THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Shares, please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank manager or other agent through whom the sale or transfer was effected for onward delivery to the buyer or transferee. If you have sold or otherwise transferred only part of your holding of Shares, you should retain these documents and consult the stockbroker, bank manager or other agent through whom the sale or transfer was effected.

MANDARIN ORIENTAL
THE HOTEL GROUP

Mandarin Oriental International Limited

(incorporated in Bermuda under the Bermudan Companies Act 1981 with registered number EC12510)

Proposed acquisition of the freehold interest in the property located at 247-251 rue Saint-Honoré, Paris and Notice of Special General Meeting

---

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 3 to 6 of this document and which contains the unanimous recommendation of the Directors that you vote in favour of the Resolution to be proposed at the Company's Special General Meeting referred to below.

Notice of a Special General Meeting of the Company to be held at Jardine House, 33-35 Reid Street, Hamilton, Bermuda on Thursday, 31st January 2013 at 10.00 a.m. (Bermuda time) is set out at the end of this document. A Form of Proxy for use at the Special General Meeting is enclosed and, to be valid, should be completed, signed and returned so as to be received by the Company's appropriate registrar or transfer agent as set out in the Chairman's Letter herein, as soon as possible but, in any event, so as to arrive no later than 10.00 a.m. (local time) on Tuesday, 29th January 2013. Completion and return of a Form of Proxy will not prevent members from attending and voting in person should they wish to do so.

For a discussion of certain risk factors which should be taken into account when considering what action you should take in connection with the Special General Meeting, please see Part II of this document.

J.P. Morgan Cazenove, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company in connection with the production of this document and the Transaction and is not advising, or acting for, any other person and will not be responsible to any person other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove or for providing advice in relation to the Transaction or any matter or arrangement referred to or contained in this document.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Unless otherwise stated, all references to times in this document are to local times.

Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 29th January 2013
Special General Meeting	10.00 a.m. on 31st January 2013
Expected date of Completion	15th February 2013

PART I

LETTER FROM THE CHAIRMAN OF MANDARIN ORIENTAL INTERNATIONAL LIMITED

(incorporated in Bermuda under the Bermudan Companies Act 1981 with registered number EC12510)

MANDARIN ORIENTAL
THE HOTEL GROUP

Directors
Simon Keswick *(Chairman)*
Ben Keswick *(Managing Director)*
Edouard Ettedgui *(Group Chief Executive)*
Stuart Dickie *(Chief Financial Officer)*
Mark Greenberg
Julian Hui
Adam Keswick
Sir Henry Keswick
Lord Leach of Fairford
Dr Richard Lee
Lincoln K.K. Leong
Anthony Nightingale
Lord Powell of Bayswater KCMG
James Watkins
Percy Weatherall
Giles White

Registered Office
Jardine House
33-35 Reid Street
Hamilton
Bermuda

11th January 2013

Dear Shareholder

Proposed acquisition of the freehold interest in the building housing Mandarin Oriental, Paris and two prime street front retail units

1 Introduction

On 29th November 2012, the Company announced that it intended to purchase the freehold interest in the building housing Mandarin Oriental, Paris ("**MOPAR**") and two prime street front retail units, currently leased to two luxury fashion brands (collectively, the "**Property**") from Société Foncière Lyonnaise ("**SFL**") (the "**Transaction**"). The Transaction is conditional on the approval of the Company's Shareholders, which is to be sought at a Special General Meeting of the Company to be held on 31st January 2013.

The purpose of this document is: (i) to explain the background to and reasons for the Transaction; (ii) to explain why the Directors unanimously consider the Transaction to be in the best interests of the Shareholders as a whole; and (iii) to recommend that you vote in favour of the Resolution to be proposed at the Special General Meeting.

2 Background to and reasons for the Transaction

MOHG currently operates MOPAR pursuant to a Development and Lease Agreement which it entered into in January 2007, securing an opportunity to open a flagship Paris hotel. Under the terms of that agreement, SFL was responsible for the construction of the Property, with MOHG investing €43.8 million (US$57.2 million) to fit-out the hotel. The initial 12-year term of the lease (the "**MOPAR Lease**") commenced on 18th April 2011, with the option to renew for a further 12 years. MOHG owns the hotel business, known as the "*fonds de commerce*", conducted on site. The hotel opened in June 2011.

On 26th October 2012, SFL notified MOHG of its intention to sell the Property. Under the terms of the MOPAR Lease, MOHG has a right of first refusal if SFL wishes to sell the Property. After negotiations, on 29th November 2012, MOHG entered into an agreement with SFL pursuant to which it has paid a deposit of €10 million (US$13.1 million) (the "**Deposit**") to secure an option to purchase the Property for a consideration of €290 million (US$378.8 million) (the "**Option**") and SFL has irrevocably undertaken to sell the Property on such terms to MOHG upon exercise by MOHG of the Option. Detailed terms of the Option are further set out below.

Paris has a mature and stable real estate market sought after by domestic and international investors and is an important destination for the Group. The density of the city's historic central districts and rigid planning laws restrict the creation of new building supply in prime locations, which helps protect asset values over time and also means that opportunities to acquire such real estate are rare.

The Board is recommending the acquisition of the Property, as it is an opportunity to unite the freehold, leasehold and *fonds de commerce* rights into a single ownership structure, which is expected to unlock the full market value of the overall asset and create additional capital value. The Group will finance the acquisition from existing cash reserves and new debt facilities with an interest cost that is lower than the rent due under the MOPAR Lease. At the same time, two retail units at the Property (as described below) will provide rental income to MOHG. As the building structure is newly built and is in an excellent state of repair, minimal capital investment is expected in the medium term. In addition, acquiring the Property brings opportunities for the future expansion of MOPAR.

3 Information on the Property

The Property is situated in a prime location in the heart of Paris, one of the world's leading destinations for leisure and corporate travellers. Paris has excellent transport links, with three airports, numerous railway stations with links to Europe, including the Eurostar to London, and an efficient underground railway system, the Métro.

The Property is positioned in the centre of Paris's 1st arrondissement, surrounded by some of Paris's main tourist attractions and exclusive shopping districts, close to Place Vendôme. It is located on rue Saint-Honoré, one of Paris's luxury retail locations, with a high footfall, and home to the American and British embassies. The Property is within a short walk of the Musée du Louvre, the Jardin des Tuileries, Place de la Concorde and Avenue des Champs Elysées. It is considered to be one of the prime hotel locations within the city and provides easy access to all of the city's key landmarks.

The Property is arranged over basement, ground and eight upper floors. The hotel component comprises 138 bedrooms, two restaurants, a bar, a cake shop and small conference facilities, as well as a full service spa and indoor pool. The hotel offers a selection of different room types ranging from 37 square metres in size up to 350 square metres, and the majority of the rooms benefit from views onto the internal courtyard of the hotel.

