative of Golden Tulip Hospitality Group in Russia and Belarus. Golden Tulip is an international chain of 200 Hotels, Suites and Resorts in 40 countries, offering a wide range of services from 3 to 5 stars. Every hotel is unique, and conforms to international standards.



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UKRAINE



| KEY ECONOMIC INDICATORS | | | | | | | | |
|-------------------------|---------|-------|-------|-------|-------------|------|-------|-------|
| Indicator | Ukraine | | | | CIS Average | | | |
| | 2008 | 2009 | 2010F | 2011F | 2008 | 2009 | 2010F | 2011F |
| Real GDP growth (%) | 2.1 | -15.1 | 3.7 | 4.1 | 5.5 | -6.6 | 4.0 | 3.6 |
| Inflation (%) | 25.2 | 15.9 | 9.2 | 8.9 | 15.6 | 11.2 | 7.2 | 6.1 |

| INDICATIVE DEVELOPMENT COST PER ROOM, EUR | | | | |
|---|----------|---------|---------------|---------|
| Economy | Midscale | Upscale | Upper Upscale | Luxury |
| 35,000 | 75,000 | 105,000 | 160,000 | 180,000 |

KEY ISSUES

- Delays in hotel construction due to lack of financing
- Shadow hotel market caused by lack of budget hotel accommodation
- Lengthy procedures relating to land plots
- Slow-developing infrastructure
- Lack of sufficient plots for developing in the capital

OPPORTUNITIES

- Low level of competition across hotels of all scales
- Deficit of quality hotels in the regions
- Strong demand for quality hotel accommodation prior to the UEFA EURO 2012
- Tax relief for newly built or refurbished hotels put into operation by September 2012

| STATISTICAL DATA | |
|-----------------------------|------------|
| Population | 45,962,900 |
| Urban | 31,524,800 |
| Number of hotels | 1,684 |
| Number of foreign visitors | 20,798,342 |
| Business | 741,878 |
| Leisure | 1,350,245 |
| Other purpose | 18,706,219 |
| Average monthly salary, EUR | 196.00 |

| HOTEL CHAINS ON THE MARKET |
|--|
| Accor |
| Dedeman Hotels & Resorts International |
| Domina Hotels |
| Fairmont Raffles Hotels International |
| Four Seasons Hotels & Resorts |
| Golden Tulip Hospitality Group |
| Hilton Worldwide |
| Hyatt |
| InterContinental Hotels Group |
| Jumeirah Group |
| Kempinski |
| Lotte Hotels & Resorts |
| Mandarin Oriental Hotel Group |
| Marriott |
| Rixos Hotels |
| Shangri-La Hotels & Resorts |
| Starwood Hotels & Resorts |
| The Rezidor Hotel Group |
| TUI Hotels & Resorts |
| Wyndham Worldwide |

| EXISTING INTERNATIONALLY BRANDED HOTELS | | | |
|---|------------------------------|-------------|-------------|
| Scale | Hotel name | No of rooms | When opened |
| Luxury | Hyatt Regency Kiev | 234 | 2007 |
| | InterContinental Kiev | 272 | 2009 |
| Upper Upscale | Radisson Blu Hotel, Kiev | 255 | 2005 |
| | Rixos Prykarpattya | 370 | 2005 |
| | Radisson Blu Resort, Alushta | 63 | 2008 |
| Upscale | None | | |
| Midscale | None | | |
| Economy | None | | |

| WHAT IS IN THE PIPELINE | | | |
|-------------------------|--|-------------|--------|
| Scale | Hotel name | No of rooms | Due by |
| Luxury | Fairmont Grand Hotel Kyiv | 257 | 2011 |
| | Kempinski Kiev Plaza Towers | 250 | 2012 |
| | Sofitel Kiev | 292 | 2013 |
| Upper Upscale | Hilton Kiev | 257 | 2011 |
| | Radisson Resort Bolshaya Yalta | 505 | 2011 |
| | Radisson Blu Hotel Kiev Airport | 250 | 2012 |
| | Radisson Blu Resort, Alushta (Phase 2) | 137 | 2012 |
| | Sheraton Kiev | 239 | 2012 |
| | Swissotel Kiev | 513 | 2012 |
| Upscale | Four Points by Sheraton Zaporozhye | 167 | 2011 |
| | Novotel Lviv | 76 | 2011 |
| | Crowne Plaza Kiev | 225 | 2012 |
| Midscale | Park Inn Dnepropetrovsk | 250 | 2011 |
| | Holiday Inn Kiev | 200 | 2012 |
| Economy | Ibis Kiev | 213 | 2011 |
| | Etap Kharkiv | 112 | 2012 |
| | Etap Kiev | 200 | 2012 |
| | Etap Lviv | 112 | 2012 |
| | Etap Odessa | 152 | 2012 |
| | Ibis Lviv | 140 | 2012 |

| HOTEL DEVELOPERS | | |
|-------------------------------|--|----------------------------|
| Company name | Web address | Contact |
| Astron-Ukraine Corporation | www.astron-ukraine.com.ua | Kiev, tel. +380 44 2545998 |
| Bud House Group | www.bhg.kiev.ua | Kiev, tel. +380 44 2073838 |
| KDD Group | www.kddgroup.com.ua | Kiev, tel. +380 44 4958430 |
| Poznyakizhilstroy Corporation | www.pjs.kiev.ua | Kiev, tel. +380 44 4992272 |
| UDC Holding | www.unidevelop.com | Kiev, tel. +380 44 5851080 |
| XXI Century | www.21.com.ua | Kiev, tel. +380 44 2000457 |
| Yaroslaviv Val | www.jarval.com.ua | Kiev, tel. +380 44 2573200 |

| DATA SOURCES | |
|---|---|
| Table | Source |
| Key Economic Indicators | IMF World Economic Outlook (Apr 2010) |
| Statistical Data | State Statistics Committee of Ukraine (population, number of hotels, foreign visitors - 2009, average monthly salary - Aug 2010) |
| Indicative Development Cost Per Room, Hotel Chains On The Market, Existing Hotels, What's In The Pipeline, Hotel Developers | Research by Richard Chancellor Ltd. (2011). Indicative development costs include costs of furniture, fittings and equipment but specifically exclude land costs and professional fees |

KAZAKHSTAN



| KEY ECONOMIC INDICATORS | | | | | | | | |
|-------------------------|------------|------|-------|-------|-------------|------|-------|-------|
| Indicator | Kazakhstan | | | | CIS Average | | | |
| | 2008 | 2009 | 2010F | 2011F | 2008 | 2009 | 2010F | 2011F |
| Real GDP growth (%) | 3.2 | 1.2 | 2.4 | 4.2 | 5.5 | -6.6 | 4.0 | 3.6 |
| Inflation (%) | 17.1 | 7.3 | 7.3 | 6.6 | 15.6 | 11.2 | 7.2 | 6.1 |

| INDICATIVE DEVELOPMENT COST PER ROOM, EUR | | | | |
|---|----------|---------|---------------|--------|
| Economy | Midscale | Upscale | Upper Upscale | Luxury |
| 45,000 | - | 135,000 | 190,000 | - |

KEY ISSUES

- Low quality of hospitality services
- Imbalance of prices and quality of services
- Complicated visa and registration procedures

OPPORTUNITIES

- Undersupply of midscale and economy hotels
- Development of Astana and Almaty to become biggest and preferred destinations for international fairs, exhibitions and conferences
- Undersupply of business accommodation in Aktau and Atrou

| STATISTICAL DATA | |
|-----------------------------|------------|
| Population | 16,036,100 |
| Urban | 8,607,500 |
| Number of hotels | 671 |
| Number of foreign visitors | 8,689,571 |
| Business | - |
| Leisure | - |
| Other purpose | - |
| Average monthly salary, EUR | 395.00 |

| HOTEL CHAINS ON THE MARKET |
|--|
| Accor |
| Dedeman Hotels & Resorts International |
| Domina Hotels |
| Fairmont Raffles Hotels International |
| Four Seasons Hotels & Resorts |
| Golden Tulip Hospitality Group |
| Hilton Worldwide |
| Hyatt |
| InterContinental Hotels Group |
| Jumeirah Group |
| Kempinski |
| Lotte Hotels & Resorts |
| Mandarin Oriental Hotel Group |
| Marriott |
| Rixos Hotels |
| Shangri-La Hotels & Resorts |
| Starwood Hotels & Resorts |
| The Rezidor Hotel Group |
| TUI Hotels & Resorts |
| Wyndham Worldwide |

