

HOTEL REPORT

Vol 7 Issue 11 January 2005

- What life holds for InterContinental
- Americans push consolidation
- Dominic Walsh on troubled Von Essen Hotels
- Casino news

£800m joint venture starts to swoop

A new £800m joint venture backed by Bank of Scotland has already started to acquire luxury hotels across Europe.

Bank of Scotland has signed the joint venture with Fairmont Hotels & Resorts and Kingdom Hotels International, an investment company for Prince Alwaleed bin Talal.

The outfit, created to invest in luxury hotels throughout Europe, has already acquired the 619-room Monte Carlo Grand hotel in Monaco for an undisclosed sum. The property, opened in 1975, is to be renamed the Fairmont Monte Carlo in March 2005. The joint venture is

also thought to be considering a bid for the Paris InterContinental – see page 13.

Under the terms of the joint venture, Bank of Scotland will contribute 50% of the equity, while Kingdom and Fairmont will contribute about 25% each.

Any hotels acquired will be managed by Fairmont, while Bank of Scotland will provide debt financing. Cedar Capital Partners will serve as managers and investment advisors. Hogan & Hartson, an international law firm, advised on the structuring and financing of the joint venture, as well as its first acquisition.

Peter Cummings, managing

director of Bank of Scotland, said: “We are very confident in the expertise and capacity of our joint-venture partners to command a strong presence in Europe and develop the properties acquired to the very highest standards of quality and financial performance.”

William Fatt, Fairmont’s chief executive, said: “Coming on the heels of our agreement to manage London’s Savoy, this agreement marks another important milestone in the global expansion of the Fairmont brand and adds Monte Carlo to our list of world-renowned Fairmont hotel destinations.”

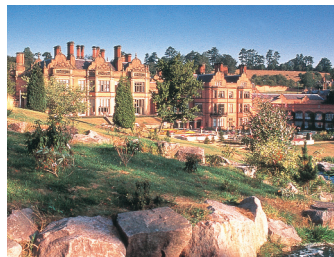
Menzies deal spurs acquisitions

Nikko Principal Investments, the Japanese investment company, has paid £120m for Menzies Hotels. NPI bought the company in a secondary buyout from institutional investors led by BancBoston Capital.

The group hopes to build a “substantial position” as an owner/operator of upscale hotels in the UK, using Menzies as a platform for further acquisitions.

The Menzies deal is Nikko’s first venture into hotels in Britain. The company owns the Roadchef chain of motorway restaurants and has invested in British hospitals and ports.

Nick Menzies, the chairman and founder of Menzies, said: “The UK four-star hotel sector remains fragmented and we believe that there are significant opportunities for us to lead the



Links with the Bard: Welcombe hotel

consolidation of the sector and build value.” Under the deal, Nick Menzies and other senior management at the hotel group will all be shareholders in the new business. Menzies is due to retain a 17% stake.

Menzies Hotels has 14 properties in Britain. It includes the Welcombe hotel in Stratford-upon-Avon, a Jacobean mansion on 157 acres that includes land once owned by William Shakespeare.



Samuel L. Katz of Cendant – looking for ‘significant growth’, page 9

Companies in this issue

| | |
|-------------------------------|-------------|
| ABN Amro | 3 |
| Accor | 4, 9 |
| Ameristar | 6 |
| Bank of Scotland | 1, 13 |
| Barclays Bank | 3 |
| BDO | 4 |
| Berkeley Scott | 19 |
| Best Western | 10, 19 |
| Blackstone | 3 |
| British Casino Association | 6 |
| Cedar Capital Partners | 1 |
| Cendant Corporation | 3, 9, 19 |
| Center Parcs | 8, 12 |
| CHE Group | 8 |
| City Inn | 10 |
| CMS Cameron McKenna | 18 |
| Dawnay Shore Hotels | 11 |
| De Vere | 3 |
| Deloitte | 15 |
| EasyJetHotels | 10 |
| Euro Disney | 4 |
| Eurosource | 4 |
| Fairmont Hotels & Resorts | 1, 9, 13 |
| Golden Tulip | 19 |
| Goldman Sachs | 3 |
| Gresham Hotel Group | 12 |
| Hanover International | 11 |
| Harrahs | 6 |
| Hilton | 4, 6, 9 |
| Hogan & Hartson | 1 |
| Host Marriott | 1 |
| Hyatt | 9 |
| InterActiveCorp | 9, 10 |
| InterContinental Hotels Group | 3, 7, 9, 19 |
| Kerzner International | 19 |
| Kingdom Hotels | 1, 13 |
| KPMG | 2 |
| Las Vegas Sands | 6 |
| Lehman | 3 |
| London and Edinburgh Inns | 11 |
| Macdonald Hotels | 12 |
| Mandarin Oriental | 13 |
| Marriott | 9, 13 |
| Masterworks Development Corp | 11 |
| Menzies Hotels | 1 |
| MGM | 6 |
| Monogram Hotels | 13 |
| Newcastle United | 6 |
| Nikko Principal Investments | 1 |
| Park Lane Hotels | 3 |
| Park Plaza Hotels | 11 |
| Park Resorts | 3 |
| PhoCusWright | 9 |
| PKF | 15 |
| Radisson SAS | 13 |
| Ritz-Carlton | 13 |
| Sabre | 9 |
| Sheraton | 13 |
| Soho Group | 13 |
| Stanley Genting | 6 |
| Starwood | 9, 13 |
| Strategic Hotel Properties | 3 |
| Sun International | 6 |
| Sunderland Football Club | 6 |
| TRI Hospitality Consulting | 17 |
| VisitBritain | 16 |
| Von Essen Hotels | 5, 8 |
| Whitbread | 19 |
| Wyndham International | 3 |