The Property was subject to major redevelopment and reconstruction works for five years before it was handed over to MOHG in May 2011. MOHG then enjoyed an initial four month rent-free period, following which annual rent under the MOPAR Lease comprised a fixed element and a variable element. The fixed element is currently €8 million per annum rising to €8.5 million per annum after a year, which is then subject to annual indexation based on a published index from year four. The variable element is payable from year two, and is based on 22 per cent. of MOPAR's adjusted EBITDA in excess of a prescribed threshold. This threshold is currently €10.5 million, rising to €12.5 million after 10 years. If, after annual indexation, the fixed element of the annual rent under the MOPAR Lease exceeds such prescribed threshold, then the prescribed threshold shall be adjusted such that it shall be the same amount as the fixed element of the annual rent, after annual indexation.

Besides MOPAR, the Property also comprises two retail units, which are both leased and managed separately by SFL. These units cover approximately eight per cent. of the Property's total net lettable floor area of 17,371 square metres. The two retail units are subject to long-term leases to luxury fashion brands, DSQUARED 2 and Ports of Knightsbridge Limited.

The lease with DSQUARED 2 commenced in May 2011. The initial annual rent was €1.1 million, and is stepped annually until 2018. Annual indexation also applies. The current annual rent is €1,290,808. The lease with Ports of Knightsbridge Limited commenced in April 2011. The initial annual rent was €1.25 million, with a total current annual rent of €1,286,025, indexed annually.

Further details of the Property are included in the Property Valuation Report set out in Part V, and in Part VI of this document.

4 Financial Information on the Property

For the twelve months ended 31st December 2012 the Property had rental income of €10.7 million. A valuation of €342,940,000 has been attributed, by CBRE in its valuation report set out in Part V of this document, to the combined value of MOHG's interest in the Property, including the two retail units and the hotel business, following completion of the Transaction.

5 Financial effects of the Transaction

An unaudited pro forma statement of net assets of the Enlarged Group illustrating the effect of the Transaction on the Group's financial position as at 30th June 2012 as if the Transaction had been completed on that date has been prepared for illustrative purposes only and is set out in Part IV of this document. Based on the unaudited pro forma statement of net assets of the Enlarged Group, adjusted to reflect the market value of the Group's freehold and leasehold interests, gearing is 20 per cent., compared to six per cent. before the Transaction.

The Board believes that the rental income from the Property will have a positive impact on the Enlarged Group's EBITDA in the first full year of the Company's ownership.

6 Current Trading and Future Prospects

On 7th November 2012, the Group released the following interim management statement as an update on the Group's trading since 30th June 2012 and with commentary on the Group's trading up to 6th November 2012:

> "Global economic conditions remained challenging during the period, and the results from the Group's Hong Kong hotels were affected by a reduced level of corporate business. Nevertheless, many Group hotels benefited from positive trading environments, and further recovery was seen in both Tokyo and Bangkok following last year's natural disasters. Occupancy at Mandarin Oriental, Paris increased further, as it continued to position itself as one of the city's leading hotels. Overall, Group earnings are ahead of the same period in 2011.
>
> Looking forward, the Group expects corporate demand to remain subdued for the remainder of the year in some of its key markets.
>
> The Group now has under development 17 hotels and nine Residences projects, with the next openings scheduled for Guangzhou and Shanghai before the end of the first quarter of 2013.
>
> The Group's financial position remains strong, with a conservative level of net debt in line with that reported at the half year."

The Board's expectations for the full year remain unchanged and its financial position remains in line with expectations.

7 Terms of the Transaction

On 29th November 2012, MOHG entered into an agreement with SFL pursuant to which it has paid the Deposit to secure the Option and SFL has irrevocably undertaken to sell the Property to MOHG upon exercise by MOHG of the Option.

If the Option is exercised, the cash consideration payable by the Group for the Property, including the Deposit, is €290 million (US$378.8 million) (excluding transfer duties, costs and notary fees). Transfer duties, taxes and costs are estimated at approximately €4 million (US$5.2 million). Under the terms of the Option, MOHG has the right to exercise the Option and enter into a deed of sale with SFL ("**Deed of Sale**") by 15th February 2013. The Deed of Sale will operate to transfer the Property from SFL to MOHG. The Option is subject to two conditions precedent, being the waiver by the City of Paris of the benefit of a municipal right of pre-emption over the Property, and the delivery by SFL of a search report covering a period of 30 years disclosing no security interest affecting the Property. If all the conditions precedent have been fulfilled and MOHG fails to sign the Deed of Sale by 15th February 2013, it will forfeit the Option and the Deposit.

Execution of the Deed of Sale by MOHG is subject to simple majority approval by the Shareholders, which must be obtained by 15th February 2013. Completion is expected to occur shortly after Shareholders' approval has been obtained. Jardine Strategic Holdings Limited, which holds a 73.7% direct interest in the Company, has given its undertaking to vote in favour of the Transaction.

Further details of the terms of the Option and Deed of Sale are set out in Part III of this document.

8 Management, employees and intentions regarding the Property

There are no individuals who are moving with the Property.

9 Financing the Transaction

The cash consideration payable by the Group under the Transaction will be funded from the Group's existing cash reserves and new debt facilities to be provided by HSBC and CACIB. It is not intended that the payment of any interest or other charges in respect of such facilities will depend on the Property. However, all or a proportion of all such facilities must be repaid upon disposal of all or part of the Company's interests in the Property.

Further information on the debt financing of the Transaction is set out in Part VI of this document.

10 Risk Factors

Shareholders should consider fully and carefully the risk factors associated with the Transaction and the operations of the Enlarged Group. Your attention is drawn to the risk factors set out in Part II of this document.

11 Special General Meeting

A notice convening a Special General Meeting of the Company, to be held at Jardine House, 33-35 Reid Street, Hamilton, Bermuda on Thursday, 31st January 2013 at 10.00 a.m. (Bermuda time), is set out at the end of this document. A Form of Proxy to be used in connection with the Special General Meeting is enclosed. The purpose of the Special General Meeting is to seek Shareholders' approval for the Transaction.

12 Action to be taken

You will find enclosed a Form of Proxy for use at the Special General Meeting. Whether or not you intend to be present at the Special General Meeting, you are requested to complete the Form of Proxy (in accordance with the instructions printed thereon) and return it as soon as possible and in any case so as to be received by the Company's appropriate registrar or transfer agent as detailed below:

- Jardine Matheson International Services Limited, PO Box HM 1068, Hamilton HM EX, Bermuda;
- Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England; or
- M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902,

no later than 10.00 a.m. (local time) on Tuesday, 29th January 2013. Completion and return of a Form of Proxy will not preclude you from attending that meeting and voting in person if you so wish.

Investors holding their Shares through a nominee within The Central Depository (Pte) Limited system in Singapore or other agent should contact their nominee, depository agent or professional adviser with regard to the procedures required to enable them to be represented and to vote at the Special General Meeting.

13 Further information

Your attention is drawn to the further information contained in Parts II to VII of this document. You are advised to read the whole of this document and not to rely solely on the information contained in this letter.

14 Recommendation

The Board considers the Transaction to be in the best interest of Shareholders as a whole.

Accordingly, the Board recommends that Shareholders vote in favour of the Resolution to be proposed at the Special General Meeting, as the Directors intend to do in respect of their own beneficial holdings amounting (as at 10th January 2013, being the latest practicable date prior to the posting of this document) to an aggregate of 8,062,064 Shares, representing approximately 0.81 per cent. of the Company's current issued share capital.