EXISTING INTERNATIONALLY BRANDED HOTELS

| Scale | Hotel name | No of rooms | When opened |
|---------------|--------------------------------------|-------------|-------------|
| Luxury | Hyatt Regency Almaty | 285 | 1995 |
| | InterContinental Almaty | 290 | 2006 |
| | Royal Tulip Almaty | 166 | 2010 |
| Upper Upscale | Renaissance Aktau | 104 | 2005 |
| | Rixos President Astana | 168 | 2005 |
| | Renaissance Atyrau | 178 | 2006 |
| | Radisson Blu Hotel Astana | 181 | 2007 |
| | Marriott Executive Apartments Atyrau | 143 | 2008 |
| | Rixos Almaty | 262 | 2009 |
| Upscale | None | | |
| Midscale | Ramada Plaza Astana | 228 | 1999 |
| | Holiday Inn Almaty | 280 | 2009 |
| Economy | None | | |

WHAT IS IN THE PIPELINE

| Scale | Hotel name | No of rooms | Due by |
|---------------|---------------------------------------|-------------|--------|
| Luxury | Kempinski Hotel Bayterek, Almaty | 218 | 2011 |
| | JW Marriott Hotel Almaty Esentai Park | 175 | 2013 |
| Upper Upscale | Radisson Blu Hotel Medeu-Almaty | 150 | 2012 |
| Upscale | None | | |
| Midscale | None | | |
| Economy | None | | |

HOTEL DEVELOPERS

| Company name | Web address | Contact |
|-------------------|--|------------------------------|
| Capital Partners | www.capitalpartners.ws | Almaty, tel. +7 727 3557777 |
| Okan Construction | www.okan.com.tr | Ankara, tel. +90 216 3252021 |

DATA SOURCES

| Table | Source |
|---|---|
| Key Economic Indicators | IMF World Economic Outlook (Apr 2010) |
| Statistical Data | Agency of Statistics of the Republic of Kazakhstan (population, foreign visitors - 2009, number of hotels—Sep 2010, average monthly salary - Aug 2010) |
| Indicative Development Cost Per Room, Hotel Chains On The Market, Existing Hotels, What's In The Pipeline, Hotel Developers | Research by Richard Chancellor Ltd. (2011). Indicative development costs include costs of furniture, fittings and equipment but specifically exclude land costs and professional fees |

RUSSIA



| KEY ECONOMIC INDICATORS | | | | | | | | |
|-------------------------|--------|------|-------|-------|-------------|------|-------|-------|
| Indicator | Russia | | | | CIS Average | | | |
| | 2008 | 2009 | 2010F | 2011F | 2008 | 2009 | 2010F | 2011F |
| Real GDP growth (%) | 5.6 | -7.9 | 4.0 | 3.3 | 5.5 | -6.6 | 4.0 | 3.6 |
| Inflation (%) | 14.1 | 11.7 | 7.0 | 5.7 | 15.6 | 11.2 | 7.2 | 6.1 |

| INDICATIVE DEVELOPMENT COST PER ROOM, EUR | | | | |
|---|----------|---------|---------------|---------|
| Economy | Midscale | Upscale | Upper Upscale | Luxury |
| 60,000 | 90,000 | 115,000 | 155,000 | 240,000 |

KEY ISSUES

- Imbalance of prices and quality of services
- Room rates are above European levels caused by deficit of hotels
- Complicated registration procedure for foreigners
- Bureaucratic red tape and uncertainty of administrative procedures, contradictory regulations and inconsistent approach by local authorities

OPPORTUNITIES

- Severe undersupply of economy hotels
- Deficit of quality accommodation in the regions
- Improving infrastructure along the Black Sea coast prior to the Winter Olympics 2014 in Sochi
- Increasing demand for boutique style hotels
- Necessity to increase the number of hotels of all scales across the country prior to the Football World Cup 2018

| STATISTICAL DATA | |
|-----------------------------|-------------|
| Population | 141,900,000 |
| Urban | 103,700,000 |
| Number of hotels | 7,410 |
| Number of foreign visitors | 21,338,650 |
| Business | 3,880,401 |
| Leisure | 2,100,601 |
| Other purpose | 15,357,648 |
| Average monthly salary, EUR | 489.00 |

| HOTEL CHAINS ON THE MARKET |
|--|
| Accor |
| Dedeman Hotels & Resorts International |
| Domina Hotels |
| Fairmont Raffles Hotels International |
| Four Seasons Hotels & Resorts |
| Golden Tulip Hospitality Group |
| Hilton Worldwide |
| Hyatt |
| InterContinental Hotels Group |
| Jumeirah Group |
| Kempinski |
| Lotte Hotels & Resorts |
| Mandarin Oriental Hotel Group |
| Marriott |
| Rixos Hotels |
| Shangri-La Hotels & Resorts |
| Starwood Hotels & Resorts |
| The Rezidor Hotel Group |
| TUI Hotels & Resorts |
| Wyndham Worldwide |

EXISTING INTERNATIONALLY BRANDED HOTELS

| Scale | Hotel name | No of rooms | When opened |
|--------------------------------------|---|-------------|-------------|
| Luxury | Baltschug Kempinski, Moscow | 230 | 1992 |
| | Ararat Park Hyatt Moscow | 219 | 2002 |
| | Kempinski Hotel Moika 22, St. Petersburg | 197 | 2006 |
| | The Ritz-Carlton, Moscow | 334 | 2007 |
| | Hotel National, Moscow | 206 | 2008 |
| | Grand Hyatt Moscow Residences and Spa | 18 | 2009 |
| | Hyatt Regency Ekaterinburg | 297 | 2009 |
| | Lotte Hotel Moscow | 304 | 2010 |
| | Radisson Royal Hotel, Moscow | 544 | 2010 |
| Upper Upscale | Radisson Slavyanskaya, Moscow | 427 | 1991 |
| | Renaissance Moscow Hotel | 481 | 1991 |
| | Le Meridien Moscow Country Club | 131 | 1994 |
| | Moscow Marriott Tverskaya Hotel | 162 | 1995 |
| | Moscow Marriott Grand Hotel | 384 | 1996 |
| | Radisson Lazurnaya Hotel, Sochi | 299 | 1996 |
| | Sheraton Palace Hotel, Moscow | 212 | 1997 |
| | Moscow Marriott Royal Aurora Hotel | 230 | 1999 |
| | Radisson Blu Lazurnaya Peak , Sochi | 114 | 1999 |
| | Radisson SAS Royal Hotel, St. Petersburg | 164 | 2001 |
| | Renaissance Samara Hotel | 196 | 2003 |
| | Renaissance St. Petersburg Baltic Hotel | 102 | 2004 |
| | Swissotel Krasnye Holmy, Moscow | 233 | 2005 |
| | Hilton Moscow Leningradskaya Hotel | 273 | 2008 |
| | Radisson Don Hotel, Rostov-on-Don | 81 | 2008 |
| | Radisson Sonya Hotel, St. Petersburg | 173 | 2009 |
| | Doubletree by Hilton Novosibirsk | 188 | 2010 |
| | Hilton Gelendzhik Resort & SPA* | 379 | 2010 |
| | Radisson Hotel Kaliningrad | 178 | 2010 |
| | Renaissance Moscow Monarch Center | 366 | 2010 |
| Upscale | Novotel Moscow Sheremetyevo | 488 | 1992 |
| | Novotel Moscow Centre | 255 | 2002 |
| | Courtyard Moscow City Centre | 218 | 2005 |
| | Novotel St. Petersburg Centre | 233 | 2005 |
| | Crowne Plaza World Trade Centre, Moscow | 575 | 2007 |
| | Courtyard St. Petersburg Vasilevsky | 214 | 2008 |
| | Hilton Garden Inn Perm Hotel | 102 | 2008 |
| | Corinthia Hotel St. Petersburg | 387 | 2009 |
| | Courtyard St. Petersburg Centre West/ Pushkin Hotel | 273 | 2010 |
| | Novotel Ekaterinburg Centre | 168 | 2010 |
| | Staybridge Suites St. Petersburg | 176 | 2010 |
| Midscale | TUI Hotel Kaluga | 136 | 2010 |
| | Park Inn Veliky Novgorod | 225 | 1991 |
| | Holiday Inn Vinogradovo, Moscow | 154 | 1998 |
| | Holiday Inn Lesnaya, Moscow | 301 | 2005 |
| | Holiday Inn Sokolniki, Moscow | 523 | 2006 |
| | Holiday Inn Sushevsky, Moscow | 312 | 2006 |
| | Park Inn Ekaterinburg | 160 | 2006 |
| | Park Inn Pribaltiyskaya, St. Petersburg | 1200 | 2006 |
| Park Inn Pulkovskaya, St. Petersburg | 840 | 2006 | |

