



HOTEL PROPERTIES LIMITED

Co. Reg No : 198000348Z

JOINT VENTURE BETWEEN HOTEL PROPERTIES LIMITED AND TOKYO TATEMONO CO., LTD

1. INTRODUCTION

The Board of Directors of Hotel Properties Limited (“HPL” or “the Company”) wishes to announce that HPL has entered into a joint venture agreement (“Joint Venture”) with Tokyo Tatemono Co., Ltd (“Tokyo Tatemono”) for HPL to acquire:

- (i) a 75% equity interest in a joint venture entity to be formed with Tokyo Tatemono to own and develop a new hotel with up to 180 rooms (“the Hotel Investment”); and
- (ii) a 25% co-ownership interest from Tokyo Tatemono in up to 450 condominium units (“Condominium Investment”).

The Hotel Investment and the Condominium Investment would amount to approximately Yen 20.85 billion (approximately S\$257 million).

Both the hotel and the condominium components will be developed under a proposed 50-storey mixed development project with a total gross floor area of about 80,000 square metres located on a freehold site at 17-5, Dojima 2-chome, Kita-ku, Osaka-shi, Osaka City, Japan (“the Dojima Site”). The site has a total land area of 1,461 tsubo or approximately 4,828 sq metres and is currently owned by Tokyo Tatemono.

The investment consideration 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.

Subject to the granting of planning approval for the redevelopment of the Dojima Site, the construction of the project is expected to take about 4 to 4½ years.

2. RATIONALE FOR THE PROPOSED INVESTMENTS

The proposed investments will enable the HPL Group to expand its hotel and residential property portfolio to a new market in a major international destination in Japan.

Osaka City is Japan's second largest metropolitan city after Tokyo, with a population of over 2.7million people in its greater metropolitan area. It is the central metropolis of the Kansai region and the largest of the Osaka-Kobe-Kyoto region.

The main international gateway to Osaka is Kansai International Airport.

Other existing international hotels in the vicinity of the Dojima Site are The Ritz-Carlton Osaka, Hilton Osaka, Intercontinental Osaka, ANA Crowne Plaza Osaka, Conrad Osaka and The Westin Osaka.

The Dojima Site is located near to the Umeda Station, It is also approximately 15-minute walk to Osaka Station and within 5-minute walk to Nishi Umeda Station. Umeda / Kita district is also the transport and business hub of the city. Osaka Station and Umeda Station, effectively part of the same massive complex, together constitute the busiest station in Western Japan and one of the busiest railway stations in the world.

In November 2018, Osaka was officially selected as the host of 2025 World Expo. The expo will be held in the westernmost part of Osaka in Yumeshima, a man-made island in Osaka Bay.

The Integrated Resort Act of Japan - which legalises casino gambling in designated integrated resort areas - was passed by the National Diet of Japan in July 2018. Osaka City is reported to be one of the leading contenders for the award of licenses for development of Integrated Resort.

3. TOKYO TATEMONO

Tokyo Tatemono is a leading Japanese real estate company listed on the Nikkei 225. Founded in 1896, Tokyo Tatemono has its headquarters in Tokyo. The Tokyo Tatemono group develops, sells, and manages commercial buildings and facilities, condominiums and houses. The company is also involved in the development of hotels, leisure centres, vacation facilities, golf courses, and restaurants.

4. FUNDING FOR THE PROPOSED INVESTMENTS

It is intended that the Hotel Investment and Condominium Investment by HPL will be funded by a combination of internal funds and external bank financing.

5. 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 financial year ended 31 December 2018.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors, controlling shareholder or substantial shareholders of the Company has any indirect or direct interest in the Hotel Investment and Condominium Investment, other than through their shareholding interests in the Company.

By Order of the Board

Lo Swee Oi
Company Secretary
28 March 2019