



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

**Setting up of associated companies and investment in the ordinary course of business in the membership interest in MSC Hotel Investments Cooperatie U.A. in the Netherlands**

**Introduction**

The Board of Directors of Hotel Properties Limited (“HPL” or “the Company”) wishes to announce that its 50%-owned associated company, Leisure Ventures Pte Ltd (“Leisure Ventures”), has subscribed for two (2) ordinary shares comprising 100% in the equity of LV Hotel Investment (West) Pte. Ltd. (“LVHI West”), a company newly incorporated in Singapore.

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

LVHI West and Presto Television Pte Ltd (“Presto”), an existing wholly-owned subsidiary of Leisure Ventures, have entered into a Membership Purchase Agreement with MSREF VI Calla B.V. and Cedar Capital Prague MO LLC for the acquisition of 100% membership interest in MSC Hotel Investments Cooperatie U.A (“MSC”), a co-operative incorporated under the laws of the Netherlands (“Investment”)

MSC’s only investment is 100% shareholding in Karmelitska Hotel s.r.o (“Hotel-Owning Company”) which is incorporated in Czech Republic. The Hotel-Owning Company owns the Mandarin Oriental Hotel Prague with 99 rooms located on a freehold site at Mala Strana, a tourist and high-end residential zone in central district of Prague, Czech Republic.

**Rationale**

The rationale for the acquisition is to allow the HPL Group to acquire a prime freehold hotel property with established track records in the famous historic centre of Prague and one of the most popular tourist destinations in Europe.

**Purchase Consideration and source of funds**

The consideration for the acquisition of the membership interest in MSC is nominal together with the assumption of certain bank debt. The purchase price was arrived at based on arm’s length negotiations and on a willing buyer and willing seller basis. LVHI West and Presto will inject funds of Euro 10 million into MSC. The fund will be financed by contribution of shareholder equity through Leisure Ventures.

**Financial effects**

The acquisition of membership in MSC and ownership in the Hotel-Owning Company would result in a decrease in earnings per share of the HPL Group by approximately 1.097 cents and decrease in net tangible assets per share of the HPL Group by \$0.011 based on the audited consolidated accounts of the HPL Group for the year ended 31 December 2009 on pro forma basis.

**Interests of Directors and/or Controlling Shareholders**

Other than Mr Ong Beng Seng, the Managing Director and a deemed substantial shareholder of HPL, who is deemed to be interested in the balance of 50% interest in Leisure Ventures through Rizona (Hong Kong) Limited, no Director, controlling shareholder or substantial shareholder of the Company has an interest, direct or indirect, in the subscription of shares in LVHI West and acquisition of the membership in MSC and ownership in the Hotel-Owning Company.

**Compliance with Rule 704(15)(C) of the Manual Computation**

As the incorporation of LVHI West and the completion of the Investment will result in LVHI West, MSC and the Hotel-Owning Company, being associated companies of the HPL Group, this announcement is made pursuant to and for the purposes of compliance to Rule 704(15)(C) of the Listing Manual.

By Order of the Board

Lo Swee Oi  
Company Secretary

Date : 21 December 2010