* Gelendzhik Resort & SPA opened as an independent hotel; it is to join Hilton Worldwide subject to the Hilton accreditation

EXISTING INTERNATIONALLY BRANDED HOTELS *Continued*

| Scale | Hotel name | No of rooms | When opened |
|--------------------------|--|-------------------------------------|-------------|
| Midscale | Holiday Inn Samara | 177 | 2007 |
| | Days Hotel Moscow Olkhovskaya | 103 | 2008 |
| | Holiday Inn Chelyabinsk Riverside | 54 | 2008 |
| | Holiday Inn St. Petersburg Moskovskye Vorota | 557 | 2008 |
| | Park Inn Izhevsk | 161 | 2008 |
| | Park Inn Murmansk Poliarnie Zori | 262 | 2008 |
| | Park Inn Sadu, Moscow | 118 | 2008 |
| | Holiday Inn Simonovsky, Moscow | 217 | 2009 |
| | Ramada Ekaterinburg | 156 | 2009 |
| | Park Inn Kazan | 151 | 2010 |
| | Park Inn Nevsky, St. Petersburg | 270 | 2010 |
| | Park Inn Sheremetyevo, Moscow | 251 | 2010 |
| | Economy | Ibis St Petersburg Moskovsky Vokzal | 221 |
| Ibis Kazan Centre | | 155 | 2009 |
| Ibis Moscow Paveletskaya | | 147 | 2009 |
| Ibis Sibir Omsk | | 168 | 2009 |

WHAT IS IN THE PIPELINE

| Scale | Hotel name | No of rooms | Due by |
|--|--|--------------------------------|--------|
| Luxury | Four Seasons Hotel Lion Palace, St. Petersburg | 183 | 2011 |
| | InterContinental Moscow Tverskaya | 205 | 2011 |
| | Kempinski Hotel Nikolskaya, Moscow | 200 | 2011 |
| | W St. Petersburg | 137 | 2011 |
| | Four Seasons Moskva | 175 | 2012 |
| | Grand Hyatt Moscow | 368 | 2012 |
| | Hyatt Regency City, Vladivostok | 250 | 2012 |
| | Hyatt Regency Rostov - Don Plaza | 220 | 2012 |
| | Hyatt Regency Vladivostok | 250 | 2012 |
| | Kempinski Hotel Beriozki, Moscow | 200 | 2012 |
| | Kempinski Hotel Moscovskaya, Rostov-on-Don | 220 | 2012 |
| | Mandarin Oriental Moscow | 217 | 2012 |
| | Raffles Moscow | 130 | 2011 |
| | Hyatt Regency Sochi | 200 | 2013 |
| | Kempinski Hotel Plaza Nizhny Novgorod | 250 | 2013 |
| | Shangri-La Moscow | 400 | 2013 |
| | Sofitel Moscow City | 159 | 2013 |
| | Park Hyatt Petrovsky Park, Moscow | 250 | 2014 |
| | Upper Upscale | Domina Prestige St. Petersburg | 108 |
| Doubletree by Hilton Vnukovo Airport | | 439 | 2011 |
| Marriott Krasnoyarsk | | 200 | 2011 |
| Radisson Belarusskaya, Moscow | | 264 | 2011 |
| Radisson Tyumen | | 225 | 2011 |
| Doubletree by Hilton Moscow Leningradsky-Riverside | | 270 | 2012 |
| Doubletree by Hilton Perm | | 224 | 2012 |
| Doubletree by Hilton Sochi, Adler | | 215 | 2012 |
| Krasnodar Marriott Hotel | | 264 | 2012 |
| Radisson Grand Hotel, Rostov-on-Don | | 528 | 2012 |
| Radisson Olympiyskiy, Moscow | | 363 | 2012 |

WHAT IS IN THE PIPELINE *Continued*

| Scale | Hotel name | No of rooms | Due by |
|-------------------------|--|-------------|--------|
| Upper Upscale | Radisson Resort Rosa Khutor, Sochi | 176 | 2012 |
| | Radisson SAS Hotel Chelyabinsk | 188 | 2012 |
| | Radisson SAS Riverside Hotel, Moscow | 200 | 2012 |
| | Sheraton Rostov-on-Don Hotel | 260 | 2012 |
| | Doubletree by Hilton ExpoForum, St. Petersburg | 225 | 2013 |
| | Hilton Rosa Khutor, Sochi | 150 | 2013 |
| | Sheraton Perm | 260 | 2013 |
| | Sheraton Sochi | 220 | 2013 |
| | Le Meridien Don Golf Resort, Rostov-on-Don | 160 | 2014 |
| | Radisson Ekaterinburg | 300 | 2014 |
| Radisson Hotel Zavidovo | 230 | 2014 | |
| Upscale | Courtyard Irkutsk | 204 | 2011 |
| | Courtyard Kazan | 150 | 2011 |
| | Courtyard Paveletskaya, Moscow | 170 | 2011 |
| | Crowne Plaza St. Petersburg | 200 | 2011 |
| | Crowne Plaza St. Petersburg Airport | 300 | 2011 |
| | Crowne Plaza Suites Moscow | 149 | 2011 |
| | Mercure Arbat, Moscow | 110 | 2011 |
| | Mercure Rosa Khutor I, Sochi | 150 | 2011 |
| | Novotel Krasnodar | 230 | 2011 |
| | Golden Tulip Rosa Khutor, Sochi | 148 | 2012 |
| | Hilton Garden Inn Samara | 195 | 2012 |
| | Hilton Garden Inn Ulyanovsk | 175 | 2012 |
| | Hilton Garden Inn Yaroslavl | 179 | 2012 |
| | Mercure Rosa Khutor II, Sochi | 120 | 2012 |
| | Mercure St. Basmannaya, Moscow | 45 | 2012 |
| | Mercure Tyumen Maxim Centre | 180 | 2012 |
| | Novotel Moscow City | 350 | 2012 |
| | Adagio Bakhrushina, Moscow | 100 | 2013 |
| | Adagio Kaluga | 80 | 2013 |
| | Golden Tulip Cranz Plaza, Zelenogradsk | 120 | 2013 |
| | Hilton Garden Inn Rosa Khutor, Sochi | 200 | 2013 |
| | Hotel Indigo, St. Petersburg | 135 | 2013 |
| | Mercure Bakhrushina, Moscow | 160 | 2013 |
| | Novotel Gostiny Dvor, Moscow | 181 | 2013 |
| | Novotel Krasnoyarsk | 90 | 2013 |
| | Hilton Garden Inn Kazan | 171 | 2014 |
| | Hilton Garden Inn Omsk | 180 | 2014 |
| | Mercure Kremlin, Nizhny Novgorod | 250 | 2014 |
| | Mercure Makkony, Moscow | 316 | 2014 |
| | Novotel Novorossiysk | 150 | 2014 |
| | Novotel Ufa | 108 | 2014 |
| Midscale | Holiday Inn St. Petersburg | 129 | 2011 |
| | Park Inn Astrakhan | 132 | 2011 |
| | Park Inn Kazan, Tukaya | 174 | 2011 |
| | Park Inn Ryazan | 209 | 2011 |
| | Ramada Moscow Domodedovo Airport | 134 | 2011 |
| | Tulip Inn Rosa Khutor, Sochi | 163 | 2011 |
| | Days Hotel Pereslavl-Zalessky | 150 | 2012 |

