

## Asia Pacific Hospitality Enews - Week Ending July 14 - 2006

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Weekly Hotel Industry News Roundup from Asia Pacific

### **InterContinental Considering Partnerships in Philippines**

The InterContinental Hotels Group is in talks with five local investors for a possible partnership in managing a city or resort hotel outside Manila. Potential venues for hotels are Cebu and Boracay, InterContinental regional General Manager Paul Rene Lee said in an interview. He added that Boracay, being a popular vacation spot, may be appropriate for a concept suitable for a Holiday Inn. Mr. Lee said a new building may take about three to four years to build, while a converted property would take two to three years to develop. The Tourism Department for the Philippines said the continuous growth of visitor arrivals in the country is encouraging investors to build more forms of accommodations. The Tourism Department reported that 965,853 tourists visited the country from January to April 2006, a 13.3% increase over the same period in 2005.

### **Qantas Welcomes Government Announcement**

Qantas welcomed the removal of limitations on the number of air services that can be operated between the UK and Australia. The Chief Financial Officer of Qantas, Mr. Peter Gregg, said that the UK was an important market, and that this development would enable Qantas to grow in the future. Mr. Gregg said Qantas also welcomed the increased opportunities to operate at intermediate destinations and beyond the United Kingdom, but was disappointed that this did not extend to destinations in China and the USA, as these new opportunities depends on access arrangements under Australia's bilateral agreements with third countries.

### **Westralia Property Trust Selling its Tourism Assets**

Westralia Property Trust is selling three major tourism assets in Western Australia (WA) in a bid to reverse its ailing performance and concentrate on commercial assets. The Futuris-controlled Trust owns a commercial-retail Central Business District building and four tourism properties, with a combined value of more than US\$75.3 million. Timeshare company Accor Premiere Vacation Club has announced in July the acquisition from Westralia of the 59 strata-titled Busselton Bungalows in the Margaret River area, for more than US\$8.3 million. Westralia is also looking for buyers for the Broadwater Resorts in Dunsborough and Kalgoorlie, with asking prices of US\$9.8 million and US\$10.5 million. Accor opened a Perth office to sell its timeshare units, which reportedly already total 15,000 members.

### **Taiwan Hotel Rates Average US\$95 Per Night**

The average room rate for a hotel room in Taiwan averaged about US\$95 per night in the first five months of 2006, up 4.1% over the previous year, according to figures by the Directorate General of Budget, Accounting and Statistics (DGBAS). For international standard hotels, the average rate was US\$98, an increase of 4.2 percentage points from the same period in 2005. The DGBAS study shows that there is a US\$30 difference between the hotel rates in Taipei and Hualien, with a room averaging US\$113 per night in Taipei and US\$83 per night in Hualien. In the first quarter of 2006, tourist arrivals at major tourist sites in Taiwan stood at 47.94 million, up 26% compared with the same period in 2005.

### **Four Seasons Continues Expansion**

Four Seasons has entered letter of intent agreements for four new developments in Barbados, Shanghai, Taipei and Macau. The Four Seasons Hotel Shanghai at Pudong will join the existing Four Seasons Hotel Shanghai, opened in 2002, as the second property in Shanghai and the fourth in China. Located on Century Boulevard, the hotel will feature 190 rooms and suites and 60 residences, along with restaurants, a spa and meeting space. It is expected to open in early 2009. The Four Seasons Hotel Taipei will be located in the Hsin Yi District, near Taipei 101, the world's tallest building. It will offer 275 rooms and suites, and 50 serviced apartments in a mixed-use development including office and retail space. It is expected to open in 2009. The Four Seasons Hotel Macau is anticipated to open in late 2007 and will feature 400 hotel rooms and up to 600 serviced vacation suites. The development which is planned on the Macau's Cotai Strip will also include an upscale fashion mall integrated into the Grand Canal of The Venetian Macao. Four Seasons currently manages 68 luxury hotels and resorts in 31 countries and has more than 20 properties under development.

### **CDL Hospitality Trusts Launches IPO**

The initial public offering (IPO) sponsored by City Developments' subsidiary, Millennium & Copthorne Hotels (M&C), has priced its initial public offering of 425 million units at US\$0.52 each for a total of approximately US\$221 million. The final prospectus of CDL Hospitality Trusts consists of a stapled group comprising a hospitality real estate investment trust (H-Reit) containing five Singapore assets valued at US\$532 million, as well as a business trust. The shares on offer make up 60.9% of the Reit's market capitalization, M&C will hold the remaining 39.1% through Hospitality Holdings. The trust is expected to expand beyond its initial portfolio, which will consist of four hotels - Grand Copthorne Waterfront Hotel, M Hotel, Copthorne King's Hotel and Orchard Hotel - and the Orchard Hotel Shopping Arcade. Based on the offer price of US\$0.52 a share, H-Reit has a projected distribution yield of 6.37% for the annualised six months ending 31 December 2006 and 6.69% for 2007. Vincent Yeo, chief executive of M&C Reit Management Limited, said that the yield can be expected to increase further in subsequent years. The Reit's portfolio currently comprising only Singaporean assets will look to grow its portfolio across Asia and the Middle East in the future.

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