

Proskauer Represents Formosa International Hotels Corporation in Sale of 51% Majority Stake in Regent Hotels & Resorts

March 15, 2018

March 15, 2018 (Hong Kong) – International law firm Proskauer represented Formosa International Hotels Corporation [TPE:2707], an international luxury hospitality group based in Taiwan, in entering into an agreement for the sale of a 51% stake in the Regent Hotels and Resorts brand to InterContinental Hotels Group (IHG) [NYSE:IHG] for US\$39 million in cash. Pursuant to the deal, the remaining 49% interest may be sold pursuant to put and call rights in a phased manner starting from 2026 based on a multiple of trailing twelve months revenues of the business, for a purchase price that IHG currently projects would not exceed \$100 million. The transaction is expected to close in the second quarter of 2018 upon completion of customary closing conditions.

In connection with the transaction, IHG has announced that Regent will join IHG's brand portfolio at the top end of the luxury segment, with a plan to grow from six hotels today to more than 40 hotels in key global gateway cities and resort locations over the long term. One of the key drivers for the deal is the conversion of the InterContinental Hong Kong, which is due for an extensive refurbishment commencing in early 2020, back to a Regent Hotel in early 2021. The iconic hotel, which originally opened its doors in 1980 under the Regent brand, was rebranded as the InterContinental Hong Kong in 2001, and will now return to its roots.

Regent Hotels & Resorts, created by Robert Burns in the 1970s, was acquired by Formosa from Carlson Group in 2010. Regent currently operates in Beijing, Berlin, Chongqing, Singapore, Taipei and Porto Montenegro. Formosa also owns and operates hotels in Taiwan, including: Silk Place, a lifestyle brand built with local features; Silks Club, a luxury boutique hotel brand; and Just Sleep, an affordable business hotel chain.

This is the third significant transaction involving the combination of Asian and non-Asian brands that Proskauer has advised on over the past few years, following AccorHotels' [EPA:AC] long-term alliance with Huazhu Hotels Group (also known as China Lodging Group [Nasdaq: HTHT]) in January 2016 and its strategic partnership with Singapore-based Banyan Tree Holdings [SGX:B58] in 2017. Proskauer also represented AccorHotels in its US\$2.9 billion acquisition of Fairmont, Raffles and Swissôtel brands, as well as its transaction with Brazil Hotel Group for a portfolio of properties in Brazil.

The Proskauer team for the Regent deal was led by partner Yuval Tal, who heads the Firm's Hong Kong and Beijing offices and is a member of the Private Equity Real Estate (PERE) and Lodging & Gaming Groups, and included New York-based partner Jeffrey A. Horwitz, head of both the PERE and Lodging & Gaming Groups, as well as Hong Kong associate Vivian Ho and London partner Robert Gaut and associate Daniella Abel.

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