WHAT IS IN THE PIPELINE *Continued*

| Scale | Hotel name | No of rooms | Due by |
|---------------------------|------------------------------------|-----------------------|--------|
| Midscale | Holiday Inn Ekaterinburg | 142 | 2012 |
| | Holiday Inn Novosibirsk | 200 | 2012 |
| | Park Inn Irkutsk | 150 | 2012 |
| | Park Inn Kaliningrad | 276 | 2012 |
| | Park Inn Lipetsk | 237 | 2012 |
| | Park Inn Resort Rosa Khutor, Sochi | 215 | 2012 |
| | Ramada Hotel Pereslavl-Zalessky | 203 | 2012 |
| | Domina Inn Kaliningrad | 180 | 2013 |
| | Domina Inn Lipetsk | 160 | 2013 |
| | Domina Inn Tomsk | 150 | 2013 |
| | Domina Inn Tyumen | 165 | 2013 |
| | Domina Novosibirsk | 250 | 2013 |
| | Hampton by Hilton Novosibirsk | 170 | 2013 |
| | Park Inn Yaroslavl | 150 | 2013 |
| | Holiday Inn Crocus City, Moscow | 1000 | 2014 |
| | Park Inn City Centre Sochi | 160 | 2014 |
| | Park Inn Voronezh | 164 | 2014 |
| | Economy | Ibis Nizhniy Novgorod | 210 |
| Ibis Samara | | 207 | 2011 |
| Ibis Yaroslavl | | 180 | 2011 |
| Ibis Belgorod | | 150 | 2012 |
| Ibis Chelyabinsk | | 150 | 2012 |
| Ibis Kaliningrad | | 210 | 2012 |
| Ibis Bakhrushina, Moscow | | 190 | 2013 |
| Ibis Krasnoyarsk | | 112 | 2013 |
| Ibis Leningradsky, Moscow | | 302 | 2013 |
| Ibis Kaluga | | 150 | 2014 |
| Ibis Ufa | | 120 | 2014 |

| HOTEL DEVELOPERS | | |
|-----------------------------------|--------------------------------|-------------------------------------|
| Company name | Web address | Contact |
| Alur | www.alur-id.ru | Moscow, tel. +7 495 3801941 |
| Aviakor | www.aviakor.ru | Samara, tel. +7 846 3313050 |
| Business Contact | www.bshm.ru | Perm, tel. +7 342 2441655 |
| Clover Group | www.clovergroup.ru | Moscow, tel. +7 495 7835877 |
| Corporation Mayak | www.ural-mayak.ru | Ekaterinburg, tel. +7 343 2034557 |
| Europe Invest | www.europe-invest.su | Krasnodar, tel. +7 861 2211554 |
| KasaAkfen Real Estate Development | www.akfen.com.tr/331.aspx | Moscow, tel. +7 495 9874809 |
| Kesco | www.attek-group.ru/hotels.aspx | Moscow, tel. +7 495 7425360 |
| Kuznetskiy Most Development | www.kmd.msk.ru | Moscow, tel. +7 499 2384033 |
| London & Regional Properties | www.lrp.co.uk | Moscow, tel. +7 495 7850045 |
| Megapolis Group | www.groupmegapolis.ru | Rostov-on-Don, tel. +7 863 2555325 |
| Osnova Holding | www.osnovaholding.ru | Moscow, tel. +7 499 1452929 |
| R.E.D. | www.redevelopment.ru | St. Petersburg, tel. +7 812 3260954 |
| Regional Hotel Chain | www.rhc-hotels.ru | St. Petersburg, tel. +7 812 3329218 |
| Renaissance Development | demo.rc.com.tr | St. Petersburg, tel. +7 812 7406370 |
| RosEvroDevelopment | www.red-realty.ru | Moscow, tel. +7 495 7755551 |
| Snegiri Development | www.snegiri.com | Moscow, tel. +7 495 2324400 |
| SRV Group | www.srv.fi | St. Petersburg, tel. +7 812 4490055 |
| Unicor | www.unicor-mc.ru | Moscow, tel. +7 495 2580730 |
| Warimpex | www.warimpex.at | St. Petersburg, tel. +7 812 6110708 |

| DATA SOURCES | |
|---|---|
| Table | Source |
| Key Economic Indicators | IMF World Economic Outlook (Apr 2010) |
| Statistical Data | Federal State Statistics Service of Russia (population, number of hotels and foreign visitors - 2009, average monthly salary - Apr 2010) |
| Indicative Development Cost Per Room, Hotel Chains On The Market, Existing Hotels, What's In The Pipeline, Hotel Developers | Research by Richard Chancellor Ltd. (2011). Indicative development costs include costs of furniture, fittings and equipment but specifically exclude land costs and professional fees |

BELARUS



| KEY ECONOMIC INDICATORS | | | | | | | | |
|-------------------------|---------|------|-------|-------|-------------|------|-------|-------|
| Indicator | Belarus | | | | CIS Average | | | |
| | 2008 | 2009 | 2010F | 2011F | 2008 | 2009 | 2010F | 2011F |
| Real GDP growth (%) | 10.0 | 0.2 | 2.4 | 4.6 | 5.5 | -6.6 | 4.0 | 3.6 |
| Inflation (%) | 14.8 | 13.0 | 7.3 | 6.2 | 15.6 | 11.2 | 7.2 | 6.1 |

| INDICATIVE DEVELOPMENT COST PER ROOM, EUR | | | | |
|---|----------|---------|---------------|---------|
| Economy | Midscale | Upscale | Upper Upscale | Luxury |
| - | - | 160,000 | - | 215,000 |

KEY ISSUES

- Complicated tax system and unclear law regulations for foreign investors
- Uncertainty of rules of the market
- High cost and complicated regulations for entry visa
- Underdeveloped tourism infrastructure
- Lack of large local companies able to take up a hotel development

OPPORTUNITIES

- Lack of newly built hotels
- A great potential for transit tourism
- Deficit of quality hotel accommodation of all scales in the capital and regions
- A good prospect for hotel development prior to the 2014 World Ice Hockey Championship in Minsk

| STATISTICAL DATA | |
|-----------------------------|-----------|
| Population | 9,493,000 |
| Urban | 7,005,834 |
| Number of hotels | 331 |
| Number of foreign visitors | 4,875,525 |
| Business | - |
| Leisure | - |
| Other purpose | - |
| Average monthly salary, EUR | 310.00 |

| HOTEL CHAINS ON THE MARKET | |
|----------------------------|--|
| | Accor |
| | Dedeman Hotels & Resorts International |
| | Domina Hotels |
| | Fairmont Raffles Hotels International |
| | Four Seasons Hotels & Resorts |
| | Golden Tulip Hospitality Group |
| | Hilton Worldwide |
| | Hyatt |
| | InterContinental Hotels Group |
| | Jumeirah Group |
| | Kempinski |
| | Lotte Hotels & Resorts |
| | Mandarin Oriental Hotel Group |
| | Marriott |
| | Rixos Hotels |
| | Shangri-La Hotels & Resorts |
| | Starwood Hotels & Resorts |
| | The Rezidor Hotel Group |
| | TUI Hotels & Resorts |
| | Wyndham Worldwide |

EXISTING INTERNATIONALLY BRANDED HOTELS

| Scale | Hotel name | No of rooms | When opened |
|---------------|--------------------------|-------------|-------------|
| Luxury | None | | |
| Upper Upscale | None | | |
| Upscale | Crowne Plaza Hotel Minsk | 115 | 2008 |
| Midscale | None | | |
| Economy | None | | |

WHAT IS IN THE PIPELINE

| Scale | Hotel name | No of rooms | Due by |
|---------------|------------------------------|-------------|--------|
| Luxury | Hyatt Regency Minsk | 243 | 2012 |
| | Kempinski Minsk | 250 | 2013 |
| Upper Upscale | Radisson Olympic Hotel Minsk | 260 | 2012 |
| Upscale | None | | |
| Midscale | None | | |
| Economy | None | | |

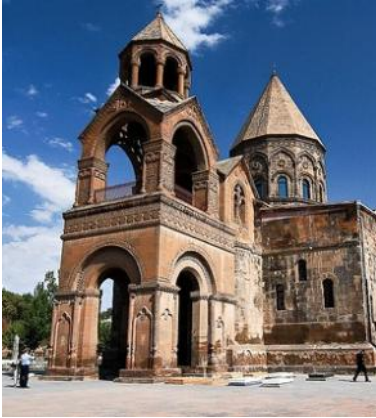
HOTEL DEVELOPERS

| Company name | Web address | Contact |
|-----------------------------|--|-----------------------------|
| BNK Engineering | www.bnkholding.com | Minsk, tel. +375 17 2464889 |
| Kayson | www.kayson-ir.com | Minsk, tel. +375 17 2371991 |
| Kuznetskiy Most Development | www.kmd.msk.ru | Moscow, tel. +7 499 2384033 |

