



News Release

13 December 2021

CDL TO DIVEST SEOUL HOTEL FOR KRW 1.1 TRILLION AS PART OF STRATEGIC CAPITAL RECYCLING INITIATIVE TO UNLOCK LATENT ASSET VALUES

- **Enters into agreement to divest Millennium Hilton Seoul and adjoining land to IGIS Asset Management for KRW 1.1 trillion (approximately S\$1.26 billion¹) – at a significant premium to book value**
- **Divestment is in line with the Group’s capital recycling focus to unlock the deep value of its hotel assets since its privatisation of Millennium & Copthorne Hotels Limited**
- **Expected completion of proposed divestment in Q1 2022**

City Developments Limited (CDL), through CDL Hotels (Korea) Limited, its indirect wholly-owned subsidiary, had on Friday, 10 December 2021, entered into a sale and purchase agreement with YD427 PFV Co., Ltd, an entity managed by IGIS Asset Management Co. Ltd. for the proposed divestment of Millennium Hilton Seoul and the adjoining land plot in Korea for KRW 1.1 trillion (approximately S\$1.26 billion¹). IGIS Asset Management is one of the largest real estate managers in Korea with US\$34 billion in assets under management as of 2020.

Located at the foot of Mount Namsan and within walking distance to Seoul’s downtown business district, the 5-star, 22-storey Millennium Hilton Seoul is operated by Hilton Hotels & Resorts under a management contract. The hotel building comprises 680 guest rooms and 29 suites, a business centre, fitness centre, pool, area used for the casino and retail shops, restaurants and bar facilities and other associated facilities and amenities.

Opened in 1983, the hotel was previously owned by Daewoo Group before it was acquired by the CDL Group in November 1999 for US\$213.5 million following the Asian Financial Crisis. In 2013, CDL Hotels (Korea) Limited acquired the adjoining 1,563.7 square metre freehold land plot from Woo Yang Industrial Development Co. Ltd. for KRW 29.5 billion.

The proposed divestment which is expected to be completed by 28 February 2022, is in line with the acceleration of the CDL Group’s capital recycling strategy to unlock latent value from its long-held assets. Following its privatisation of Millennium & Copthorne Hotels Limited (M&C) in November 2019, the Group embarked on a strategic, holistic review of M&C’s entire global hotel footprint to restructure hotel assets as well as streamline cost structures with a view to unlock value at the right time.

The sale price for the assets was arrived on a willing-buyer and willing-seller basis. The Group accepted the highest offer, having received several unsolicited and competing offers. The amount represents an excess of KRW 835.17 billion (approximately S\$960.44 million) over the Group’s net book value of the property as of 30 November 2021.

The performance of Millennium Hilton Seoul has been trending negatively over the years, further exacerbated by the COVID-19 pandemic since 2020, which led to a sharp decline in accommodation and event bookings due to international travel restrictions and temporary lockdown regimes.

Mr Kwek Leng Beng, Executive Chairman of CDL and M&C, said, “Ever since I led our foray into the hotel industry in the 1970s, we have amassed a portfolio of valuable assets through strategic

¹ Based on an exchange rate of KRW 0.00115 = S\$1.00

acquisitions and geographical expansion. Many of these assets have been held at book value for decades.

Since acquiring Millennium Hilton Seoul in the late 1990s, we have steadfastly invested in the hotel, driven optimal performance and extracted good value from the property. We have always believed that this would be an asset that could provide tremendous value to shareholders at the right time and at the right price.

We received several unsolicited offers and negotiated hard to maximise value. This sizeable divestment at a significant premium to book value was the impetus to sell without hesitation and realise a substantial profit. The proposed divestment is in line with our capital recycling commitment to realise the deep, latent value from our assets.

We remain confident of the global hospitality recovery with pent-up demand. We will continue to review and fine-tune our portfolio to accelerate the Group's growth and transformation while enhancing shareholder value."

Upon completing this proposed divestment, the Group is expected to recognise an estimated gain in the income statement of S\$529.73 million, net of taxes and related transaction costs. This is expected to positively impact the NAV per share and earnings per share of the Group.

The proposed sale of the Seoul assets marks the Group's fourth hotel divestment of the M&C portfolio since its privatisation and the largest hotel divestment to date. The previous two non-core M&C hotel divestments completed were Millennium Hotel Cincinnati and Copthorne Hotel Birmingham, with Millennium Harvest House Boulder in the US expected to complete in 2022. These three non-core divestments have a combined sales value of around S\$178.96 million.

As of 30 June 2021, M&C owns, manages and operates over 145 hotels across some 80 locations worldwide throughout Asia, Europe, the Middle East, New Zealand and the US.

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VISUALS

| S/N | Caption | Visual |
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| 1 | Located at the foot of Mount Namsan and within walking distance to Seoul's downtown business district, the 22-storey Millennium Hilton Seoul has 680 rooms and 29 suites and is operated by Hilton Hotels & Resorts under a management contract |  |
| 2 | Millennium Hilton Seoul |  |