Yours sincerely

Simon Keswick
Chairman

PART II

RISK FACTORS

Prior to making any decision to vote in favour of the proposed Resolution at the Special General Meeting, Shareholders should carefully consider, together with all other information contained in this document, the specific factors and risks described below. The Company considers the following to be the material risk factors for Shareholders to consider. The risks described below relate only to the Transaction. They do not necessarily comprise all those associated with the Transaction, the Group or, following Completion, the Enlarged Group and are not set out in any particular order of priority. There may be other risks of which the Directors are not aware or which the Directors consider to be immaterial which may, in the future, be connected to the Transaction or the Enlarged Group and have an adverse effect on the business, financial condition, results or future prospects of the Enlarged Group after the Transaction.

RISKS RELATED TO THE TRANSACTION

Decreasing property values, rents or demand for prime assets in Paris

A decrease in property values, rents or demand for prime assets in Paris, particularly if such decreases materially affect the assumptions adopted by CBRE in Part V of this document, may affect the value of the Property. A decrease in the value of the Property may result in an impairment of the Enlarged Group's investment cost in the Property which could impact the Enlarged Group's shareholders' funds and net profit.

The appraised value of the Property may be different from the actual realisable value and is subject to change

The valuation of the Property set out in Part V of this document is based on assumptions (including the future performance of MOPAR) that include elements of subjectivity and uncertainty, and may be subject to fluctuations. Therefore, the appraised value of the Property (including any expected additional capital value arising from uniting the freehold, leasehold and *fonds de commerce* rights into a single ownership structure) may be different from the actual realisable value. Unforeseeable changes to national and local economic conditions may also affect the value of the Property. In particular, the fair value of the Property could remain stable or decrease in the event of an economic downturn. A decrease in the value of the Property may result in an impairment of the Enlarged Group's investment cost in the Property which could impact the Enlarged Group's shareholders' funds and net profit.

Failure to continue to attract and retain quality retail tenants

The Property competes for retail tenants with other properties in the vicinity on, amongst other things, location, quality, maintenance, property management, rent levels and other lease terms. Any future increase in the supply of properties which compete with the Property would increase the competition for tenants and as a result the Enlarged Group may have to reduce rent or incur additional costs to make the Property more attractive. If the Enlarged Group fails to attract well-known luxury brands as retail tenants, the Property may become less attractive and competitive. This in turn could affect the Group's brand, business, results of operations and financial position.

Failure to generate adequate returns on the Property held for long-term investment purposes

The Property is intended to be held for long-term investment. The investment returns from the Property depend, to a large extent, on the amount of capital appreciation generated, income earned from the hotel business and retail rental as well as the expenses incurred. Maximising yields from the Property also depends on the ongoing management and maintenance of the Property. The ability to dispose of the Property will also depend on market conditions and levels of liquidity. These factors affect the Property's potential in generating adequate returns for the Enlarged Group.

Pandemic, terrorism, and natural disasters in Paris

The Property is vulnerable to the effects of a pandemic, terrorism, and natural disasters in Paris or the area near and about rue Saint-Honoré. Any such events will likely affect hotel occupancy levels and performance and may affect retail rents. This in turn could impact the Enlarged Group's operating results and also lead to a potential impairment charge on the Enlarged Group's investment cost in the Property. It should be noted that as the Group is the existing owner of the hotel business, its operating results are already exposed to these risks. However, the Enlarged Group's exposure to such risks may be increased as a result of ownership of the Property following completion of the Transaction.

Risks of losses resulting from uninsured events

While the Group maintains insurance in the ordinary course of business, not all risks are insured, either because the cover is not available in the market or that cover is not available on commercially viable terms. Such exposures include potential losses which may arise as a result of war, pollution, fraud, professional negligence and acts of God. In addition, even if adequate insurance cover was in place, the insurers themselves may be financially unable to meet claims. Inflation, changes in building codes and regulations, environmental considerations, and other factors may also result in insufficient insurance proceeds to cover the cost of rebuilding or repairing the Property after it has been damaged or destroyed. If the Enlarged Group suffers from any losses, damage or liabilities in the course of operations arising from events relating to the Property for which there is no adequate insurance cover, the Enlarged Group may not have sufficient funds to cover any such losses, damages or liabilities or to replace those assets that have been destroyed. This may have an adverse effect on the Enlarged Group's business, results of operations and financial position.

Failure to comply with or changes in building codes, land use regulations, planning law and other French regulatory requirements

The Enlarged Group will need to manage and operate the Property in compliance with building codes and ordinances, land use regulations, planning laws and other regulatory requirements, which may be adopted or changed from time to time. Moreover, MOHG cannot exclude the possibility that regulations it currently views as inapplicable might be applied to the Property in the future. Compliance with such regulation, including the work involved in assessing the Enlarged Group's compliance, may entail significant expense. Any failure to comply with applicable regulations could result in the imposition of substantial fines, private damages awards or require the Enlarged Group to limit, suspend or cease part of its operations. Any of this could impact the Enlarged Group's business, financial condition, results of operations and prospects.

Failure to complete the Transaction

There may be certain events or circumstances which may result in the Transaction not being completed. For example, in the event the Property is destroyed or seriously damaged before the date when the Option is exercised, the Company has the contractual right not to proceed, and to seek a refund of the Deposit. Other unforeseen circumstances, such as a sudden severe decline in the value of the Property, may develop where it is in the best interests of the Company not to exercise its Option by the scheduled date, and instead elect to forfeit the Deposit.

RISKS RELATED TO MANDARIN ORIENTAL AND, FOLLOWING COMPLETION, THE ENLARGED GROUP AS A RESULT OF THE TRANSACTION

Risk of fluctuation in exchange rates

The exchange rate between the US dollar and Euro is affected by, among other things, changes in political and economic conditions of the relevant countries. If France was to leave the eurozone, its currency would change to a domestic currency and there would be a risk of currency devaluation. As the Group adopts the US dollar as its presentation currency, a significant depreciation in the value of the Euro (or any alternative domestic currency adopted by France) against the US dollar, may have an adverse effect on the Enlarged Group's financial position to the extent that it is not economically hedged by the Group's Euro denominated borrowings. The Enlarged Group's operating results are expected to have a larger exposure to the Euro as MOPAR's contribution to the Enlarged Group's EBITDA is expected to increase once the Property is acquired.

Risk of changes in government, fiscal policies and taxes

Changes in government, fiscal policy and tax rates may have adverse consequences on the value of the Property and/or profits generated by the Property. The Enlarged Group's exposure to such adverse consequences on the value of the Property will be greater as a result of its ownership of the Property following completion of the Transaction, whereas prior to the Transaction adverse consequences on the value of the Property may have lesser impact on the Group as merely a lessee of the Property. Similarly, the Enlarged Group's interpretation and application of tax laws relating to the Property may be challenged and result in unexpected tax exposure as a result of ownership of the Property following completion of the Transaction.

Risk of increasing financing costs

The purchase of the Property is to be partly funded by €150 million debt at a cost benchmarked to EURIBOR plus a fixed interest margin. Although EURIBOR is currently at a historically low level, improved economic conditions or tightening of monetary policies may increase the financing cost for the Enlarged Group, and may adversely affect its financial results if not appropriately managed.

