



HOTEL PROPERTIES LIMITED

Co. Reg No : 198000348Z

Memorandum of Agreement

The Board of Directors of Hotel Properties Limited (the "Company" or "HPL") wishes to announce that its wholly owned subsidiary, HPL Orchard Place Pte Ltd, has entered into a Memorandum of Understanding ("MOU") with CRL Realty Pte Ltd ("CRL") and Wachovia Development Corporation for the purpose of forming a joint venture to acquire 151A, 151B, 151C, 151D, 151E, 151F, 151G and 151H King's Road, Farrer Court ("Farrer Court") and to build a condominium on the Farrer Court Site.

Under the terms and conditions of the MOU, each of the parties agree to participate in the Joint Venture through investing in Morganite Pte Ltd ("Morganite"), a newly incorporated company currently wholly-owned by CRL. HPL is expected to acquire 20% to 30% interest in Morganite.

Morganite has agreed to acquire Farrer Court for a consideration of S\$1,338.8 million (the "Consideration") through a collective sale (the "Acquisition"). Taking into account an estimated differential premium of S\$450 million to S\$500 million to top up the lease to a fresh 99-year tenure and to maximise the plot ratio, the total acquisition cost is estimated to be between S\$762 and S\$783 per square foot per plot ratio.

The Consideration was arrived at on a willing-buyer and willing-seller basis. A tender fee of S\$1 million has been paid for the Acquisition (the "Tender Fee"). The Consideration is payable in instalments: 5% of the Consideration (less the Tender Fee) is payable within 7 days from 28 June 2007 and 5% of the Consideration is payable within 7 days of an order being made by the Strata Titles Board (the "Board"). The balance 90% of the Consideration is payable upon completion of the Acquisition, which is expected to take place by the second quarter of 2008 and subject to *inter alia*, the approval of the Board.

Located along Farrer Road in the Holland Village residential enclave, Farrer Court sits on a 77,898 square metre (838,488 square feet) site with a maximum gross plot ratio of 2.8. There are 618 apartments in the existing development. Approval has been obtained from owners with over 80% share value of Farrer Court to proceed with the collective sale.

The aforesaid transactions are not expected to have any material impact on the net tangible asset or earnings per share of the HPL Group for the financial year ending 31 December 2007.

None of the Directors or the controlling shareholders of HPL, has any interest or indirect in the aforesaid transactions.

By order of the Board

Lo Swee Oi
Company Secretary
28 June 2007