



HOTEL PROPERTIES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 198000348Z)

(A) INCORPORATION OF NEW INDIRECT SUBSIDIARY COMPANY

The Board of Directors of Hotel Properties Limited (“HPL” or “the Company”) wishes to announce that its wholly owned subsidiary, HPL Properties (West) Pte. Ltd. has set up a wholly owned subsidiary, HPL (Paddington) Pte. Ltd. (“HPL Paddington”) in Singapore.

The initial issued and paid-up share capital of HPL Paddington is S\$2.00 and its principal activity is an investment holding company.

(B) JOINT VENTURE BETWEEN (1) HPL PADDINGTON AND (2) ANCHORAGE VIEW PTE. LTD

1. INTRODUCTION

The Company wishes to announce that HPL Paddington and Anchorage View Pte Ltd (AVPL”) have formed a joint venture (the “Joint Venture”) to purchase a freehold property located at 31 London Street, Paddington, London W2, England (the “Property”).

2. THE JOINT VENTURE

The joint venture company, Great Western Enterprises Limited (the “JVC”), was incorporated in Jersey for the purposes of undertaking the Joint Venture. The JVC has also incorporated a wholly-owned subsidiary, Great Western Developments Limited (“GWD”).

3. ACQUISITION OF THE PROPERTY

The joint venture partners have entered into a sale and purchase agreement with Royal Mail Group Limited (“the Vendor”) for GWD to purchase the Property from the Vendor for a consideration of £111 million (the “Purchase Price”). The Purchase Price shall be paid in two separate tranches as follows:

- (i) £11.1 million (being 10% of the Purchase Price) has been paid on the date of the sale and purchase agreement in relation to the Property; and
- (ii) £99.9 million (being 90% of the Purchase Price) to be paid on the date of completion of the sale and purchase of the Property, which is expected to be in December 2014.

The Purchase Price was negotiated at arm’s length on a “*willing-buyer, willing-seller*” basis, taking into consideration, *inter alia*, the current market valuation of the Property and its redevelopment potential.

In addition, on granting of planning permission for development of the Property, a further planning overage payment of £20 million, will be payable to the Vendor by the JVC.

4. SHAREHOLDING IN THE JVC

The JVC will be owned by as to 70% by HPL Paddington and 30% by AVPL respectively.

The authorized share capital of the JVC is £10,000 divided into 10,000 shares of £1.00 each and its issued share capital at the date of this Announcement is £10, comprising 10 ordinary shares of £1.00 each.

The authorized share capital of GWD is £10,000 divided into 10,000 shares of £1.00 each and its issued share capital as at the date of this Announcement is £10, comprising 10 ordinary shares of £1.00 held by the JVC.

5. FUNDING FOR THE JOINT VENTURE

It is intended that HPL's share of the acquisition of the Property shall be funded by way of a combination of third party loan financing and internal resources.

6. INFORMATION ON AVPL

The ultimate shareholders of AVPL are Mr. Ong Beng Seng, the Managing Director and deemed controlling shareholder of the Company, and Mr. David Fu Kuo Chen, a Non-Executive Director and deemed substantial shareholder of the Company. Each of Mr. Ong (together with his associate(s)) and Mr. Fu (together with his associate(s)) hold 50% and 50% of the equity interest in AVPL respectively.

7. RATIONALE

The Joint Venture will allow the HPL Group to expand its property portfolio in central London by way of the acquisition of the Property.

The Property, formerly Royal Mail Delivery Offices, is located in the heart of Paddington, immediately to the east of Paddington Station. The site is bounded by London Street to the west, Winsland Street to the north and Praed Street to the south.

Paddington Station is a principal hub of the London underground network, with the District, Circle, Bakerloo and Hammersmith & City lines passing through it. The area is also served by numerous bus routes. Public transport services in this area will further be enhanced following the completion of the Crossrail project which is scheduled to start in 2018.

At present the site is occupied by 3 interconnected buildings which were associated with the RMG mail centre, sorting office and post office counter. The buildings on the site are now vacant as the Vendor has relocated its operations.

The freehold site has a total land area of approximately 0.45 hectares (approximately 1.11 acres).

It is intended that following completion of the acquisition of the Property, the JVC shall further assess the Property's potential for residential and retail re-development.

8. STATEMENT FROM THE AUDIT COMMITTEE ON THE JOINT VENTURE

The Audit Committee is of the view that the risks and rewards of the Joint Venture are in proportion to the equity of each joint venture partner, and the terms of the Joint Venture are not prejudicial to the interests of the Company and its minority shareholders.

The Audit Committee also confirms that AVPL does not have an existing equity interest in the Joint Venture prior to the participation of HPL in the Joint Venture.

9. FINANCIAL EFFECTS

The Joint Venture is not expected to have a material impact on the consolidated net earnings per share and consolidated net tangible assets per share of the HPL Group based on the HPL Group's audited consolidated financial statements for the year ended 31 December 2013.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the directors, controlling shareholder or substantial shareholders of the Company has any indirect or direct interest, other than their shareholdings in the Company, in the Joint Venture.

By Order of the Board

Lo Swee Oi
Company Secretary

14 October 2014