PART III

SUMMARY OF THE TRANSACTION AGREEMENTS

The following is a summary of the principal terms of the Transaction Agreements. The Transaction Agreements are available for inspection as described in Part VI of this document.

1 Undertaking to Sell with an Option to Purchase (the "Option Agreement")

On 29th November 2012, MOHGHP entered into the Option Agreement with SFL, pursuant to which MOHGHP has paid the Deposit, to its notary acting as escrow agent, to secure the Option and SFL has irrevocably undertaken to sell the Property to MOHGHP or its nominee upon exercise by MOHGHP or its nominee of the Option.

MOHGHP may nominate another entity to complete the purchase of the Property (MOHGHP or its nominee being the "**Purchaser**"). In the case of any such nomination, MOHGHP would remain jointly and severally liable with its nominee until Completion.

Including the Deposit, the consideration payable by the Group for the Property is €290 million (US$378.8 million) (excluding transfer duties, taxes and costs) payable in cash at Completion.

Under the terms of the Option Agreement, the Purchaser has the right to exercise the Option and enter into the Deed of Sale with SFL until 15th February 2013. The Deed of Sale will operate to transfer the Property from SFL to the Purchaser.

The Deposit shall be treated as follows:

(i) it shall be used towards the satisfaction of the consideration if the Transaction completes;

(ii) it shall be refunded if the Transaction does not complete due to: (a) the non-fulfilment of any one of the conditions precedent (referred to below), (b) more than 30% of the lettable surface area of the Property being totally destroyed or damaged and rendered unfit for its use (unless the Purchaser wishes to complete the Transaction, notwithstanding such destruction) or (c) if the conditions precedent have been fulfilled and the Option has been duly exercised by the Purchaser but SFL defaults in completing the Transaction; and

(iii) it shall be paid over to SFL if: (a) the conditions precedent have been fulfilled and the Purchaser does not exercise the Option or (b) the conditions precedent have been fulfilled and the Option has been duly exercised, but the Purchaser defaults in completing the Transaction.

If the Purchaser fails to sign the Deed of Sale by 15th February 2013 and all the conditions precedent have been fulfilled, unless the time period is extended by the parties to the Option Agreement, the Purchaser will forfeit its Option and the Option Agreement will irrevocably be deemed null and void, except with regard to the Deposit which shall be paid over to SFL.

The Option Agreement is subject to the following conditions precedent:

(i) the waiver by the City of Paris of the benefit of a municipal right of pre-emption over the Property; and

(ii) the delivery by SFL of a search report covering a period of 30 years disclosing no security interest affecting the Property.

The first condition precedent may be waived jointly by SFL and the Purchaser, and the second condition precedent may be waived by the Purchaser. If these conditions precedent have not been satisfied or waived by 15th February 2013, the Option Agreement shall be considered null and void.

The Option Agreement is governed by and in accordance with French law.

2 Deed of Sale

The Deed of Sale is in an agreed form attached to the Option Agreement and, subject to fulfilment of the conditions precedent contained in the Option Agreement, is intended to be entered into between SFL and the Purchaser on or before 15th February 2013.

Under the terms of the Deed of Sale, the consideration payable for the Property, including the Deposit, is €290 million (US$378.8 million) (excluding transfer duties, taxes and costs), payable in cash at Completion.

Completion will take place on the date on which the Deed of Sale is executed and payment of the consideration and the transfer duties, taxes and costs is made by the Purchaser. Title to the Property shall pass to the Purchaser on Completion.

The sale of the Property is exempt from Value Added Tax pursuant to the provisions of Article 257bis of the French General Tax Code. The sale of the Property will be subject to the registration fees. A land registration tax will be payable in connection with the Deed of Sale, at the reduced rate of 0.70%, applied to the sale price plus the tax base calculation and collection levy (in French: *frais d'assiette et de recouvrement*,) i.e. a total of 0.71498%.

The Deed of Sale contains a restriction against disposal of the Property for 12 months as from Completion.

The Deed of Sale is governed by and in accordance with French law.

PART IV

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma financial information of the Enlarged Group in this Part IV has been prepared:

- based on the consolidated net assets of the Company as at 30th June 2012, set out in the unaudited consolidated interim financial statements of the Group for the six month period then ended;
- to illustrate the effect on the net assets of the Group as if the acquisition of the Property had taken place on 30th June 2012;
- for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not represent the Group's or the Enlarged Group's actual financial position;
- on the basis set out in the notes below and in accordance with the requirements of Listing Rule 13.3.3R; and
- on the basis of the accounting policies adopted by the Company in preparing the unaudited consolidated interim financial statements of the Group for the six months ended 30th June 2012.

Unaudited pro forma statement of net assets

		Adjustments		
	Unaudited Group Note 1 US$'m	*Acquisition of freehold interest & release of accrual for free rent Note 2 US$'m*	*New debt facilities Note 3 US$'m*	*Unaudited pro forma Total US$'m*
Net assets				
Intangible assets	40.5			40.5
Tangible assets	1,030.6	385.3		1,415.9
Associates and joint ventures	101.7			101.7
Other investments	6.7			6.7
Loans receivable	-			-
Pension assets	12.0			12.0
Deferred tax assets	6.9			6.9
Non-current assets	**1,198.4**	**385.3**	**-**	**1,583.7**
Stocks	5.9			5.9
Debtors and prepayments	62.9			62.9
Current tax assets	0.8			0.8
Cash at bank	432.2	(385.3)	194.5	241.4
Current assets	**501.8**	**(385.3)**	**194.5**	**311.0**
Creditors and accruals	(114.1)	3.9		(110.2)
Current borrowings	(3.4)			(3.4)
Current tax liabilities	(11.8)			(11.8)
Current liabilities	**(129.3)**	**3.9**	**-**	**(125.4)**
Net current assets/(liabilities)	**372.5**	**(381.4)**	**194.5**	**185.6**

	Unaudited Group Note 1 US$'m	*Adjustments* Acquisition of freehold interest & release of accrual for free rent Note 2 US$'m	New debt facilities Note 3 US$'m	Unaudited pro forma Total US$'m
Long term borrowings	(580.6)		(194.5)	(775.1)
Deferred tax liabilities	(64.8)			(64.8)
Pension liabilities	(0.2)			(0.2)
Other non-current liabilities	(18.2)			(18.2)
Net assets	**907.1**	**3.9**	**-**	**911.0**
Adjusted shareholders' funds – Note 4	**2,682.8**(a)	**17.8**	**-**	**2,700.6**

(a) Adjusted shareholders' funds as at 30th June 2012 represents shareholders' funds as at 30th June 2012 of US$901.8 million plus an adjustment of US$1,781.0 million to reflect the fair market value of the Group's freehold and leasehold interests as at 30th June 2012 based on external valuations received as at 31st December 2011 (see Note 4).

Notes:

1. The net assets of the Group for the six months ended 30th June 2012 have been extracted without material adjustment from the unaudited interim financial statements for the six months ended 30th June 2012, as incorporated by reference in Part VII of this document.

