



CDL To Buy Prime Office Building In Seoul

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CDL is embarking on a joint venture to buy an office building - the partly completed Yuhwa Building, in the central business district of Chung-gu in Seoul, Korea.

CDL is going into a 50-50 partnership with US real estate fund Westbrook Asia LLC to buy the building's present owner, Yuhwa Development Company, which owns the property from the Daewoo Corporate Group of Companies. A Sale and Purchase Agreement has been executed in July with the Vendors and completion of the transaction is scheduled for end September 2000.

The total estimated acquisition and completion cost for the project is approximately US\$100 million. The JV will arrange for a bank loan for up to 60% of the acquisition and completion costs, and the balance will be funded by a combination of equity / shareholders' loan.

When completed in mid 2002, the building will comprise a 31-storey Grade "A" office tower with a gross construction floor area of 648,180 square feet on a 41,152 square feet site. Excluding the 421 parking lots, the gross area will be 465,790 square feet and the net usable floor area 322,327 square feet. In Korea, most of the leases are based on gross floor area basis.

Located in Chung-gu, Yuhwa Building is within the immediate neighbourhood of the Property are headquarters buildings of major chaebols (Korean conglomerates), banks, hotels and local and central government institutions. In addition, the building will have a direct underground tunnel to Seoul Station and is located next to the Seoul Hilton, which was acquired by CDL in Nov 1999.

The joint venture partners view this acquisition as an attractive investment and unique opportunity to take advantage of the strong growth in the Korean economy and the office market in Seoul. The timely purchase of this well-located Grade 'A' office building in the CBD at a favourable price, will allow the CDL Group to leverage on its strong potential for asset appreciation, coupled with an attractive rental return of approximately 12% on the investment.