



CITY DEVELOPMENTS LIMITED

Hong Leong's hotel arm clinches management contracts; sees these as new revenue stream

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M&C Hotels to manage hotels in Marrakech and Agadir; close to operating hotels in Turkey

Hong Leong Group Singapore, through its international hotel arm, has clinched long-term management contracts to operate two five star-hotels in Morocco, according to the group's Executive Chairman Mr Kwek Leng Beng today.

The new contracts follow similar deals with two other 5-star hotels – both in the United Arab Emirates - which recently gave Millennium and Copthorne Hotels plc (M&C) the green light to manage their properties.

M&C is also close to signing up hotels in other key gateway cities such as Istanbul, said Mr Kwek, who is also chairman of the London listed subsidiary, M&C.

Mr Kwek said: "For our hotel arm, we have also looked at new revenue streams. After attaining a critical mass through acquisitions, substantial refurbishment in our newly acquired hotels and building up a pool of management talent, we now have time to look at securing management contracts. This enables us to fast track our growth and enhance our position as a global hospitality player."

The new two contracts are for Millennium Hotel Agadir, a 284-room and seven-suite hotel located in Baie des Palmiers in the resort city of Agadir. The property is due to open at the end of this year. The second, Millennium Hotel Marrakech, is a small hotel with 37 guest rooms and three suites. It is located in the Quartier Hivernage and is scheduled to open in mid-2003.

In the UAE, the hotels are the Millennium Abu Dhabi, opening around March this year and Millennium Hotel Sharjah due to open at the end of this year. Last year, the group clinched the management contract of Royal Palm Resort in the Galapagos Island, off Ecuador, in July last year. The Galapagos were made famous by Charles Darwin. The Palm Resort has started accepting reservations.

M&C will manage these properties for 25 years.

"We are now close to signing up hotels in other key gateway cities such as Istanbul and Ankara in Turkey. All these are major destinations and we will be proud to be the first to plant the Singapore flag in these cities alongside other global brands," added Mr Kwek who was speaking at the launch party of M Hotel Singapore.

Mr Kwek also called on hotel owners and managers to look at implementing cost saving initiatives whilst increasing productivity during the present difficult period. "These measures should, however, not be at the expense of employees and service standards," he added. "With a more productive team, hotels would then be in a better position to pass on the savings to their customers giving them better value for money."