2. Adjustments to reflect the acquisition of the Property for €295 million (US$385.3 million based on an exchange rate of 1.306), including directly attributable acquisition costs of €5 million (US$6.5 million), and the release of an accrual of €3.1 million (US$3.9 million based on an exchange rate of 1.245) from the balance sheet arising from the rent free period provided under the MOPAR Lease. The adjustment to adjusted shareholders' funds of US$17.8 million reflects the release of the accrual for the rent free period of US$3.9 million plus US$13.9 million which represents the difference between the carrying value of the Property of US$433.9 million and the fair market value of €342.9 million (US$447.8 million based on an exchange rate of 1.306) attributed, by CBRE in its valuation report set out at Part V of this document, to the combined value of MOHG's interest in the Property, including the two retail units and the hotel business, following completion of the Transaction.

3. Adjustment to reflect the two new three-year term loans totalling €150 million (US$195.9 million based on an exchange rate of 1.306) arranged in connection with the acquisition of the Property net of associated costs of €1.1 million (US$1.4 million based on an exchange rate of 1.306) which have been capitalised and will be amortised over the three year term. Each facility includes an extension option whereby the Group may extend the facility for a further period of up to two years.

4. The adjusted shareholders' funds value used in the Group's 30th June 2012 interim report reflected the fair market value of the Group's freehold and leasehold interests which are carried in the consolidated balance sheet at cost less any accumulated depreciation and impairment. The adjustment to fair market value is based upon external valuations received by the Company as at 31st December 2011. In preparing the adjusted shareholders' funds value in the Group's 30th June 2012 interim report, the Directors considered whether there had been any material change in the fair market value of the Group's freehold and leasehold interests between 31st December 2011 and 30th June 2012. The Group's gearing ratio, calculated as total borrowings less bank balances divided by shareholders' funds, after taking into account the Directors' assessment of the fair market value of the Group's interests in freehold and leasehold land, was 6% of adjusted shareholders' funds at 30th June 2012. The Group's pro forma gearing ratio had the acquisition of the property taken place on 30th June 2012 is 20% of pro forma adjusted shareholders' funds.

	Gearing ratio as at 30th June 2012	Pro forma gearing ratio
	US$'m	**US$'m**
Current borrowings	(3.4)	(3.4)
Long term borrowings	(580.6)	(775.1)
Total borrowings	(584.0)	(778.5)
Cash at bank	432.2	241.4
Net debt	(151.8)	(537.1)
Adjusted shareholders' funds	2,682.8	2,700.6
Gearing ratio	**6%**	**20%**

5. The unaudited pro forma financial information does not take into account trading of the Group subsequent to the interim balance sheet date of 30th June 2012.

Mandarin Oriental International Limited
Jardine House
33-35 Reid Street
Hamilton
Bermuda

J.P. Morgan Limited
25 Bank Street
Canary Wharf
London
E14 5JP

11 January 2013

Dear Sirs

Mandarin Oriental International Limited (the "Company")

We report on the unaudited pro forma statement of net assets (the "**Pro forma statement of net assets**") set out in Part IV of the Company's circular dated 11 January 2013 (the "**Circular**") which has been prepared on the basis described in the notes to the Pro forma statement of net assets, for illustrative purposes only, to provide information about how the proposed acquisition of the Property might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the unaudited interim financial statements for the period ending 30 June 2012. This report is required by item 13.3.3R of the Listing Rules of the UK Listing Authority (the "**Listing Rules**") and is given for the purpose of complying with that Listing Rule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro forma statement of net assets in accordance with item 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by item 13.3.3R of the Listing Rules as to the proper compilation of the Pro forma statement of net assets and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma statement of net assets, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma statement of net assets with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma statement of net assets has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

a) the Pro forma statement of net assets has been properly compiled on the basis stated; and

b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PART V

PROPERTY VALUATION REPORT

CBRE Hotels Limited
St Martin's Court
10 Paternoster Row
London
EC4M 7HP
Switchboard +44 (0) 20 7182 3700
Fax + 44 (0) 20 7182 3005

CBRE Valuation
145 rue de Courcelles
BP 80450
75824 Paris Cedex 17
France
Switchboard +33 (0) 1 53 64 00 00
Fax + 33 (0) 1 53 64 34 34

Mandarin Oriental International Limited
Jardine House
33-35 Reid Street
Hamilton
Bermuda

and

J.P. Morgan Limited
25 Bank Street
Canary Wharf
London
E14 5JP

11 January 2013

Dear Sirs,

MANDARIN ORIENTAL PARIS, AND ADJACENT RETAIL SPACES, LOCATED AT 247-251 RUE SAINT-HONORÉ, 75001 PARIS, FRANCE

Instructions and Valuation Purpose

In accordance with your instructions, this summary valuation report has been prepared for the purpose of providing the Directors at Mandarin Oriental International Limited ("MOIL") and J.P. Morgan Limited with the Market Value of the freehold interest in Mandarin Oriental, Paris and two adjacent retail units, for inclusion within a circular to MOIL's shareholders. The effective date of the valuation is 11 January 2013.

The valuation has been prepared in accordance with The RICS Valuation – Professional Standards (2012) ("the Red Book"). The values stated in this report represent our objective opinion of Market Value in accordance with the definition set out below as at the date of valuation. Amongst other things, this assumes that the Property had been properly marketed and that exchange of contracts took place on this date.

These valuations are subject to the reservations contained in this report and/or our Schedule of Assumptions provided to you previously in our valuation report, to which your attention is specifically drawn. This Schedule of Assumptions is not attached to this report however our valuation remains subject to these assumptions. If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figure may also be incorrect and should be reconsidered. We recommend that before any financial transaction is entered into based upon this valuation, you obtain verification of the information contained within our property report and the validity of the assumptions we have adopted.

Brief Summary of the Property

The Property comprises a 138 bedroom luxury hotel and two retail units. It is arranged over two basements, ground and eight upper floors, constructed behind an original 1930 facade. The building is of concrete frame construction with limestone façades and zinc roof. All windows are double glazed with aluminium frames. Access to the hotel and each retail unit is from rue Saint-Honoré.

The hotel is let to the Mandarin Oriental Hotel Group with an initial term of 12 years with an option in favour of the tenant to extend for a further 12 years, plus subsequent nine year renewal periods into perpetuity. There was an initial rent free period of four months, with a base rent of €8m in the subsequent 12 months followed by €8.5m per annum, which is indexed annually from the commencement of the fourth year of the lease term. In addition, there is a variable rent commencing in year two payable based on the adjusted EBITDA of the hotel, once the adjusted EBITDA has exceeded set thresholds.

We have been provided with lease summaries for the retail premises of the basement, ground and first floor, let to Dsquared² and Ports 1961.

Dsquared² has a total lettable area of 810 sqm and a 12 year fixed lease starting 16 May 2011. The initial annual rent was €1,100,000 and is, stepped annually until 2018. Annual indexation also applies. The current annual rent is €1,290,808.

Ports 1961 has a total lettable area of 525 sqm and a 12 year fixed lease starting 1 April 2011. The initial annual rent was €1,250,000, with a total current annual rent of €1,286,025, indexed annually.

Further details of the Property are contained in Appendix A.

