

The Hongkong and Shanghai Hotels, Limited Signs Heads of Agreement for a Proposed Hotel Development in Paris, France

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The Hongkong and Shanghai Hotels, Limited (HSH) today announced that it has entered into a heads of agreement (HOA) with Qatari Diar Real Estate Investment Company (QD) for a proposed hotel development in Paris, France.

The building is located on Avenue Kleber, one of the most prestigious arteries off the Arc de Triomphe, in the heart of Paris' tourist and business districts. Built in the early 20th Century, the building was, until 1936, home to the Majestic Hotel which at the time was one of the top grand hotels in Paris. Subsequently, it was owned by the French State, occupied by UNESCO and the French Ministry of Foreign Affairs which has recently been using it as the Centre International de Conférences. The building is currently owned by Qatari Diar.

Under the HOA, the Company has agreed to purchase a 20% minority interest in the asset from QD and to subsequently jointly re-develop the building into a Peninsula hotel. The financial commitment of the Company in respect of the purchase of the minority interest in the asset, together with its share of the re-development costs, is expected to be in the region of approximately Euros 140 million. The expected date of opening is mid 2012.

HSH's shareholders and potential investors should note that the HOA is a non-legally binding agreement and the proposed hotel development will be subject to binding agreements being entered into.

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