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Heeton consortium buys Crowne Plaza London Kensington

🕒 MON, APR 15, 2019 - 5:50 AM

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The 163-room freehold property at 94-106, Cromwell Road in the Royal Borough of Kensington and Chelsea is now operated by InterContinental Hotels Group.

Singapore

THE ritzy Crowne Plaza London Kensington has been sold for £84.3 million (\$148.9 million) - but it will stay in the hands of Singaporean owners.

Mainboard-listed developer Heeton Holdings and partners announced on Sunday that it bought over the hotel's holding company, which had been controlled by Aspial Corp and Fragrance Group tie-up AF Global.

Heeton Holdings holds a 60 per cent stake, while the other firms in the consortium - mainboard-listed contractor KSH Holdings and privately held construction company Ho Lee Group - each own 20 per cent.

The holding company, which has the Crowne Plaza London Kensington as its primary asset, posted net profit of £741,480 last year on turnover of £11.8 million, according to British company records. Earnings fell by 10.4 per cent year on year, on higher expenses, despite a rise in revenue.

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The value of the hotel deal is nearly as much as Heeton's market capitalisation of S\$154.4 million, the company noted - well above the 20 per cent threshold for a major transaction, under Singapore's listing rules.

But Heeton said that the deal will not need shareholders' consent as it is in the ordinary course of business of the group: property investment and development and hospitality.

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Heeton chief executive Eric Teng declined to say when the hotel management agreement will run out, but said that "there is no plan at the moment to do any rebranding".

He told The Business Times on the phone that "we have faith in visitor arrivals in London and the rest of the United Kingdom - the tourism numbers", despite the spectre of Brexit.

Hotel investment company LC (London) said in a report released on April 5 that "the external commercial environment is expected to remain competitive but stable in 2019".

"Barring unforeseen circumstances, we expect to remain profitable in the years ahead," said the outlook statement, which was signed by LC (London) company director Chay Yue Kai, who is also CEO of AF Global.

Mr Teng added in a statement that the acquisition - described as Heeton's largest yet - "reaffirms Heeton's intention to be a strategic player in the international hospitality sector" and brings its hotel portfolio to a dozen worldwide, including eight in Britain. It had most recently partnered KSH and Lian Beng Group to buy Hotel Indigo Glasgow in Scotland in October last year, just days after bagging serviced apartments in Edinburgh.

Heeton entered the hospitality sector in 2011, with most of its hotel properties run under Accor and InterContinental brands. It already manages an ibis Styles near Kensington.

KSH, meanwhile, has 11 investment properties. Chairman and managing director Choo Chee Onn said in a statement that the latest Crowne Plaza London Kensington "with its strategic location in the thriving business and tourism hub of London . . . will resonate well with travellers".

This acquisition will strengthen KSH's recurring income stream and "we will continue to be on the lookout for other attractive opportunities to grow our portfolio", he added.

Heeton said in its bourse filing that the acquisition was not expected to have a significant impact on its net tangible assets and earnings per share for the 12 months to Dec 31, 2019, while KSH said the same for its financial year to March 31, 2020.

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