



Event	Interview
Interviewee	<u>Irina Sedletsкая</u> General Director, Premier International LTD - Hotel Management Company
Date	24 November 2009

Eunite Ukraine (EU): What is the Premier International hotels history? And what is the performance of your hotels today?

Irina Sedletsкая (IS): Premier International hotel management company was established with the purpose to bring together Ukrainian hotels of luxury segment into one hotel chain under the Premier Hotels brand. Back then we started with only 2 hotels. There were no international hotel chains on the market as well as no national ones, and Premier International became a pioneer in this matter – the first professional Ukrainian hotel management company.

Today our portfolio consists of 2 national hotel chains: Premier Hotels and Accord Hotels. Overall we manage 9 hotels in 6 different cities of Ukraine.

The Premier Hotels chain we call the Collection, as all its hotels are unique and express the special spirit of the place where they are located, but at the same time they all are luxurious and hospitable. The Accord Hotels chain was launched this year, and it unites medium class hotels that are focused mainly on business tourists. This sector is in demand today and we plan to develop ourselves further in this direction.

EU: What development plans do you have for the nearest future?

IS: Our current plans cover only further development of 2 existing hotel chains – Premier Hotels and Accord Hotels. Both chains open lots of challenging opportunities for a further expansion and they both have a huge potential for progress and development, that is why we concentrate today on our existing products and do not plan to launch any new chains yet.

Our primary goal is to increase the number of hotels under the Accord Hotels chain, as the segment of 3 star business-hotels becomes very attractive to clients in the light of unstable situation in the country and certain reduction of corporate budgets. On top of that, central cities of administrative regions face a lack of medium class hotels of a good quality. That is why we believe this sector to be promising and we will consider the following cities for a further development of our chain: Simferopol, Rivne, Kharkiv, Nikolaev, Dnipropetrovsk, Donetsk, Ternopil and Chernivtsi. In these cases we are open to cooperate on franchising basis, as well as on contract management basis. Also we plan to consider options of buying land lots or, possibly, even existing objects.

EU: How do you evaluate the capacity and the current development level of the hotel sector in Ukraine?

IS: Ukrainian hotel market starts to gain a momentum, and good evidences of this fact are the appearance of famous international hotel operators in Ukraine (i.e. Radisson, Hyatt, Intercontinental, Hilton) and an increase of number of Ukrainian local hotels. The demand still exceeds the current supply of the market. Also I should specify here, that first of all there is a deficit on qualitative supply within the medium class hotels and supply on optimal

price – quality relationship, as service and infrastructure of many hotels are way behind the price they ask for. And the competition may play an important role here to improve the current situation.

EU: What prospects do you see in Ukrainian hospitality sector?

IS: Within the prospects for the nearest future we see a dynamic development of 3 star hotels segment, an increase of hotels rooms supply in a luxurious segment, first of all in Kiev, and then gradual improvement of the hotel market in other regions of the country through reconstructions of exciting objects and gradual update of their material and technical basis. The most rapid development should be expected in Crimea region – the popular national and international resort - with the focus on improvement of the existing infrastructure and rising the interest not only to the South part of the peninsula, but to other parts of Crimean coastline.

It is possible, that in the future we will have changes in the Tax Law, and especially the change of the VAT rate on the model of some countries, that has to stimulate an active development of the market.

EU: What are the major difficulties Ukrainian hotels face today?

IS: Hotels are very strongly influenced by the fluctuation of the currency exchange rate that happens rather often these days. It decreased the hotel room prices and at the same time increased the costs of sales due to increased prices for dispensable goods (perfumery, etc). Also hotels are sensitive towards overall fall of the business activities related to economical and political instability in the country.

Within the global issues that refer to a necessity of the state policy to be reconsidered, first of all I should name the insufficient level of education and lack of practical skills, and secondly, the strict regulation of the currency exchange, that causes difficulties in work with foreign clients.

And another issue, which is still under a proper level of attention, is the absence of the well defined state policy on promotion Ukraine as an attractive holiday destination on international scale.

EU: On your opinion, how does EURO 2012 influence rates of the hotel sector development in Ukraine?

IS: Having the EURO 2012 in Ukraine certainly gives a positive boost for Ukrainian hospitality sector development. If all today's plans on construction of the big number of hotels will be realized, then they will only supply the demand which is yet unsatisfied on the market. It is very important to make a clear distribution of a total number of hotels planned between different market segments and fill all the market niches, not only luxurious segment. On top of that, it is important to keep in mind that there is a need to fill all these new hotels with guests and after the EURO 2012.