Inspection

We have inspected the entire hotel property externally and internally on 4 July 2012. We have inspected the retail spaces externally but only undertook a very limited internal inspection.

Capacity of Valuer and Conflicts of Interest

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the valuation competently. Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE Ltd or CBRE Hotels Ltd, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

The total fees, including the fees for this assignment, earned by CBRE Valuation from the Addressee are less than 5.0% of the total French and UK revenues. We do not consider that there is any conflict of interest between our company and the client or Property. We confirm that we have had no previous material involvement with the Property, other than the preparation of an initial valuation of the Property on behalf of Mandarin Oriental Hotel Group dated 31 July 2012, and that copies of our conflict of interest checks have been retained within the working papers. Outside the scope of this instruction and our fees for the valuation, our company does not benefit from any financial or other advantage based on the value of the Property and we therefore confirm the independence of the company and its valuation.

Market Value

The valuation has been prepared on the basis of "Market Value" which is defined as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Our opinion of Market Value has been primarily derived using the discounted cashflow methodology as well as the income capitalisation approach and comparable recent market transactions on arm's length terms.

Taxation

No allowances have been made for any expenses of realisation or for taxation which might arise in the event of a disposal. Acquisition costs (including the relevant taxation) have not been included in our value and have therefore been deducted in arriving at our opinion of value at appropriate levels.

Sources of Information

We have carried out our work based upon information supplied to us by Mandarin Oriental Hotel Group, as set out within this report, which we have assumed to be correct and comprehensive.

In the case of such information proving to be incorrect, incomplete or any additional information being subsequently supplied to us, the accuracy of the conclusion could be affected and in such circumstances we reserve the right to amend our report accordingly.

In addition, where appropriate we have made assumptions with regard to various elements of the Property, which we summarise below.

Title, Tenure, Planning and Lettings

We have not been provided with a copy of a report on title. In the absence of any information to the contrary, we have assumed that:

(a) the Property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

(b) all buildings have been erected either prior to planning control or in accordance with planning permissions and have the benefit of permanent planning consents or existing use rights for their current use;

(c) the Property is not adversely affected by town planning or road proposals;

(d) all buildings comply with all statutory and local authority requirements including building, fire and health and safety regulations;

(e) tenants will meet their obligations under their leases, are responsible for insurance and payments of business rates and are responsible for all repairs, whether directly or by means of a service charge;

(f) there are no user restrictions or other restrictive covenants in leases which would adversely affect value.

We have been provided with a copy of the hotel lease to Mandarin Oriental Hotel Group. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser.

We have not been provided with a copy of the lease agreements for retail tenants (ie Dsquared² and Ports 1961) but unreferenced lease summaries provided by the client. We are therefore not able to confirm the accuracy of the retail lease information provided and reserve the right to amend our report accordingly.

Repair and Condition

The Property was found to be in excellent condition, commensurate with its age. However, we have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used or are present in any part of the Property. We are unable, therefore, to give any assurance that the Property is free from defect. In the absence of any information to the contrary, we have assumed that :

(a) There are no abnormal ground conditions, nor archaeological remains present which might adversely affect the present or future occupation, development or value of the property;

(b) The Property is free from rot, infestation, structural or latent defect;

(c) No currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, have been used in the construction of, or subsequent alterations or additions to the Property.

Environmental Matters

In undertaking our work, we have assumed that the Property is not contaminated and that no contaminative or potentially contaminative uses have ever been carried out on it. In the absence of any information to the contrary, we have assumed that:

(a) the Property is not contaminated and is not adversely affected by any existing or proposed environmental law;

(b) any processes carried out on the Property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

Areas

We have not measured the Property but have relied upon the floor areas provided.

Market Values

Hotel Real Estate (excluding the hotel business)

€185,120,000 (One Hundred and Eighty Five Million, One Hundred and Twenty Thousand Euros). This figure is presented after the deduction of transfer costs of 1.80%.

The valuation has been prepared using the DCF method taking into account the fixed and variable rents.

Retail Real Estate

€72,200,000 (Seventy Two Million, Two Hundred Thousand Euros). This figure is presented after the deduction of transfer costs of 1.80%.

The valuation has been prepared using the DCF method taking into account Dsquared² step rents, and Ports 1961 unstepped rents.

Value Post Purchase

Once the purchase of the property is complete, Mandarin Oriental Hotel Group will own the freehold interest in the hotel and retail units along with the hotel business. We have been asked to provide an opinion of value of this combined interest once the transaction is complete. The value of the retail real estate will remain unchanged, however the value of the hotel real estate will be based on the trading performance of the hotel real estate instead of the rental income. This valuation has been arrived at through CBRE Hotels' projections for the hotel's profit over the following ten years and we refer you to Appendix B which sets out the assumptions made in respect of Trade Related Valuations. Our opinion of the Market Value of the hotel real estate, under the special assumption that the Landlord's interest, subject to the existing lease structure, is acquired by Mandarin Oriental Hotel Group, is €270,740,000 excluding transfer costs. This is because Mandarin Oriental Hotel Group is in a unique position to unlock this value which no other purchaser would be able to benefit from. For the same reason, the combined value of Mandarin Oriental's interest in the property including the retail real estate and the hotel business post purchase will be €342,940,000.

Confidentiality and Disclosure

This report is for the use only of the parties to whom it is addressed, including shareholders in Mandarin Oriental International Limited, for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or part of its contents. It may be disclosed without reliance to the party's professional advisers, and to a third party purchaser and its professional advisers in connection with the specific purpose and for no other reason.

Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

CBRE Hotels and CBRE Limited have given and have not withdrawn their written consent to the inclusion of this summary valuation report in the Circular.

Yours faithfully,

Sally Kendall, MA AssocRICS
RICS Registered Valuer
Associate Director
For and on behalf of
CBRE Hotels Ltd

T: +44 (0) 20 7182 3864
E: sally.kendall@cbrehotels.com

Jane Lees, MRICS
RICS Registered Valuer
Senior Director
For and on behalf of
CBRE Hotels Ltd

T: +44 (0) 20 7182 3971
E: jane.lees@cbrehotels.com

Abdallah Ould Brahim, MRICS
RICS Registered Valuer
Head of Advisory
For and on behalf of
CBRE Valuation (France)

T: +33 1 53 64 30 01
E: abdallah.ould-brahim@cbre.fr

Appendix A: Property Summary

Appendix B: Trade Related Valuations

APPENDIX A: PROPERTY SUMMARY

Address

247-251 rue Saint-Honoré, 75001 Paris, France

Location and Situation

Mandarin Oriental, Paris is situated in a prime location in the heart of Paris, the capital of France and one of the world's leading destinations for leisure and corporate travellers.

Located in the centre of France, Paris has excellent transport links with three airports, numerous railway stations with links to Europe, including the Eurostar to London, and an efficient underground railway system, the Metro.

The hotel is positioned in the centre of Paris' 1st "arrondissement", surrounded by some of Paris' main tourist attractions and exclusive shopping districts, close to Place Vendôme and the Avenue des Champs Elysées.

It is located on rue Saint-Honoré, one of Paris' key luxury retail locations, with a high footfall, and home to the American and British embassies.

