HRH Prince Michael of Kent

Speech for the Russia & CIS Hotel Investment Conference & Leadership Award

Tuesday 21st October 14.30

Ladies and Gentlemen,

I am so pleased to have been asked to attend this Russia & CIS Hotel Investment Conference. These gatherings provide an ideal opportunity for participants in a particular industry to meet new business partners and explore new opportunities. In this respect, Jonathan Worsley and his colleagues appear to have put together a comprehensive programme involving many leading experts in this field and I shall be particularly interested to hear what the Economist's representative will have to say.

Despite the current challenging times, Russia and the Emerging Markets will continue to require strong investment in their hotel and hospitality sectors, and this will certainly be the case when the world economies start to pick up and business travellers resume their search for new and existing markets.

Fiscal friendly legislation and the emphasis on legally binding contracts are a basic requirement for markets to expand in whatever country. We can all think of different examples of economic turmoil, some more serious than others, whether generated through currency turbulence or the more fundamental economic conditions that we are witnessing today, but the hotel sector so often seems to act as an early warning barometer of economic activity. The travel industry, so closely allied to the hotel business, is quick to feel the chill wind of any potential recession before it affects the majority of any population.

I can remember my first visit to Moscow in 1991. The conditions of the immediate post-Perestroika Moscow and other cities in Russia were pretty grim. There were no advertisements in the streets and the shops had enticing slogans over the front door that really made you want to rush to see what was inside, such as 'Products'. Now, 17 years later, just look at the quality of the hotels here today. I have also stayed in Azerbaijan, Uzbekistan and will shortly be going to Kazakhstan. In all these countries the hotels display exactly the same sort of development and high standards as you can see around you. Quite apart from the amazing improvement in buildings and equipment, there has also been a complete transformation in the quality and provision of service, culinary skills, and many of the other intangible aspects of your business.

Forty industry leaders from the Advisory Board of this conference met earlier this year to select an individual who, through his leadership, has helped to bring about great improvements in the hotel industry. They wanted to look back over a longer period of time for this important recognition and I would like to quote from one of the Advisory Board members:

"Mayor Luzhkov recognised that the severe shortage of quality hotel accommodation in Moscow was an impediment not only to the growth of the tourism industry, but to the economy as a whole. His action on starting to bridge the gap with legislative tools has been the single greatest contribution to facilitating hotel investment. This has led to developers' and lenders' recognition of hotels as vehicles for creating shareholder value in the fast-changing real estate sector in Moscow, Russia and the CIS region."

Mr. Luzhkov was elected the Moscow City Mayor in June 1996 and in December 1999. He was then re-appointed in 2003. He is an author of more than 200 printed publications as well as books on the social and economical development of Russia. He has also patented over fifty

inventions. Mayor Luzhkov is Honorary Professor and an academician at numerous universities and academies both in Russia and abroad.

I have personally witnessed the role that he and the Moscow Government have played in raising the standard of so much in this city which now rates as one of the most exciting places in the world, not only to visit as a tourist but also to do business. High quality hotels are essential for success, and I am confident that there will be a continuing increase throughout Russia and the CIS in international visitors, many of whom will be visiting Russia for the first time.

On behalf of the Advisory Board and the industry as a whole, I would like to present the first-ever Russian and CIS Hotel Investment Conference Leadership Award to Mayor Luzhkov. It comes especially from Cape Dorset, Baffin Island, in Canada which is known as the Inuit art capital of world. The Inuit people believe that after death they return as an animal, and the Bear represents the arctic animal kingdom. This one also represents your own achievement and we congratulate you on winning this Leadership Award.

It gives me great pleasure not only to open this Conference, but also to present the First-Ever Russia & CIS Hotel Investment Conference Leadership Award to Yuri Mikhailovich Luzhkov.