



**HOTEL PROPERTIES LIMITED**  
Co. Reg No : 198000348Z

**INCORPORATION OF A NEW SUBSIDIARY AND ACQUISITION OF THE EQUITY INTEREST IN SHANGHAI 21<sup>ST</sup> CENTURY REAL ESTATE CO., LTD.**

The Board of Directors of Hotel Properties Limited (“HPL” or “the Company”) wishes to announce that HPL Properties (North Asia) Pte Ltd (“HPL NA”), a wholly-owned subsidiary of HPL, together with Hines 21<sup>st</sup> Century Partners LLC, has incorporated HPL-Hines Development Pte. Ltd. (“HPL-Hines”) as an investment holding company under the laws of Singapore. HPL NA and Hines 21<sup>st</sup> Century Partners LLC shall operate HPL-Hines as a joint venture company for the purpose of acquiring the equity interest in Shanghai 21<sup>st</sup> Century Real Estate Co., Ltd (the “Project Company”).

HPL-Hines has an authorised share capital of S\$1 million, comprising 1,000,000 ordinary shares of S\$1.00 each and an issued and paid-up share capital of S\$100 divided into 100 ordinary shares of S\$1.00 each. HPL NA has subscribed for 85 shares of S\$1.00 each in the share capital of HPL-Hines, representing 85% of the total issued and paid-up share capital of HPL-Hines. The remaining 15 shares of S\$1.00 each in the share capital of HPL-Hines, representing 15% of its total issued and paid-up share capital, are held by Hines 21<sup>st</sup> Century Partners LLC. Hines 21<sup>st</sup> Century Partners LLC is a member of the Hines group of companies headquartered in Houston, Texas, USA.

Hines is a privately owned real estate firm involved in real estate investment, development and property management worldwide. The Hines portfolio of projects completed, underway, acquired and managed for third parties includes more than 830 properties representing over 330 million square feet of office, mixed-use, industrial, hotel, medical, sports facilities and residential properties, as well as large, master-planned communities and land developments. With offices in 64 U.S. cities and 14 foreign countries, and controlled assets valued at approximately \$11.7 billion, Hines is reported as one of the largest real estate organizations in the world.

The Project Company is a Foreign Invested Enterprise established in Shanghai, the PRC. The Project Company has acquired the State-owned land use right to the N3-1 site located at Lujiazui Financial and Trading Zone, Shanghai, the PRC, with a total site area of approximately 12,000 square metres (the “Project Site”). Subject to the receipt of the relevant approvals from the local PRC authorities, the Project Company intends to develop a 48-storey integrated mixed-use tower (the “Tower”) with a total allowable above- grade construction area (or allowable building area) of approximately 83,600 square metres comprising international-standard Class A office space, a luxury residential component and a luxury 5-star hotel with some 322 parking spaces situated on the Project Site (the “Project”). It is intended that the hotel will be managed by Four Seasons Hotels & Resorts.

HPL-Hines has entered into a Joint Venture Contract (the “Everbright JVC”) with, *inter alia*, Minilo Bright Ltd. (the “Vendor”) and China Everbright (Group) Corporation

- (i) to set out the terms of the joint venture between HPL-Hines and the Vendor in relation to the Project; and
- (ii) for the sale of 55% of the equity interest in the Project Company from the Vendor to HPL-Hines (the “Acquisition”).

The consideration for the Acquisition is US\$ 25,300,000 and shall be payable to the Vendor in cash. The obligation of HPL-Hines to pay the consideration in respect of the Acquisition is conditional on, *inter alia*, the obtaining of all authorizations, consents, orders approvals and permits from any relevant government authority, including the Shanghai Foreign Economic Relation and Trade Commission, that are necessary for the purpose of the Acquisition.

Pursuant to the terms of the Everbright JVC, HPL-Hines shall be entitled to acquire the remaining 45% equity interest in the Project Company from the Vendor after the sales/ pre-sales permit in respect of the Tower is obtained.

### **Purchase Consideration**

The purchase consideration in respect of the Acquisition was negotiated at arm's length and determined on a "willing buyer-willing seller" basis and will be satisfied wholly in cash on completion of the Acquisition which is scheduled in the first quarter of 2006. It is intended that the purchase consideration in respect of the Acquisition will be financed by shareholders' equity from HPL and Hines.

### **Financial Effects of the Acquisition**

Based on the audited consolidated accounts of the HPL Group for the financial year ended 31 December 2004, the HPL Group's proposed investment in HPL-Hines and the Acquisition is not expected to have any material effect on the consolidated net tangible asset value and earnings per HPL share.

No Directors, or controlling shareholders or substantial shareholders of the Company has an interest, direct or indirect, in the above transactions.

By Order of the Board  
Chuang Sheue Ling / Lo Swee Oi  
Joint Company Secretaries

Date: 23 December 2005