

GROSVENOR AND THE HONGKONG AND SHANGHAI HOTELS, LIMITED COMPLETE AGREEMENT FOR DEVELOPMENT OF THE PENINSULA LONDON

[SIMULTANEOUS RELEASE IN LONDON AND HONG KONG]

30 September 2016, London: Grosvenor Britain & Ireland (Grosvenor) and The Hongkong and Shanghai Hotels, Limited (HSH) have completed an agreement to restructure their joint venture to deliver The Peninsula London hotel and homes at 1-5 Grosvenor Place, Hyde Park Corner, Belgravia in central London.

Under the agreement, HSH will pay Grosvenor £107.5 million (approximately HK\$1,087 million) in cash to acquire Grosvenor's 50% economic interest in the project. HSH will assume control of delivering the redevelopment of the hotel and residential apartments, ensuring the highest levels of quality consistent with its ten highly acclaimed Peninsula Hotels around the world. HSH will be entitled to 100% of the proceeds from the future sales of the residential units and the profits of the hotel.

Grosvenor will retain the freehold of the property as part of its 300 acre London estate and receive a fixed base rent (subject to an agreed adjustment mechanism) from the hotel together with a turnover element. Grosvenor will reinvest the proceeds into its development pipeline.

The scheme received planning consent from Westminster City Council in April this year. It includes plans to replace the existing 1950s and 1960s offices with a 189-room hotel and 24-28 residential apartments. Heads of terms for the restructured agreement were announced by the partners in July this year.

Commenting on the announcement, HSH Managing Director and Chief Executive Officer Mr Clement K.M. Kwok said:

“This is a significant transaction for our group, given the importance of London as a business and tourism destination, reflecting our long-term philosophy and our optimism for the UK market. We are pleased to have worked with Grosvenor and our consultants to achieve planning for this project. As an owner-operator, we are experienced in delivering exceptionally high quality assets that become legends in their time. The Peninsula brand enjoys recognition as one of the leading luxury city hotel brands in the world and we believe The Peninsula London and residences will set new standards in luxury and service when the project is completed. We also place great importance on embracing and contributing to the local communities where we operate our hotels and properties. The Peninsula London will be rich in references to local architecture, artwork and ambience and we look forward to becoming an integral part of the local community.”

Peter Vernon, Chief Executive at Grosvenor Britain & Ireland said:

“The Peninsula London will be an economic boost to the West End and to London’s standing as a global tourist destination. The building brings high-quality design to a prominent area of London, acting as a gateway to Belgravia. As freeholder, we look forward to continuing to work with The Hongkong and Shanghai Hotels, Limited to bring this great new development to our London estate. We will reinvest the proceeds from this deal into our development pipeline.”

HSH aims to start construction in summer 2017. Research by economic consultancy Volterra suggests the scheme will support over 2,000 jobs and deliver up to £60m to the London economy annually.



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Computer generated images of the proposed building are available on request.

Background to the development

The new development is designed by British-based Hopkins Architects and will replace the existing 1950s and 1960s offices with a high-quality hotel and residential apartments as well as 189 guestrooms and a spa. The Peninsula London hotel will include shops, bars, restaurants and a ballroom.

The design is inspired by the area's heritage, befitting one of London's most celebrated addresses. A grand pedestrian entrance on Grosvenor Place will be accessed from a colonnade linking through the Lobby to a 'Palazzo-style' courtyard, approximately 30 x 30 metres in size, which offers the facility for off-road vehicular access and concealed drop-off from Grosvenor Crescent.

Plans also include improved public spaces in Grosvenor Place, Halkin Street and Grosvenor Crescent, with wider footpaths and new trees planted along Halkin Street and Grosvenor Crescent. Working alongside Westminster City Council and TfL, the scheme also hopes to improve pedestrian access across Grosvenor Crescent and Grosvenor Place. The improved public areas are designed by BDP, a major international practice of architects, designers and engineers.

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About Grosvenor Britain & Ireland

Grosvenor Britain & Ireland creates and manages high-quality neighbourhoods across the UK and Ireland. The company's diverse property development, management and investment portfolio includes Grosvenor's London estate, comprising 300 acres of Mayfair and Belgravia, in which it has a £1bn planned investment programme. Other developments include elsewhere in London, Oxford, Cambridge, Edinburgh and Southampton. As at 31 December 2015, Grosvenor Britain & Ireland had £5.7bn of assets under management.

Grosvenor Britain & Ireland is part of Grosvenor Group, a privately owned property group active in some of the world's most dynamic cities.

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About The Hongkong and Shanghai Hotels, Limited

Incorporated in 1866 and listed on the Hong Kong Stock Exchange (00045), The Hongkong and Shanghai Hotels, Limited is the holding company of a Group which is engaged in the ownership, development, and management of prestigious hotels and commercial and residential properties in key locations in Asia, the United States and Europe, as well as the provision of tourism and leisure, club management and other services. The Peninsula Hotels portfolio comprises The Peninsula Hong Kong, The Peninsula Shanghai, The Peninsula Beijing, The Peninsula Tokyo, The Peninsula Bangkok, The Peninsula Manila, The Peninsula New York, The Peninsula Chicago, The Peninsula Beverly Hills, and The Peninsula Paris. Projects under development include The Peninsula London, The Peninsula Istanbul and The Peninsula Yangon. The property portfolio of the Group includes The Repulse Bay Complex, The Peak Tower and St. John's Building in Hong Kong; The Landmark in Ho Chi Minh City, Vietnam; 1-5 Grosvenor Place in London, UK, and 21 avenue Kléber in Paris, France. The clubs and services portfolio of the Group includes The Peak Tram in Hong Kong; Thai Country Club in Bangkok, Thailand; Quail Lodge & Golf Club in Carmel, California; Peninsula Clubs and Consultancy Services, Peninsula Merchandising, and Tai Pan Laundry in Hong Kong.

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