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## **Lotte CEO expands on expansion plans, new brands**

On September 16, Lotte Hotels & Resorts CEO Yong-Dok Song unveiled the Lotte logo at its newly acquired New York City icon, the Lotte New York Palace.

The unveiling signaled Lotte's intentions to evolve into a more global hotel owner operator with the hotel in New York becoming the group's first acquisition in North America. It is also in the process of launching an IPO, which is expected to be completed by Q2 2016.

HOTELS asked a series of questions of Song to better understand Lotte's plan. Here is what he would share about future development plans.

### **HOTELS: Can you outline your development strategy outside South Korea?**

**Yong-Dok Song:** Hotel Lotte Co. is currently operating 16 hotels in and out of Korea, and is planning a global expansion into major gateway cities (potential sites could be Los Angeles, San Francisco, London, Paris, Singapore, etc.). With the objective of operating 50 hotels by 2020 with a Lotte brand, Hotel Lotte Co. will initiate acquisitions and/or pure management of key properties.



Lotte Hotels & Resorts CEO Yong-Dok Song last month unveiled the Lotte logo at its newly acquired Lotte New York Palace.

**H: How much will you continue to develop in South Korea and closer to home compared to destinations like Europe and North America?**

**YDS:** We currently operate 11 hotels in a Lotte Hotel and a Lotte City Hotel brand, and are planning to further open three to four hotels. Therefore, our future expansion is most likely to be focused more within the Americas and the European continents rather than within the Korean peninsula.

**H: What was the key in getting the New York Palace deal done, and were you expecting your first hotel in North America to be such an iconic asset?**

**YDS:** We determined that having Lotte signage being placed in the heart of New York will increase the value of the Lotte brand and will be a great stepping stone for the global expansion to America and Europe. This acquisition marks the start of the 'Global Leading Hotel' project to becoming the global hotel company.

**H: Do you have any plans to change Lotte New York Palace?**

**YDS:** Lotte New York Palace Hotel is planning a project that adds value to the public space. To activate the usage of the space, we are in the preparation stage of carrying out a step-by-step upgrade for parts that need additional renovation.

**H: Are you considering any JV partnerships as part of your global expansion plans?**

**YDS:** We are interested in partnership opportunities with a leading corporation, which we can trust and will help our expansion.

**H: Would you like to acquire a portfolio of hotels outside of South Korea to jump-start global expansion, or will it more likely be big one-off deals like the New York Palace?**

**YDS:** We may consider an acquisition if the property is an iconic asset located in a gateway city, thereby supporting the global expansion of the Lotte brand.

**H: Will you consider launching a new brand in a different segment or will all acquisitions be luxury hotels befitting the Lotte name?**

**YDS:** We are currently operating a 5-star brand named Lotte Hotel and a 4-star brand named 'Lotte City Hotel.' Furthermore, we are in the process of preparing for the launching of our 6-star brand named 'Signiel' and our lifestyle brand named 'L7,' thereby expanding into the market with a variety of brands that would suit the location of the property and the specific market.

**H: What will be the biggest challenge(s) you face in growing your hotel company globally?**

**YDS:** Lotte is establishing itself as a signature brand in South East Asia, especially in Korea, China and in Japan. However, we are yet to have a distinct brand image in America, Europe or in Africa. This acquisition of the New York Palace will help the Lotte brand to expand in North America.

**H: How is the Lotte hotel portfolio performing (strengths and weaknesses)?**

**YDS:** Lotte is building its brand image in the 4-star and 5-star markets. However, we have not yet established a brand image in the Luxury or in the mid-scale market. We are aiming to make the operation of the overall brand portfolio more efficient by creating a brand image across all markets.

**H: Are you looking forward to welcoming the U.S. contingent during the UN General Assembly?**

**YDS:** All staff at Lotte New York Palace have made themselves ready to provide the best quality of service during the UNGA period to our U.S. VIP guests, and all guests who will be staying at our hotel.