DATA SOURCES

| Table | Source |
|--|---|
| Key Economic Indicators | IMF World Economic Outlook (Apr 2010) |
| Statistical Data | The State statistical committee of the Republic of Belarus (population, number of foreign visitors and hotels - 2009, average monthly salary - Aug 2010) |
| Indicative Development Cost Per Room, Hotel Chains On The Market, Existing Hotels, | Research by Richard Chancellor Ltd. (2011). Indicative development costs include costs of furniture, fittings and equipment but specifically exclude land costs and professional fees |

ARMENIA



KEY ISSUES

- Expensive travel to Armenia
- Underdeveloped infrastructure

| KEY ECONOMIC INDICATORS | | | | | | | | |
|-------------------------|---------|-------|-------|-------|-------------|------|-------|-------|
| Indicator | Armenia | | | | CIS Average | | | |
| | 2008 | 2009 | 2010F | 2011F | 2008 | 2009 | 2010F | 2011F |
| Real GDP growth (%) | 6.8 | -14.4 | 1.8 | 3.0 | 5.5 | -6.6 | 4.0 | 3.6 |
| Inflation (%) | 9.0 | 3.4 | 6.8 | 5.2 | 15.6 | 11.2 | 7.2 | 6.1 |

| INDICATIVE DEVELOPMENT COST PER ROOM, EUR | | | | |
|---|----------|---------|---------------|---------|
| Economy | Midscale | Upscale | Upper Upscale | Luxury |
| - | - | - | 160,000 | 210,000 |

OPPORTUNITIES

- Lack of quality hotels of all scales
- Development of tourist routes throughout the country
- Large overseas ethnic community traveling to Armenia occasionally

| STATISTICAL DATA | |
|-----------------------------|-----------|
| Population | 3,238,000 |
| Urban | 2,073,400 |
| Number of hotels | 118 |
| Number of foreign visitors | - |
| Business | - |
| Leisure | 575,281 |
| Other purpose | - |
| Average monthly salary, EUR | 211.00 |

| HOTEL CHAINS ON THE MARKET |
|--|
| Accor |
| Dedeman Hotels & Resorts International |
| Domina Hotels |
| Fairmont Raffles Hotels International |
| Four Seasons Hotels & Resorts |
| Golden Tulip Hospitality Group |
| Hilton Worldwide |
| Hyatt |
| InterContinental Hotels Group |
| Jumeirah Group |
| Kempinski |
| Lotte Hotels & Resorts |
| Mandarin Oriental Hotel Group |
| Marriott |
| Rixos Hotels |
| Shangri-La Hotels & Resorts |
| Starwood Hotels & Resorts |
| The Rezidor Hotel Group |
| TUI Hotels & Resorts |
| Wyndham Worldwide |

EXISTING INTERNATIONALLY BRANDED HOTELS

| Scale | Hotel name | No of rooms | When opened |
|---------------|--------------------------------|-------------|-------------|
| Luxury | None | | |
| Upper Upscale | Armenia Marriott Hotel Yerevan | 226 | 2004 |
| Upscale | Golden Tulip Hotel Yerevan | 104 | 2009 |
| Midscale | None | | |
| Economy | None | | |

WHAT IS IN THE PIPELINE

| Scale | Hotel name | No of rooms | Due by |
|---------------|---------------------------|-------------|--------|
| Luxury | None | | |
| Upper Upscale | None | | |
| Upscale | Hilton Garden Inn Yerevan | 202 | 2013 |
| Midscale | None | | |
| Economy | None | | |

HOTEL DEVELOPERS

| Company name | Web address | Contact |
|----------------------|-----------------|------------------------------|
| Bedian International | www.gbedian.com | Yerevan, tel. +374 10 440931 |

DATA SOURCES

| Table | Source |
|--|---|
| Key Economic Indicators | IMF World Economic Outlook (Apr 2010) |
| Statistical Data | National Statistical Service of the Republic of Armenia (population - 2009, number of hotels - 2009, average monthly salary - Aug 2010), |
| Indicative Development Cost Per Room, Hotel Chains On The Market, Existing Hotels, | Research by Richard Chancellor Ltd. (2011). Indicative development costs include costs of furniture, fittings and equipment but specifically exclude land costs and professional fees |

GEORGIA



KEY ISSUES

- Many projects are on hold due to local developers having limited access to capital markets
- A limited international access to the country; there is a need for increased number of international flights
- Geo-political uncertainties with Russia led to absence of direct flights between two countries causing decreased number of Russian tourists

| KEY ECONOMIC INDICATORS | | | | | | | | |
|-------------------------|---------|------|-------|-------|-------------|------|-------|-------|
| Indicator | Georgia | | | | CIS Average | | | |
| | 2008 | 2009 | 2010F | 2011F | 2008 | 2009 | 2010F | 2011F |
| Real GDP growth (%) | 2.3 | -4.0 | 2.0 | 4.0 | 5.5 | -6.6 | 4.0 | 3.6 |
| Inflation (%) | 10.0 | 1.7 | 4.9 | 5.0 | 15.6 | 11.2 | 7.2 | 6.1 |

| INDICATIVE DEVELOPMENT COST PER ROOM, EUR | | | | |
|---|----------|---------|---------------|---------|
| Economy | Midscale | Upscale | Upper Upscale | Luxury |
| - | 55,000 | 150,000 | 200,000 | 250,000 |

OPPORTUNITIES

- Deficit of midscale and economy hotels
- Rapid growth of tourism sector in Adjara
- Low taxes and liberal regulatory environment
- Simple system of receiving a construction permit
- No restrictions on foreign ownership of property
- Visa-free entrance for citizens of the USA, EU countries, Israel, Canada; simple visa procedures for other countries
- Government initiative to develop beachfront hotel zone in Adjara

| STATISTICAL DATA | |
|-----------------------------|-----------|
| Population | 4,385,400 |
| Urban | 2,309,100 |
| Number of hotels | 353 |
| Number of foreign visitors | 1,500,049 |
| Business | - |
| Leisure | - |
| Other purpose | - |
| Average monthly salary, EUR | 332.00 |

| HOTEL CHAINS ON THE MARKET | |
|----------------------------|--|
| | Accor |
| | Dedeman Hotels & Resorts International |
| | Domina Hotels |
| | Fairmont Raffles Hotels International |
| | Four Seasons Hotels & Resorts |
| | Golden Tulip Hospitality Group |
| | Hilton Worldwide |
| | Hyatt |
| | InterContinental Hotels Group |
| | Jumeirah Group |
| | Kempinski |
| | Lotte Hotels & Resorts |
| | Mandarin Oriental Hotel Group |
| | Marriott |
| | Rixos Hotels |
| | Shangri-La Hotels & Resorts |
| | Starwood Hotels & Resorts |
| | The Rezidor Hotel Group |
| | TUI Hotels & Resorts |
| | Wyndham Worldwide |

EXISTING INTERNATIONALLY BRANDED HOTELS

| Scale | Hotel name | No of rooms | When opened |
|---------------|--|-------------|-------------|
| Luxury | None | | |
| Upper Upscale | Sheraton Metechi Palace Hotel, Tbilisi | 140 | 1991 |
| | Tbilisi Marriott Hotel | 127 | 2002 |
| | Radisson Blu Iveria Hotel, Tbilisi | 249 | 2009 |
| | Sheraton Batumi | 202 | 2010 |
| Upscale | Courtyard Tbilisi | 118 | 2001 |
| Midscale | Holiday Inn Tbilisi | 198 | 2010 |
| Economy | None | | |

WHAT IS IN THE PIPELINE

| Scale | Hotel name | No of rooms | Due by |
|---------------|------------------------------------|-------------|--------|
| Luxury | Kempinski Batumi | 250 | 2012 |
| | Kempinski Hotel Rustaveli, Tbilisi | 200 | 2013 |
| | Park Hyatt Tbilisi | - | 2014 |
| Upper Upscale | Radisson Blu Batumi | 168 | 2011 |
| | Rixos Belle-Vue Batumi | 75 | 2012 |
| | Hilton Batumi | 250 | 2013 |
| Upscale | None | | |
| Midscale | None | | |
| Economy | None | | |

