



Purchase Of Seoul Hilton A Strategic Buy

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The Hong Leong Group Singapore today signed an agreement to purchase the 5-star 673-room Seoul Hilton, a deal of strategic importance to the group, which hopes to build a global network.

The US\$213.5 million deal, signed in the South Korean capital, was the largest international hotel purchase in Asia in several years. The deal was done through Republic Hotels & Resorts Limited, a subsidiary of the Group's London-listed Millennium & Copthorne Hotels plc (M&C). M&C is a subsidiary of Hong Kong listed CDL Hotels International, which is in turn a subsidiary of Singapore-listed City Developments Limited.

Mr Kwek Leng Beng, Executive Chairman of the Hong Leong Group Singapore said, "It is very difficult, next to impossible, to buy a trophy hotel such as the Seoul Hilton. The opportunity came as a surprise. Such good opportunities hardly ever arise, such as The Plaza deal in New York. The Seoul Hilton reminds me of the Grand Hyatt Taipei, which is today the best performing hotel in Asia within our Group." The Grand Hyatt Taipei and The Plaza New York are part of the Group's portfolio of 70 hotels.

The Seoul Hilton deal was completed very quickly. Soon after Mr Kwek first inspected the hotel, he put together and headed a negotiating team.

According to Mr Antony Karp, Executive Vice President, Jones Lang LaSalle Hotels, which brokered the deal, 20 initial bids were received from a strong international field. Six of the most credentialed global investors were shortlisted and invited to undertake due diligence, then make their offers. Republic Hotels was appointed preferred purchaser shortly thereafter, beating off the strong field.

Mr Karp noted, "Trophy hotel assets seldom find their way to the market in Asia and the Seoul Hilton is a rare example of such an opportunity. It will no doubt be a stunning addition to M&C's stable of quality hotels."

Prior to this latest acquisition, M&C purchased the Asia-Pacific hotels of parent CDL Hotels in April. The deal more than doubled M&C's hotel holdings, boosting its assets from 24 to 67 hotels. Today, the hotel group owns and operates a total of 70 hotels in 13 countries, including 14 in Asia. The Group also opened its newest 5-star business hotel, the Grand Copthorne Waterfront Singapore, in October.

Meanwhile, negotiations are in the final stages for the purchase of Regal Hotels in the US, which could see CDL Hotels owning and operating another 49 hotels in major gateway US cities, making a total of 119 hotels.

Mr Kwek Leng Joo, CDL's Managing Director and Executive Director of the Hong Leong Group Singapore and a Director of Republic Hotels & Resorts, said at the signing ceremony, "Our Group owns and manages an extensive network of hotels, not just in this part of the world but globally. In Asia, we have a presence in almost every major city except Tokyo, Seoul and Bangkok. The acquisition of the Seoul Hilton is therefore of strategic importance to our hotel network, as it serves to bring us one step closer towards completing the jigsaw."

The 5-star freehold Seoul Hilton competes strongly in the corporate, leisure and conference market segments and is regarded as one of Seoul's top five hotels. It enjoys a superb location within the centre of the Seoul business district at Chung-ku. The hotel underwent extensive refurbishment between 1989 and 1999 (costing US\$58.7 million), encompassing various areas in the hotel including guest rooms, ballroom and function rooms, convention centre, business centre, public spaces and restaurants.

It was named Business Traveler Magazine's finest business hotel in Seoul and the best overall hotel in Seoul at the 1999 Travel Awards. The annual poll by the Hong Kong-based magazine judges hotels on their facilities, services for business people, quality of restaurants, value and service.