

What's Happening in Myanmar Market & Valuation

Vol. 75 - March 2023 -

Nestle announces the closure of its factory in Myanmar

スイスの多国籍食品企業ネスレは、2021年2月以降の政治危機に対応し、ミャンマーの製造工場を閉鎖することを決定した。この工場は、2011年にミャンマーが軍事政権から民政に移行した後、2013年に設立されたものだ。

Learnt from: NOVA News (March 1, 2023)

Singapore's Keppel sells Sedona Hotel in Yangon to Spring Blossom Ventures for US\$57.4 m

ケッペルコーポレーションは、ヤンゴンのセドナホテルを5,740万米ドルで売却する。ケッペルはまた、ミャンマーでのホテル事業をシンガポール企業のスプリング・ブロッサム・ベンチャーズに売却する。同社の主要事業はホスピタリティ・ビジネスへの持株投資や直接投資と紹介されている。

Learnt from: Nikkei Asia News (March 10, 2023)

Myanmar resort hotel full occupancy during water festival holidays

4月の水祭りの休暇に向けて、リゾートエリアに存する多くのホテルが予約で満室稼働となっている。例年この時期はホテルの客室単価がおよそ2倍に跳ね上がる。

Learnt from: Myanmar Japan News (March 14, 2023)

Peninsula hotel operator ready to resume Yangon project anytime

ペニンシュラホテルのオペレーターは、休止中の1億3,000万USドル・プロジェクトを状況に応じていつでも再開できるよう準備を進めている。当該ホテルの建設は2021年2月の政変以降休止されていた。香港上海ホテルがプロジェクトの7割保有し、ヨマグループが3割保有している。

Learnt from: Nikkei Asia News (March 16, 2022)

Nestle announces the closure of its factory in Myanmar



Nestle factory at an industrial park in Yangon.

Swiss food multinational Nestle has decided to close its sole manufacturing plant in Myanmar in response to the continuing political crisis triggered after February 2021. The factory was established in 2013 after Myanmar moved from military rule to a civilian government coming to power in 2011. The plant and head office had 138 employees at the time the decision of the shutdown was made. Current economic turmoil in Myanmar has not only edged Nestle out of the country but Norwegian wireless carrier Telenor and France's TotalEnergies, which operated an offshore gas field have also seized operations in the nation.

Learnt from: NOVA News (March 1, 2023)

Singapore's Keppel sells Sedona Hotel in Yangon to Spring Blossom Ventures for US\$57.4 m



The Sedona Hotel Yangon shuttered its doors during the coronavirus pandemic

As Myanmar's hotel industry struggles to recover from the double whammy of the coronavirus pandemic and the 2023 military takeover, Keppel Corporation will sell Sedona Hotel in Yangon for US\$57.4 million. The Singapore government-

backed conglomerate is accelerating asset sales to bolster its environmental business. Due to the Keppel's statement, the sale of the high-end Sedona hotel is consistent with Keppel Corp's share capitalization plans to raise capital to enable new development opportunities. The company determined the value for the hotel that ceased operations due to the pandemic in the fiscal year ending December 2021. Keppel will sell its Myanmar hotel business to Spring Blossom Ventures. Spring Blossom Ventures is a Singapore registered company and its initial business is as an investment holding and investment business in the hospitality industry. The company's share sale is expected to be completed in the first half of 2023. Spring Blossom Ventures plans to continue operating the building as a hotel, and is expecting a new hotel operator. The reopening time of the hotel has not yet been decided. Although the epidemic has subsided, some hotels in Myanmar are still closed. Sedona Hotel Yangon opened in 1996. The hotel is among the first international hotels to open in Myanmar. In 2015, a new building was added and the number of rooms increased to nearly 800.

Learnt from: Nikkei Asia News (March 10, 2023)

Myanmar resort hotel full occupancy during water festival holidays



Motel at the beach in Myanmar

Most of resort hotels in beaches are already fully booked for water festivals holiday in April. Every year, the price nearly doubles during the water festival. It is said that there are many visitors to Ngapali, Chaungtha, Ngwe Saung and Gourangji

Island. In addition, tourist destinations such as Taunggyi, Kalaw, Inle Lake, Bagan, Mandalay and Pyin Oo Lwin are also popular. According to the Myanmar Tourism Entrepreneurs Association, around 10 million tourists visited the country annually before the COVID-19 outbreak.

Learnt from: Myanmar Japan News (March 14, 2023)

Peninsula hotel operator ready to resume Yangon project anytime



A redevelopment project in central Yangon that includes a Peninsula hotel has been stalled since the military takeover of Myanmar in February 2021.

The operator of the upscale Peninsula hotel chain is prepared to resume its stalled \$130 million project in Yangon whenever the conditions are deemed suitable. The hotel construction in Yangon was suspended due to the political incident in February 2021. Investments have been made to preserve the site for several years, so that the operator could start the construction anytime, when they think it is suitable. The building is kept intact. The project is a joint venture with two companies controlled by Myanmar tycoon Serge Pun's Yoma Group: Singapore-listed Yoma Strategic Holdings and Yangon-listed First Myanmar Investment. Hongkong and Shanghai Hotels owns 70%, while Yoma holds the rest. The 88-room hotel is part of a redevelopment of the former colonial-style Myanmar Railway headquarters in the heart of the country's former capital. The project began in 2014 and was slated to be completed last year, but construction halted in mid-2021. Hongkong and Shanghai Hotels recorded an impairment charge of 679 million Hong Kong dollars (\$86.5) million, or 85% of the

project's book value, just a year ago. Yoma strategic agreed on a debt restructuring plan with joint venture partners for another redevelopment project adjacent to the Peninsula construction. The project, which includes four high-rise buildings for offices, shops and hotels, is also on hold. The same two Yoma companies own 60%, while 30% is held by a Japanese consortium led by Mitsubishi Corp. and Mitsubishi Estate. The rest is owned by the Asian Development Bank and the International Finance Corp., and investment arm of the World Bank. According to a Yoma Strategic disclosure, the two lenders: ADB and IFC agreed to grant a standstill period until June 15, 2025, in which they will take no action against any defaults. At the same time, the Japanese consortium agreed to contribute additional shareholder loans, which would be used partly to repay and prepay the installments of the principal loan from the lenders. This essentially provides financial breathing room for the Myanmar group. But it is noted that the shareholders of Mitsubishi Corp. have made no decision on whether to resume the project, as they evaluate the political situation in the Southeast Asian country. Meanwhile, no similar new financial arrangements are being made on the Hongkong and Shanghai Hotels venture, as rent has been paid continuously to the Myanmar government. Beyond the Myanmar issue, the hotel chain continued to cope with the impact of the COVID pandemic last year.

Learnt from: Nikkei Asia News (March 16, 2023)