HOTEL DEVELOPERS

| Company name | Web address | Contact |
|-----------------------|--|------------------------------|
| Adjara Group | - | Tbilisi, tel. +995 32 335473 |
| Aray Georgia | www.araygroup.com | Batumi, tel. +995 99 568008 |
| Development Solutions | www.ds.com.ge | Tbilisi, tel. +995 32 241555 |
| Georgian Properties | - | Tbilisi, tel. +995 32 439301 |
| GIMG | www.gimgbatumi.com | Batumi, tel. +995 22 217510 |
| GMT Real Estate | www.gmt.ge | Tbilisi, tel. +995 32 988988 |
| Loyal Estate | www.loyalestate.ge | Tbilisi, tel. +995 32 934052 |
| Rakeen Georgia | www.rakeen.ge | Tbilisi, tel. +995 32 933393 |
| TourInvest | - | Batumi, tel. +995 22 275434 |

DATA SOURCES

| Table | Source |
|---|--|
| Key Economic Indicators | IMF World Economic Outlook (Apr 2010) |
| Statistical Data | Department of Statistics of Georgia (population - 2009, number of hotels - 2008, average monthly salary - Q2 2010), Department of Tourism and Resorts of Georgia (number of foreign visitors - 2009) |
| Indicative Development Cost Per Room, Hotel Chains On The Market, Existing Hotels, What's In The Pipeline, Hotel Developers | Research by Richard Chancellor Ltd. (2011). Indicative development costs include costs of furniture, fittings and equipment but specifically exclude land costs and professional fees |

AZERBAIJAN



| KEY ECONOMIC INDICATORS | | | | | | | | |
|-------------------------|------------|------|-------|-------|-------------|------|-------|-------|
| Indicator | Azerbaijan | | | | CIS Average | | | |
| | 2008 | 2009 | 2010F | 2011F | 2008 | 2009 | 2010F | 2011F |
| Real GDP growth (%) | 10.8 | 9.3 | 2.7 | 0.6 | 5.5 | -6.6 | 4.0 | 3.6 |
| Inflation (%) | 20.8 | 1.5 | 4.7 | 3.5 | 15.6 | 11.2 | 7.2 | 6.1 |

| INDICATIVE DEVELOPMENT COST PER ROOM, EUR | | | | |
|---|----------|---------|---------------|--------|
| Economy | Midscale | Upscale | Upper Upscale | Luxury |
| - | 80,000 | - | 300,000 | - |

KEY ISSUES

- Overpriced hotel accommodation in Baku
- Underdeveloped basic infrastructure outside the capital
- Discrepancies between land maps and actual locations

OPPORTUNITIES

- Large number of business visitors associated with oil industry
- Development of Baku as a mega-event destination
- Deficit of midscale and economy accommodation
- Demand for quality hotels in the regions

| STATISTICAL DATA | |
|-----------------------------|-----------|
| Population | 8,997,400 |
| Urban | 4,866,600 |
| Number of hotels | 452 |
| Number of foreign visitors | 1,830,400 |
| Business | 380,000 |
| Leisure | 587,200 |
| Other purpose | 863,200 |
| Average monthly salary, EUR | 279.00 |

| HOTEL CHAINS ON THE MARKET |
|--|
| Accor |
| Dedeman Hotels & Resorts International |
| Domina Hotels |
| Fairmont Raffles Hotels International |
| Four Seasons Hotels & Resorts |
| Golden Tulip Hospitality Group |
| Hilton Worldwide |
| Hyatt |
| InterContinental Hotels Group |
| Jumeirah Group |
| Kempinski |
| Lotte Hotels & Resorts |
| Mandarin Oriental Hotel Group |
| Marriott |
| Rixos Hotels |
| Shangri-La Hotels & Resorts |
| Starwood Hotels & Resorts |
| The Rezidor Hotel Group |
| TUI Hotels & Resorts |
| Wyndham Worldwide |

EXISTING INTERNATIONALLY BRANDED HOTELS

| Scale | Hotel name | No of rooms | When opened |
|---------------|--------------------------------|-------------|-------------|
| Luxury | Hyatt Regency Baku | 182 | 1995 |
| | Park Hyatt Baku | 159 | 1999 |
| Upper Upscale | Radisson Blu Plaza Hotel, Baku | 40 | 1996 |
| Upscale | None | | |
| Midscale | Park Inn Azerbaijan, Baku | 248 | 2005 |
| | Ramada Baku | 82 | 2006 |
| | Holiday Inn Baku Airport | 207 | 2007 |
| | Days Hotel Baku | 102 | 2009 |
| | Ramada Plaza Ganja | 181 | 2010 |
| Economy | None | | |

WHAT IS IN THE PIPELINE

| Scale | Hotel name | No of rooms | Due by |
|---------------|---|-------------|--------|
| Luxury | Absheron JW Marriott Hotel And Residences, Baku | 228 | 2011 |
| | Fairmont Baku | 347 | 2011 |
| | Four Seasons Baku | 175 | 2011 |
| | Venu Bilgah Hotel, Baku | 190 | 2011 |
| Upper Upscale | Amburan Marriott Beach Resort, Baku | 180 | 2011 |
| | Hilton Baku | 308 | 2011 |
| Upscale | None | | |
| Midscale | None | | |
| Economy | None | | |

HOTEL DEVELOPERS

| Company name | Web address | Contact |
|--------------------|--|----------------------------|
| Azinko Development | www.azinkoholding.com | Baku, tel. +99 412 5964107 |
| ISR Holding | www.isrholding.com | Baku, tel. +99 412 4982412 |
| Pasha Construction | www.pashaconstruction.com | Baku, tel. +99 412 4044800 |

DATA SOURCES

| Table | Source |
|---|---|
| Key Economic Indicators | IMF World Economic Outlook (Apr 2010) |
| Statistical Data | The State Statistical Committee of the Republic of Azerbaijan (population, number of hotels and foreign visitors - 2009, average monthly salary - May 2010) |
| Indicative Development Cost Per Room, Hotel Chains On The Market, Existing Hotels, What's In The Pipeline, Hotel Developers | Research by Richard Chancellor Ltd. (2011). Indicative development costs include costs of furniture, fittings and equipment but specifically exclude land costs and professional fees |

MOLDOVA



| KEY ECONOMIC INDICATORS | | | | | | | | |
|-------------------------|---------|------|-------|-------|-------------|------|-------|-------|
| Indicator | Moldova | | | | CIS Average | | | |
| | 2008 | 2009 | 2010F | 2011F | 2008 | 2009 | 2010F | 2011F |
| Real GDP growth (%) | 7.8 | -6.5 | 2.5 | 3.6 | 5.5 | -6.6 | 4.0 | 3.6 |
| Inflation (%) | 12.7 | 0.0 | 7.7 | 5.7 | 15.6 | 11.2 | 7.2 | 6.1 |

| UPCOMING INTERNATIONALLY BRANDED HOTELS | | | |
|---|-----------------------------|-------------|--------|
| Scale | Hotel name | No of rooms | Due by |
| Midscale | Ramada Chisinau City Centre | 140 | 2011 |

KEY ISSUES

- Moldova is one of the poorest countries in Europe
- Underdeveloped tourism industry
- Low quality of services and infrastructure
- Necessity to create a supportive system for investors

OPPORTUNITIES

- Lack of quality hotels of all scales
- Development of wine route tours to attract more visitors
- Visa-free entrance for EU nationals

| STATISTICAL DATA | |
|-----------------------------|-----------|
| Population | 3,567,500 |
| Urban | 1,476,100 |
| Number of hotels | 93 |
| Number of foreign visitors | - |
| Business | - |
| Leisure | - |
| Other purpose | - |
| Average monthly salary, EUR | 188.00 |

| DATA SOURCES | |
|---|---|
| Table | Source |
| Key Economic Indicators | IMF World Economic Outlook (Apr 2010) |
| Statistical Data | National Bureau of Statistics of the republic of Moldova (population, number of hotels - 2009, average monthly salary - Aug 2010) |
| Hotel Chains On The Market, Existing Hotels, What's In The Pipeline, Hotel Developers | Research by Richard Chancellor Ltd. (2011) |

| HOTEL CHAINS ON THE MARKET |
|--|
| Accor |
| Dedeman Hotels & Resorts International |
| Domina Hotels |
| Fairmont Raffles Hotels International |
| Four Seasons Hotels & Resorts |
| Golden Tulip Hospitality Group |
| Hilton Worldwide |
| Hyatt |
| InterContinental Hotels Group |
| Jumeirah Group |
| Kempinski |
| Lotte Hotels & Resorts |
| Mandarin Oriental Hotel Group |
| Marriott |
| Rixos Hotels |
| Shangri-La Hotels & Resorts |
| Starwood Hotels & Resorts |
| The Rezidor Hotel Group |
| TUI Hotels & Resorts |
| Wyndham Worldwide |

