



THE HONGKONG AND SHANGHAI HOTELS, LIMITED
香港上海大酒店有限公司

FOR IMMEDIATE RELEASE

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THE HONGKONG AND SHANGHAI HOTELS, LIMITED AND
QATARI DIAR REAL ESTATE INVESTMENT COMPANY
SIGN CONTRACT TO DEVELOP THE PENINSULA PARIS

Hong Kong, 20 January 2009 – The Hongkong and Shanghai Hotels, Limited (HSH) and Qatari Diar Real Estate Investment Company (Qatari Diar) announced today that negotiations have been concluded and formal sets of agreements have been signed for the purchase by HSH of a 20% interest in a subsidiary of Qatari Diar which owns the building that currently houses the Centre International de Conférences on Avenue Kleber, Paris, France for a total cash consideration of approximately Euro 100 million (approximately HK\$1,024 million). HSH and Qatari Diar have agreed to re-develop this building into The Peninsula Paris hotel, upon completion of which the hotel and ancillary facilities will be managed by a subsidiary of HSH for a period of 30 years with an automatic renewal of a further 20 years, subject to meeting certain performance criteria.

The estimated total re-development project cost is expected to be financed through a combination of commercial borrowings and the resources of Qatari Diar and HSH in proportion to their respective shareholdings. Under the Shareholders Agreement, HSH's expected commitment to the re-development cost is approximately Euro 50 million (approximately HK\$512 million).

Re-development of the hotel is scheduled to commence in the second quarter of 2009, following vacant possession of the building with completion expected by the end of the first quarter of 2012.

The Honourable Sir Michael Kadoorie, Chairman of HSH, commented, "Paris is a strategic destination for the Group and The Peninsula Paris most importantly will mark the Company's first hotel in Europe. This hotel will complement our existing group of hotels which are all located in prime locations in gateway cities, and will follow the launch of The Peninsula Tokyo in 2007 and later this year, the opening of The Peninsula Shanghai.

"Our Peninsula brand already enjoys high recognition within the global community. We hope that The Peninsula Paris will bring a new level of distinction to the Paris luxury hotel market. It is housed in a historic, magnificent building which will be a very special experience for our guests.

"We are very pleased to be partnering with Qatari Diar on this hotel, who share our vision of creating The Peninsula Paris as a landmark European hotel.

“HSH has a track record of over 100 years of developing and managing iconic luxury hotels and we believe that together with Qatari Diar, we will create a new standard in the Paris luxury hotel market. This is an exciting partnership for both Qatari Diar and HSH and we look forward to the future opening of The Peninsula Paris.”

The property’s facilities will include 200 guestrooms and suites, all featuring the Group’s proprietary in-room technology system. Underpinning a superior product will be the quality service for which The Peninsula Hotels is known.

Located on Avenue Kleber, the building was originally constructed and opened in 1908 as the Majestic Hotel and is currently used as the Centre International de Conférences by the French Ministry of Foreign Affairs.

About The Hongkong and Shanghai Hotels, Limited (HSH)

Incorporated in 1866 and listed on the Hong Kong Stock Exchange (00045), HSH is a holding company whose subsidiaries and its jointly controlled entity are engaged in the ownership and management of prestigious hotel, commercial and residential properties in key destinations in Asia and the USA. The hotel portfolio of the Group comprises The Peninsula Hong Kong, The Peninsula New York, The Peninsula Chicago, The Peninsula Beverly Hills, The Peninsula Tokyo, The Peninsula Bangkok, The Peninsula Beijing, The Peninsula Manila, The Peninsula Shanghai (opening in late 2009) and Quail Lodge Resort and Golf Club in Carmel, California. The property portfolio of the Group includes The Repulse Bay Complex, The Peak Tower and The Peak Tramways, St. John’s Building, The Landmark in Ho Chi Minh City, Vietnam and the Thai Country Club in Bangkok, Thailand.

About Qatari Diar

Qatari Diar Real Estate Investment Company is fully owned by the Qatar Investment Authority, which is the investment company of the Qatari government. It was founded to support Qatar’s rapidly expanding economy and to provide structure and quality control for the country’s real estate development priorities. Besides France, it invests in countries including Qatar, United Kingdom, Italy, Oman, Morocco, Egypt, Syria, Sudan and Seychelles.

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