



HOTEL PROPERTIES LIMITED

Co. Reg No : 198000348Z

ACQUISITION OF JOINT VENTURE COMPANY IN DUBROVNIK

1. INTRODUCTION

The Board of Directors of Hotel Properties Limited (“HPL” or “the Company” and together with its subsidiaries, the “HPL Group”) wishes to announce that HPL (Croatia) Limited (“HPL Croatia”), a wholly-owned sub-subsiidiary of HPL, has entered into an Agreement for Sale and Purchase with Avenue Investments & Asset Management Ltd (“the Seller”), for the acquisition of one share with a nominal value of HRK 11,110,000 (“Shares”), in the share capital of Avenue Ulaganja d.o.o. za turizam I poslovanje nekretninama (“Avenue Ulaganja”).

The aggregate consideration for the purchase of the Shares would amount to Euros 3.52 million (approximately S\$5.6 million) (the “Share Investment”). As a result of the abovementioned share acquisition, HPL (Croatia) holds 50% of the registered share capital of Avenue Ulaganja.

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 project land owned by Avenue Ulaganja.

HPL (Croatia) and the Seller have also entered into a Joint Venture Agreement governing certain matters related to voting, management and governance, for the ongoing project to jointly undertake the development of a Four Season Hotel alongside Four Seasons branded residences for sale.

HPL (Croatia) is incorporated in England and Wales with a total registered capital of £1 and a total paid up capital of £1 comprising 1 ordinary share.

2. AVENUE ULAGANJA

Avenue Ulaganja is a company incorporated in Croatia with a total registered capital of HRK 22,220,000 and a total paid up capital of HRK 22,220,000. The company has entered into a project agreement with the Republic of Croatia to develop a site for provision of tourist services in newly constructed facilities. The site is located in Kupari, just south of Dubrovnik, Croatia, and consists of about 13.12 hectares of land and 8.6 hectares of maritime domain. The site has a leasehold tenure of 99 years which is expected to commence from 2022, subject to fulfilment of certain conditions. Work is

in progress for the design / approval and subsequent development of a 150- key hotel, spa facilities, plus apartments and villas on a beach front location, a short boat ride from Dubrovnik centre. Avenue Ulaganja has also entered into both hotel management and residence agreements with Four Seasons Hotels & Resorts.

3. RATIONALE FOR THE SHARE INVESTMENT

Croatia has a rich historical and cultural heritage, and natural beauty, with a mix of old world European charm, easy Mediterranean lifestyle, stunning expansive coastline, fascinating history, rich culture, delectable cuisine and natural beauty.

Dubrovnik in the south is one of Croatia's most sought-after destinations. This breathtaking walled city overlooking the Adriatic Sea is home to the enchanting pedestrian-only Old Town which is a UNESCO World Heritage Site and classed by many as one of Europe's most beautiful cities. The city has much to offer its many visitors from sightseeing at aristocratic palazzi and elegant Baroque churches to dining in world-class restaurants and hotels. The magnificent Adriatic coastline stretching from Dubrovnik has many beautiful beaches, crystal-clear sea and stunning offshore islands.

The investment will enable the HPL Group to expand and diversify its hotel property portfolio to a new market in a fast-emerging tourist location in Europe and one of the most visited tourist destinations in the Mediterranean.

4. FUNDING FOR THE SHARE INVESTMENT AND MANDOTARY OFFER

It is intended that the Share Investment by HPL Croatia will be funded by internal funds.

5. FINANCIAL EFFECTS

The Share Investment 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 2020.

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 Share Investment, other than through their shareholding interests in the Company.

By Order of the Board

Lo Swee Oi
Company Secretary
Dated: 26 August 2021