Description

We refer to the description in the summary valuation report and expand as follows. The hotel's lobby and reception, two restaurants, bar and cake shop are all located on the ground floor of the building. The gym, pool and spa facilities are located at basement level and the hotel's conference rooms are located on the first floor. The hotel's bedroom accommodation is arranged over the first through eighth floors. Back of house areas are largely located at basement level, although some kitchen facilities are located at ground floor level. Back of house offices are located on all floors, behind the "living wall" within the internal courtyard, creating a u-shaped guest corridor.

Two retail premises comprising a basement, ground floor and one floor over-ground are also comprised within the property. The retail space located at 247 rue Saint-Honoré is currently let to Port 1961 (fashionable clothing and apparel). This unit offers 525 sqm of lettable area. The retail space located at 249 rue Saint-Honoré is currently let to Dsquared² (fashionable clothing and apparel). This unit offers 810 sqm of lettable area.

Key Valuation Assumptions

Hotel Real Estate

The hotel's base rent is currently €8,500,000 until 2014, at which point the rent is indexed annually. The variable rent is estimated at €933,069 in 2016 when the hotel reaches a stabilised level of trade.

Yield assumptions

RENT	EXIT YIELD	DISCOUNT RATE
Base Rent	4.50%	6.50%
Variable Rent	5.50%	7.50%

RUNNING YIELDS				
Year 1	Year 2	Year 3	Year 4	Year 5
4.51%	4.78%	4.97%	5.10%	5.22%

Retail Real Estate

We have used the 12 year Discounted Cash Flow method to determine the market value of the retail premises, assuming a reversion back to Estimated Rental Values (ERV) when the lease ends.

TENANT	TOTAL AREA (1)	WEIGHTED AREA (1)	ERV / W NLA / SQM PA (2)	CURRENT RENT (1)	ERV (2)
Ports 1961	525	300	4250	1,286,065	1,275,000
Dsquared2	810	419	4250	1,290,808	1,780,000
Total	**1,335**				

ERV: Estimated Rental value

Sources: (1) Unreferenced lease summaries provided by MOPAR. (2) Estimated by CBRE.

Yield assumptions

DISCOUNT RATE	EXIT YIELD
6.25%	4.25%

Combined Value Post Purchase

We have valued the hotel assuming the hotel is held freehold subject to the existing management contract with Mandarin Oriental.

We have prepared our own projections for the hotel's future trading, based on market benchmarks and our experience of similar luxury hotels in Europe. At stabilisation in 2016, we estimate Total Revenue at €57,506,527 and Adjusted EBITDA at €14,741,225.

Yield assumptions

EXIT YIELD - APPLIED TO THE INCOME IN THE TENTH YEAR
4.75%

DISCOUNT RATE
6.75%

RUNNING YIELDS				
Year 1	Year 2	Year 3	Year 4	Year 5
3.18%	4.64%	5.24%	5.35%	5.46%

APPENDIX B: TRADE RELATED VALUATIONS

We have had regard to the RICS Guidance Note on the valuation of individual trade related properties. Key considerations are set out below.

The essential characteristics of properties that are normally sold on the basis of their trading or underlying trading potential is that they are designed, or adapted, for a specific use and the resulting lack of flexibility usually means that the value of the property interest is intrinsically linked to the trading potential of the property.

The valuation of the operational entity usually includes:

a) the legal interest in the land and buildings;

b) the trade inventory, usually comprising all trade fixtures, fittings, furnishings and equipment; and

c) the market's perception of the trading potential, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits.

The valuation excludes consumables and stock in trade and any antiques, fine art and chattels.

The valuation includes trade items and equipment that are essential to the running of the operational entity but which either are owned separately from the land and buildings or are leased – see under Trading Properties heading below.

Unless we state otherwise, our valuation is based on an estimate of the maintainable level of trade (fair maintainable turnover) and future profitability (fair maintainable operating profit) a competent operator of a business conducted on the premises acting in an efficient manner would expect to achieve. The concept involves estimating the trading potential of the property having regard to its inherent characteristics and prevailing market conditions rather than the actual level of trade under the existing ownership. Therefore, personal goodwill that is created by the present owner or management is excluded.

The goodwill that is included in the valuation is generally considered to include value which attaches to the property and runs with the property by virtue of circumstances such as its location, design, planning permission, property-specific name and reputation, customer patronage, licence and occupation for its particular use (known as transferable goodwill or inherent goodwill).

This is differentiated from personal goodwill, which is created by the current operator and is the value of profit generated over and above market expectations, and which would be extinguished upon sale of the trade related property, together with financial factors related specifically to the current operator of the business. Personal goodwill is not expected to remain with the business in the event of the property being sold, but to be extinguished upon sale, and we exclude it from our valuation of the property.

A new owner will expect to assume the benefit of the income from the existing owners of the property and the forward-bookings, which are an important part of the ongoing business. Generally, the purchaser will be obliged to take over the employment of existing staff, whose statutory and service-related employment rights will be maintained. Certain activities can only be carried on under licences or other statutory consents, approvals and certificates and their continuance or grant on the date of transfer or renewal is an explicit assumption in our valuation.

As with all properties valued by reference to trading potential, valuations are vulnerable to external influences and the introduction of competition. The trading valuation is inextricably linked to the performance of the national economy.

Unless stated otherwise within this report, our valuation assumes that the Property is open for business and trading at the valuation date. The valuation of the Property is as a fully-equipped operational entity having regard to trading potential on the assumption that there will be a continuation of trading. Where the Property is empty through cessation of trade, or it is a new property with no existing trade to transfer and/or there is no trade inventory, different assumptions and/or Special Assumptions apply as set out in this report. The valuation is of the empty property having regard to trading potential subject to those assumptions/Special Assumptions.

Unless stated otherwise within this report, where provided vacant possession valuations are of the Property on the basis that it continues to trade, save that the existing operator is no longer involved.

PART VI

ADDITIONAL INFORMATION

1 Responsibility

The Company and the Directors, whose names are set out in paragraph 4 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 Incorporation

The Company was incorporated and registered in Bermuda on 9th December 1986 under the Bermudan Companies Act 1981 as a private company limited by shares with registered number EC12510 with the name of Mandarin Oriental International Limited.

3 Registered office

The registered office of the Company is Jardine House, 33-35 Reid Street, Hamilton, Bermuda and its telephone number is +1 441 292 0515.