UZBEKISTAN



KEY ECONOMIC INDICATORS

| Indicator | Uzbekistan | | | | CIS Average | | | |
|---------------------|------------|------|-------|-------|-------------|------|-------|-------|
| | 2008 | 2009 | 2010F | 2011F | 2008 | 2009 | 2010F | 2011F |
| Real GDP growth (%) | 9.0 | 8.1 | 8.0 | 7.0 | 5.5 | -6.6 | 4.0 | 3.6 |
| Inflation (%) | 12.7 | 14.1 | 9.2 | 9.4 | 15.6 | 11.2 | 7.2 | 6.1 |

EXISTING INTERNATIONALLY BRANDED HOTELS

| Scale | Hotel name | No of rooms | When opened |
|---------------|-----------------------------|-------------|-------------|
| Luxury | InterContinental Tashkent | 224 | 1996 |
| Upper Upscale | Radisson SAS Hotel Tashkent | 110 | 2003 |
| Upscale | Park Plaza Turon Tashkent* | 120 | 2009 |
| Midscale | Dedeman Silk Road Tashkent | 206 | 2003 |

KEY ISSUES

- Expensive and limited international access to the country
- Visa is required for all foreign visitors apart from CIS nationals

OPPORTUNITIES

- Development of eco-tourism to attract visitors
- No restrictions for foreign investment
- Deficit of quality hotels of all scales

STATISTICAL DATA

| | |
|-----------------------------|------------|
| Population | 27,296,700 |
| Urban | 9,762,300 |
| Number of hotels | 240 |
| Number of foreign visitors | 1,069,000 |
| Business | - |
| Leisure | - |
| Other purpose | - |
| Average monthly salary, EUR | 211.00 |

HOTEL CHAINS ON THE MARKET

| |
|---|
| Accor |
| Dedeman Hotels & Resorts International |
| Domina Hotels |
| Fairmont Raffles Hotels International |
| Four Seasons Hotels & Resorts |
| Golden Tulip Hospitality Group |
| Hilton Worldwide |
| Hyatt |
| InterContinental Hotels Group |
| Jumeirah Group |
| Kempinski |
| Lotte Hotels & Resorts |
| Mandarin Oriental Hotel Group |
| Marriott |
| Rixos Hotels |
| Shangri-La Hotels & Resorts |
| Starwood Hotels & Resorts |
| The Rezidor Hotel Group |
| TUI Hotels & Resorts |
| Wyndham Worldwide |

* Soon to be joining Park Plaza Hotels

| DATA SOURCES | |
|---|---|
| Table | Source |
| Key Economic Indicators | IMF World Economic Outlook (Apr 2010) |
| Statistical Data | The State statistical committee of the Republic of Uzbekistan (population - 2008, average monthly salary - Jun 2010), UzInfolvest (number of hotels - 2009), Uzbektourism (number of foreign visitors—2008) |
| Hotel Chains On The Market, Existing Hotels, What's In The Pipeline, Hotel Developers | Research by Richard Chancellor Ltd. (2011) |

TAJIKISTAN



| KEY ECONOMIC INDICATORS | | | | | | | | |
|-------------------------|------------|------|-------|-------|-------------|------|-------|-------|
| Indicator | Tajikistan | | | | CIS Average | | | |
| | 2008 | 2009 | 2010F | 2011F | 2008 | 2009 | 2010F | 2011F |
| Real GDP growth (%) | 7.9 | 3.4 | 4.0 | 5.0 | 5.5 | -6.6 | 4.0 | 3.6 |
| Inflation (%) | 20.4 | 6.5 | 7.0 | 8.3 | 15.6 | 11.2 | 7.2 | 6.1 |

| EXISTING INTERNATIONALLY BRANDED HOTELS | | | |
|---|------------------------|-------------|-------------|
| Scale | Hotel name | No of rooms | When opened |
| Luxury | Hyatt Regency Dushanbe | 202 | 2009 |

KEY ISSUES

- Insufficient number of flights to the country, air travel and accommodation are very expensive
- Poor state of transport and tourism infrastructure
- Lack of competition in the hospitality sector led to sky-high hotel room prices

OPPORTUNITIES

- Tajikistan is a popular destination for eco-tourism and extreme sports, especially rock climbing and white-water rafting
- Government is implementing programs in order to promote international tourism
- No competition in the branded hotel sector

| STATISTICAL DATA | |
|-----------------------------|-----------|
| Population | 7,373,800 |
| Urban | 1,939,309 |
| Number of hotels | 106 |
| Number of foreign visitors | 500,000 |
| Business | - |
| Leisure | - |
| Other purpose | - |
| Average monthly salary, EUR | 54.00 |

HOTEL CHAINS ON THE MARKET

| |
|--|
| Accor |
| Dedeman Hotels & Resorts International |
| Domina Hotels |
| Fairmont Raffles Hotels International |
| Four Seasons Hotels & Resorts |
| Golden Tulip Hospitality Group |
| Hilton Worldwide |
| Hyatt |
| InterContinental Hotels Group |
| Jumeirah Group |
| Kempinski |
| Lotte Hotels & Resorts |
| Mandarin Oriental Hotel Group |
| Marriott |
| Rixos Hotels |
| Shangri-La Hotels & Resorts |
| Starwood Hotels & Resorts |
| The Rezidor Hotel Group |
| TUI Hotels & Resorts |
| Wyndham Worldwide |

| DATA SOURCES | |
|---|---|
| Table | Source |
| Key Economic Indicators | IMF World Economic Outlook (Apr 2010) |
| Statistical Data | State Statistical Committee of Tajikistan (population - 2008, average monthly salary - Aug 2010), Committee of Young People, Tourism and Sport of Tajikistan (number of hotels and foreign visitors - 2008) |
| Hotel Chains On The Market, Existing Hotels, What's In The Pipeline, Hotel Developers | Research by Richard Chancellor Ltd. (2011) |

KYRGYZSTAN



KEY ISSUES

- Unstable political situation in the country
- Underdeveloped infrastructure

| KEY ECONOMIC INDICATORS | | | | | | | | |
|-------------------------|------------|------|-------|-------|-------------|------|-------|-------|
| Indicator | Kyrgyzstan | | | | CIS Average | | | |
| | 2008 | 2009 | 2010F | 2011F | 2008 | 2009 | 2010F | 2011F |
| Real GDP growth (%) | 8.4 | 2.3 | 4.6 | 5.3 | 5.5 | -6.6 | 4.0 | 3.6 |
| Inflation (%) | 24.5 | 6.8 | 8.4 | 7.6 | 15.6 | 11.2 | 7.2 | 6.1 |

| EXISTING INTERNATIONALLY BRANDED HOTELS | | | |
|---|-----------------------|-------------|-------------|
| Scale | Hotel name | No of rooms | When opened |
| Luxury | Hyatt Regency Bishkek | 178 | 1999 |

OPPORTUNITIES

- Favourable conditions for foreign investors
- Large number of visitors to Issyk-Kul lake
- Deficit of quality accommodation of all scales

