

Koreans seal biggest Australian hotel deal

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One of the largest financial institutions in Korea, **Mirae Asset Global Investments**, has purchased Sydney's trophy five-star hotel, the Four Seasons Hotel Sydney, for \$340 million, in the biggest single hotel deal in Australia's history.

The 531-room hotel overlooking the Sydney Harbour Bridge and Opera House at Circular Quay underwent a \$45 million dollar refurbishment program in recent years.

Mirae purchased the hotel from **Eureka Funds Management** and will use Sydney-based firm **Millinium Capital Managers** to manage the property.

Millinium managing director **David Grey** said the investment was the first of more to come. "This is an exciting investment by one of Korea's largest financial institutions and we believe it will not be the last," Mr Grey said.

The hotel was jointly marketed by Craig Collins of Jones Lang LaSalle's hotels and hospitality group and Dan McVay of McVay Real Estate.

The hotel is the largest single asset sale since the Shangri-La Hotel Sydney was sold last year for \$330 million.

Speaking from Korea, David Wallace from Millinium Capital Managers, said Mirae was attracted to the hotel because of its iconic status, very good location in Circular Quay, its food and beverage facilities and being managed under the Four Seasons brand.

"The long management rights (14 years including options) held by the

More Seoul capital to buy blue chip assets

An influx of South Korean capital is expected to pour into Australian blue chip assets, driven by pension funds looking to diversify beyond its borders.

South Korea's National Pension Service has led the way, investing more than \$1 billion with the purchase of Aurora Place in 2010, with an industrial joint venture with the DEXUS Property Group and a half share of Erina Fair. However, 95 per cent of South Korea's institutional funds remain invested domestically.

"Korean pension funds are over-exposed to the small domestic market," The Trust Company's Andrew Cannane said.

He said changes to Japanese monetary policy would encourage Korean funds to look further afield.

Glen Boulwood from Eureka Funds Management said the government encouraged investment beyond Korea.

"There's a massive amount of capital over there," he said.
LARRY SCHLESINGER

Four Seasons were part of its decision to purchase," said Mr Wallace.

"The were also very impressed with the banqueting offered and ballroom facilities, which are well regarded by corporate groups," he said.

Also important to Mirae were the refurbishments undertaken by Eureka which will mean the hotel will require minimal capital expenditure while delivering strong revenue.

Mirae have no plans at this stage to develop the hotel further, with the acquisition part of its plans to expand its global portfolio.

"They are looking at other acquisitions, but outside of Australia," said Mr Wallace.

Sydney continues to be Australia's hottest hotel investment market accounting for almost 40 per cent of the

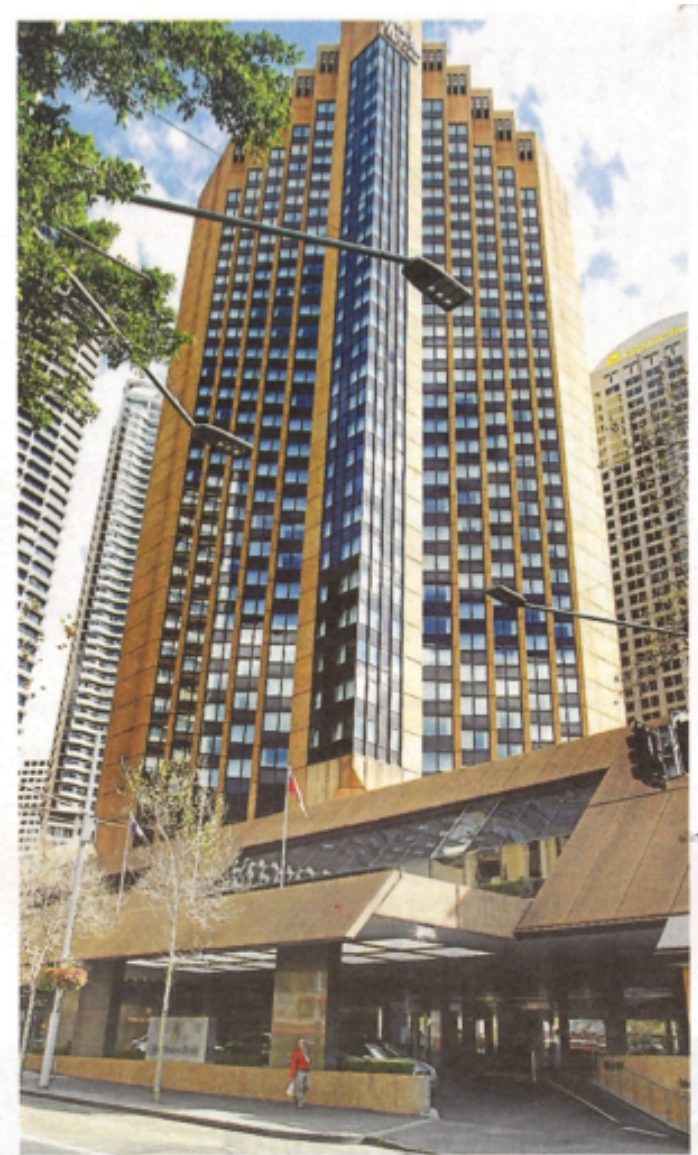
total transaction volume so far in 2013.

Investors will be attracted to the Sydney market by very healthy occupancy figures and rising room rates. The latest figures from STR Global show that occupancy in Sydney's five star hotels has averaged 90.2 per cent over August to date "highlighting the extremely strong demand for hotel rooms".

"Sydney CBD hotels are close to full every night," says STR Global.

"With this high level of guest numbers, only about 2500 rooms are empty in the CBD each night, allowing little room for large conferences and events to house their visitors.

"Despite being the winter season, five days this August have seen occupancy above 95 per cent which means less than 1200 rooms are empty across the 200 properties in the CBD.



The Four Seasons Hotel Sydney has fetched \$340 million. PHOTO: TAMARA DEAN