

# news release

Mandarin Oriental International Limited

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To: Business Editor

For immediate release

## **MANDARIN ORIENTAL TO EXPAND MANDARIN ORIENTAL, MUNICH**

26th March 2014 – Mandarin Oriental International Limited ('Mandarin Oriental') announced today that it is to expand and enhance its wholly-owned hotel in Munich through the construction of a mixed use complex on an adjacent site.

The Group has entered into an agreement with the project developer Wöhr + Bauer Projekt HTW GmbH & Co. KG and its parent entity Wöhr + Bauer GmbH (together 'W+B') to construct new hotel rooms and facilities as part of the mixed use complex estimated to open in 2021. The Group's total investment in the project, which will also include a refurbishment of the existing hotel's 73 rooms, is estimated at €124 million (US\$170 million), in today's terms.

The site will be developed into a mixed use complex of some 23,000 sq. m. comprising two buildings that will jointly house new hotel rooms and facilities, 19 luxury branded *Residences at Mandarin Oriental*, retail units, commercial offices and underground car parking. One of the new buildings, housing the hotel rooms and facilities as well as six of the 19 *Residences at Mandarin Oriental* and approximately 800 sq. m. of retail, will be connected to the existing hotel via an underground tunnel.

Mandarin Oriental will own 100% of the freehold interest in the land and buildings of the new hotel annex, comprising 51 additional guestrooms (increasing the total number of guestrooms of the expanded hotel to 124), a restaurant and bar, a spa, fitness centre and swimming pool, hotel back of house facilities and ten underground car parking spaces. Mandarin Oriental will manage the expanded hotel, as well as brand and manage the residences. W+B will retain and manage 100% of the freehold interest in the remaining land and buildings, comprising 19 *Residences at Mandarin Oriental* (until sold), a third party operated restaurant, commercial offices, retail outlets and underground car parking.

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The site, which is currently a multi-storey car park, was acquired by W+B from the City of Munich in 2013. As a condition of the purchase of the car park, W+B are required to develop and construct a replacement car park at another location in the city prior to commencing redevelopment of the site. As a result, construction of the complex is estimated to begin in 2018, with completion expected for late 2020.

Mandarin Oriental will pay the developer, W+B, a turnkey construction price to build the new hotel rooms and facilities, a portion of which will be subject to indexation. Mandarin Oriental will provide technical services to the developer. Mandarin Oriental's financial commitment during the period 2014 to 2017 is limited to development fees and land purchase price instalments, estimated at €17 million (US\$23 million), with the final land purchase price instalment only due when construction on the site commences. Refurbishment of the existing hotel rooms will be undertaken during the construction period.

The expanded and enhanced hotel operations are currently estimated to generate incremental EBITDA (earnings before interest, tax, depreciation and amortization) in 2023 (expected third year post opening) of US\$17 million, in today's terms. Mandarin Oriental will fund the estimated €17 million (US\$23 million) of payments leading up to the final land purchase price instalment and commencement of construction using existing cash reserves, with the remaining investment to be funded through the use of an appropriate mix of external debt and cash reserves.

Edouard Ettegui, Group Chief Executive of Mandarin Oriental, said, "This project creates a rare opportunity to expand one of Mandarin Oriental's best performing assets, and further strengthen Mandarin Oriental, Munich's market leading position in this strategically important German city."

Wolfgang Roeck, Managing Partner of W+B, said, "Our goal is to develop a vibrant destination, which encompasses the best of Munich's tradition and innovation in the form of a new high quality mixed use development, designed to appeal to the city's residents and international visitors alike. We are delighted to be partnering with Mandarin Oriental to create sought-after branded residences and to expand Munich's most luxurious hotel."

### **About Mandarin Oriental Hotel Group**

Mandarin Oriental Hotel Group is the award-winning owner and operator of some of the most luxurious hotels, resorts and residences. The Group has grown from a well-respected Asian hotel company into a global brand and now operates, or has under development, 44 hotels representing close to 11,000 rooms in 25 countries, with 20 hotels in Asia, ten in The Americas and 14 in Europe, Middle East and North Africa. In addition, the Group operates or has under development, 13 *Residences at Mandarin Oriental* connected to its properties. Mandarin Oriental is a member of the Jardine Matheson group.

### **About Wöhr + Bauer GmbH (W+B)**

W+B is a leading developer of high-end real estate projects in prime city locations, usually in conjunction with multi-storey and underground parking facilities. Originally founded in Munich in 1991 as a joint venture between the GmbH's of Bauer & Wöhr, today it is owned equally by the GmbH's of Bauer, Wöhr and Roeck. Bauer GmbH is a 99% owned subsidiary of the Frankfurt listed Bauer AG, which has more than 200 years of construction and machinery manufacturing experience. Otto Wöhr GmbH is a family owned business originally founded in 1902, with an established presence as a builder of high-end parking systems worldwide, while Roeck GmbH is a private company owned by senior management of W+B.

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This and other Group announcements can be accessed through the internet at 'www.mandarinoriental.com'.