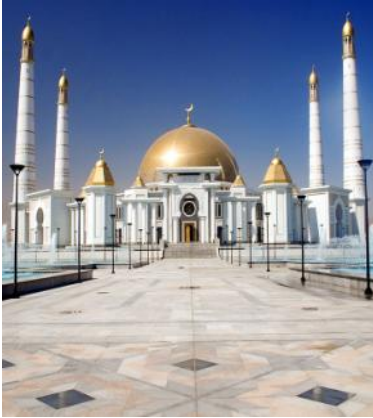
| STATISTICAL DATA | |
|-----------------------------|-----------|
| Population | 5,418,300 |
| Urban | 1,846,800 |
| Number of hotels | 172 |
| Number of foreign visitors | 2,146,740 |
| Business | - |
| Leisure | - |
| Other purpose | - |
| Average monthly salary, EUR | 103.00 |

| DATA SOURCES | |
|---|---|
| Table | Source |
| Key Economic Indicators | IMF World Economic Outlook (Apr 2010) |
| Statistical Data | National Statistical Committee of the Kyrgyz Republic (population, number of hotels and foreign visitors - 2009, average monthly salary - Aug 2010) |
| Hotel Chains On The Market, Existing Hotels, What's In The Pipeline, Hotel Developers | Research by Richard Chancellor Ltd. (2011) |

HOTEL CHAINS ON THE MARKET

| |
|--|
| Accor |
| Dedeman Hotels & Resorts International |
| Domina Hotels |
| Fairmont Raffles Hotels International |
| Four Seasons Hotels & Resorts |
| Golden Tulip Hospitality Group |
| Hilton Worldwide |
| Hyatt |
| InterContinental Hotels Group |
| Jumeirah Group |
| Kempinski |
| Lotte Hotels & Resorts |
| Mandarin Oriental Hotel Group |
| Marriott |
| Rixos Hotels |
| Shangri-La Hotels & Resorts |
| Starwood Hotels & Resorts |
| The Rezidor Hotel Group |
| TUI Hotels & Resorts |
| Wyndham Worldwide |

TURKMENISTAN



| KEY ECONOMIC INDICATORS | | | | | | | | |
|-------------------------|--------------|------|-------|-------|-------------|------|-------|-------|
| Indicator | Turkmenistan | | | | CIS Average | | | |
| | 2008 | 2009 | 2010F | 2011F | 2008 | 2009 | 2010F | 2011F |
| Real GDP growth (%) | 10.5 | 4.1 | 12.0 | 12.2 | 5.5 | -6.6 | 4.0 | 3.6 |
| Inflation (%) | 14.5 | -2.7 | 5.0 | 5.4 | 15.6 | 11.2 | 7.2 | 6.1 |

| UPCOMING INTERNATIONALLY BRANDED HOTELS | | | |
|---|------------------|-------------|--------|
| Scale | Hotel name | No of rooms | Due by |
| Luxury | Sofitel Ashgabat | 300 | 2011 |

KEY ISSUES

- Underdeveloped tourism industry
- Visa required for all foreign visitors

OPPORTUNITIES

- Tourism sector is one of the government's priorities
- Development of Avaza National Tourist Zone to attract visitors to the resort area on the Caspian Sea
- Lack of internationally branded hotels of all scales

| STATISTICAL DATA | |
|-----------------------------|-----------|
| Population | 4,940,916 |
| Urban | 2,421,048 |
| Number of hotels | 89 |
| Number of foreign visitors | 439,856 |
| Business | - |
| Leisure | - |
| Other purpose | - |
| Average monthly salary, EUR | 178.38 |

| DATA SOURCES | |
|---|---|
| Table | Source |
| Key Economic Indicators | IMF World Economic Outlook (Apr 2010) |
| Statistical Data | CIA World Factbook (population—2010), State Statistical Committee of Turkmenistan (number of hotels and foreign visitors - 2009, average monthly salary - Jan-Sep 2010) |
| Hotel Chains On The Market, Existing Hotels, What's In The Pipeline, Hotel Developers | Research by Richard Chancellor Ltd. (2011) |

| HOTEL CHAINS ON THE MARKET | |
|--|--|
| Accor | |
| Dedeman Hotels & Resorts International | |
| Domina Hotels | |
| Fairmont Raffles Hotels International | |
| Four Seasons Hotels & Resorts | |
| Golden Tulip Hospitality Group | |
| Hilton Worldwide | |
| Hyatt | |
| InterContinental Hotels Group | |
| Jumeirah Group | |
| Kempinski | |
| Lotte Hotels & Resorts | |
| Mandarin Oriental Hotel Group | |
| Marriott | |
| Rixos Hotels | |
| Shangri-La Hotels & Resorts | |
| Starwood Hotels & Resorts | |
| The Rezidor Hotel Group | |
| TUI Hotels & Resorts | |
| Wyndham Worldwide | |

CONTACTS OF INTERNATIONAL HOTEL GROUPS

| Hotel group | Web address | Regional office | Contact telephone |
|--|--|-----------------|-------------------|
| Accor | www.accor.com | Moscow | +7 495 642 9040 |
| Dedeman Hotels & Resorts International | www.dedeman.com | Istanbul | +90 212 444 4336 |
| Domina Hotels | www.dominahotels.com | Milan | +39 02 5500 4471 |
| Fairmont Hotels & Resorts | www.fairmont.com | Toronto | +1 416 874 2600 |
| Four Seasons Hotels & Resorts | www.fourseasons.com | Geneva | +41 22 707 8282 |
| Golden Tulip Hospitality Group | www.goldentulip.com | Moscow | + 7 495 787 7001 |
| Hilton Worldwide | www.hilton.com | Moscow | +7 903 776 1700 |
| Hyatt | www.hyatt.com | Zurich | +41 44 279 1306 |
| InterContinental Hotels Group | www.ichotelsgroup.com | Moscow | +7 495 786 7373 |
| Jumeirah Group | www.jumeirah.com | London | +44 207 858 7145 |
| Kempinski | www.kempinski.com | Geneva | +41 22 809 8888 |
| Lotte Hotels & Resorts | www.lottehotel.com | Moscow | +7 495 745 1000 |
| Mandarin Oriental Hotel Group | www.mandarinoriental.com | London | +44 207 908 7888 |
| Marriott | www.marriott.com | Zurich | +41 44 723 5100 |
| Rixos Hotels | www.rixos.com | Antalya | +90 242 323 2526 |
| Shangri-La Hotels & Resorts | www.shangri-la.com | Moscow | +7 495 514 8397 |
| Starwood Hotels & Resorts | www.starwoodhotels.com | Moscow | +7 495 787 2776 |
| Swissotel Hotels & Resorts | www.swissotel.com | Zurich | +41 44 317 6262 |
| The Rezidor Hotel Group | www.rezidor.com | Moscow | +7 495 961 2200 |
| TUI Hotels & Resorts | www.tui-group.com | Hanover | +49 511 56 600 |
| Wyndham Worldwide | www.wyndhamworldwide.com | London | +44 208 762 6600 |

ABOUT RICHARD CHANCELLOR

Richard Chancellor is a boutique consultancy focused on serving clients developing and investing in property and construction in the UK, Eastern Europe and Central Asia. Richard Chancellor was founded in the United Kingdom in 2009 and since then we are working hard towards becoming the leading consultancy providing services that are aimed at reducing risk and maximising value for our clients.

We have a track record of successful collaboration with clients investing in and developing hospitality assets in Russia, the CIS countries and Georgia. Our consultants have a sharp commercial edge and a sound understanding of hospitality market, gleaned from projects ranging from midscale hotel construction to a hundred million euro luxury resort development.

We offer locally tailored services, from Business Planning to Project Coordination, to developers, contractors and investors. There are five areas of expertise which we excel at, what we are passionate about and what we do better than anyone in the region:

- Benchmarking and Cost Modelling
- Cost Planning
- Procurement and Cost Management
- Post-Contract Management
- Due Diligence and Funds Monitoring

We have a comprehensive set of cost planning tools, extensive database of local cost information, and our in-house team of expert researchers and data analysts are constantly monitoring real estate and construction market. We bring industry best practice to the cost management with a flexible approach in order to maximise the benefit from project investment by ensuring our clients' objectives are met and maximised. We ensure that our clients have a full control of costs through early identification of risks and opportunities to enable your team to make the right decisions at the right time to deliver the right solutions for the right price.

Our comprehensive capital expenditure assessments are developed in line with internationally recognised methodologies - they help in project budgeting, securing external financing, effective cost management and form firm foundations for decision-making at all levels.

Combining unparalleled expertise and comprehensive capabilities, Richard Chancellor collaborates with clients, enhancing their values and seizing opportunities to help them take their business further. We are committed and dedicated to everything we do and a passionate about delivering industry leading solutions.

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