4 Directors

The Directors and their respective principal functions are as follows:

Simon Keswick	Non-Executive	Chairman
Ben Keswick	Executive	Managing Director
Edouard Ettedgui	Executive	Group Chief Executive
Stuart Dickie	Executive	Chief Financial Officer
Mark Greenberg	Non-Executive	
Julian Hui	Non-Executive	
Adam Keswick	Non-Executive	
Sir Henry Keswick	Non-Executive	
Lord Leach of Fairford	Non-Executive	
Dr Richard Lee	Non-Executive	
Lincoln K.K. Leong	Non-Executive	
Anthony Nightingale	Non-Executive	
Lord Powell of Bayswater KCMG	Non-Executive	
James Watkins	Non-Executive	
Percy Weatherall	Non-Executive	
Giles White	Non-Executive	

5 Directors' shareholdings and share options

5.1 Shares

As at 10th January 2013 (being the latest practicable date prior to the publication of this document), the interests of the Directors and their connected persons (as that term is used in the DTR in relation to companies incorporated outside the United Kingdom) in the issued share capital of the Company were as follows:

Director	Number of Shares
Simon Keswick	19,858
Edouard Ettedgui	7,750,000
Stuart Dickie	150,000
Lincoln K.K. Leong	142,206

5.2 Share options

As at 10th January 2013 (being the latest practicable date prior to the publication of this document), the following options to acquire Shares had been granted to the following Directors and remained outstanding under the Senior Executive Share Incentive Schemes:

Director	Date of Grant	Number of Shares over which options granted	Exercise Price	Exercise Period
Edouard Ettedgui	03/03/2006	1,700,000	0.99000	03/03/2009 to 02/03/2016
	14/03/2007	1,200,000	1.87600	14/03/2010 to 13/03/2017
	14/03/2008	4,000,000	1.72400	14/03/2011 to 13/03/2018
	12/03/2010	750,000	1.43800	12/03/2012 to 11/03/2020
		750,000	1.43800	12/03/2013 to 11/03/2020
	09/03/2012	750,000	1.71000	09/03/2014 to 08/03/2022
		750,000	1.71000	09/03/2015 to 08/03/2022
		9,900,000		
Stuart Dickie	14/03/2007	150,000	1.87600	14/03/2010 to 13/03/2017
	12/03/2010	500,000	1.43800	12/03/2013 to 11/03/2020
	11/03/2011	700,000	2.10800	11/03/2014 to 10/03/2021
	09/03/2012	700,000	1.71000	09/03/2015 to 08/03/2022
		2,050,000		

6 Directors' service contracts

There are no existing or proposed service contracts between any Director of the Company and the Company and its subsidiary undertakings, providing entitlements to any benefits upon termination.

7 Key Individuals

No individual is important to the Property.

8 Substantial Shareholders

As at 10th January 2013 (being the latest practicable date prior to the publication of this document), the Company had been informed of the following holdings of voting rights of 5 per cent. or more attaching to the Company's issued ordinary share capital:

Shareholder	Number of shares	Number of voting rights	Percentage of voting rights attached to the issued ordinary share capital
Jardine Strategic Holdings Limited and its subsidiary undertakings	737,675,281	737,675,281	73.74
Note: Jardine Matheson Holdings Limited is also interested in the same ordinary shares by virtue of its interest in Jardine Strategic Holdings Limited			
Neptune Investment Management Limited	55,395,000	55,395,000	5.54

Save as set out above, the Company is not aware of any other holders of voting rights of 5 per cent. or more attaching to the issued ordinary share capital of the Company as at 10th January 2013.

9 Related party transactions

Save as disclosed in the audited consolidated financial statements of the Company for the years ended 31st December 2009, 2010 and 2011 and the consolidated financial statements of the Company for the six month period ended 30th June 2012, the Company has not entered into any related party transaction during the period from 1st December 2009 up to the date of this document.

10 Material contracts

10.1 The Group

10.1.1 The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group (i) within the two years immediately preceding the date of this document which are, or may be, material, or (ii) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

(a) **The Transaction Agreements** – The Transaction Agreements, which are summarised in Part III of this document.

(b) **The HSBC Facility Agreement**

MOFCL (as Borrower) is party to a three-year €100 million term debt facility agreement dated 21st December 2012 with HSBC (as Lender) to be used to finance the acquisition of the Property by the Company. Drawings under the facility will bear interest at the EURIBOR rate plus an interest margin. The obligations under the facility are guaranteed by the Company.

The facility has a maturity of 36 months from the date of the HSBC Facility Agreement. The facility includes an extension option whereby MOFCL may extend the facility for a further period of up to two years by giving five days' prior written notice to HSBC and paying further fees.

If the Company disposes of all or part of its interests in the Property, MOFCL is required to apply a portion of the disposal proceeds to prepay all or a proportion of all outstanding drawings under the facility.

The HSBC Facility Agreement contains customary representations and warranties, covenants, events of default and indemnities.

(c) **The CACIB Facility Agreement**

MOFCL (as Borrower) is party to a three-year €50 million revolving debt facility agreement dated 21st December 2012 with CACIB (as Lender) to be used to finance the acquisition of the Property by the Company. Drawings under the facility will bear interest at the EURIBOR rate plus an interest margin. The obligations under the facility are guaranteed by the Company.

The facility has a maturity of 36 months from the date of the CACIB Facility Agreement. The facility includes an extension option whereby MOFCL may extend the facility for a further period of up to two years by giving five days' prior written notice to CACIB and paying a further fee.

If the Company disposes of all or part of its interests in the Property, MOFCL is required to apply a portion of the disposal proceeds to prepay all or a proportion of all outstanding drawings under the facility.

The CACIB Facility Agreement contains customary representations and warranties, covenants, events of default and indemnities.

10.1.2 Save as disclosed in paragraph 10.1.1, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by members of the Group (i) within the two years immediately preceding the date of this document which are, or may be, material, or (ii) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

10.2 Property

There are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into in relation to the Property (i) within the two years immediately preceding the date of this document which are, or may be, material or (ii) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

11 Litigation

11.1 The Group

There are no governmental, legal or arbitration proceedings, nor, so far as the Company is aware, are any such proceedings pending or threatened, which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group's financial position or profitability.

11.2 Property

There are no governmental, legal or arbitration proceedings, nor, so far as the Company is aware, are any such proceedings pending or threatened, which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Property's financial position or profitability.

12 Working capital

The Company is of the opinion that, following the Transaction and taking into account the committed bank facilities available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

13 Significant changes

There has been no significant change in the financial or trading position of the Group since 30th June 2012, the date to which the last published unaudited interim financial statements were prepared.

14 Incorporation by reference

The unaudited interim financial statements of the Group for the six months ended 30th June 2012 are incorporated by reference in, and form part of, this document.

Part VII Checklist of information incorporated by reference sets out the location of references to the above document within this document.

15 Consents

(a) J.P. Morgan Cazenove has given and not withdrawn its written consent to the inclusion of its name in this document in the form and context in which it is included.

(b) PwC has given and has not withdrawn its written consent to the inclusion in Part IV of this document of its report on the unaudited pro forma statement of net assets of the Enlarged Group in the form and context in which it appears.

(c) CBRE has given and has not withdrawn its written consent to the inclusion in Part V of this document of its report in the form and context in which it is included.

16 Documents available for inspection

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at Jardine House, 33-35 Reid Street, Hamilton, Bermuda up to and including the date of the Special General Meeting:

(a) the Memorandum of Association and Bye-Laws of the Company;

(b) the consent letters referred to in paragraph 15 above;

(c) the report on the unaudited pro forma statement of net assets of the Enlarged Group from PwC set out in Part IV of this document;

(d) the report of CBRE set out in Part V of this document;

(e) the Transaction Agreements;

(f) the audited consolidated accounts of the Group for each of the two financial years ended 31st December 2010 and 2011; and

(g) this document.

Part VII

CHECKLIST OF INFORMATION INCORPORATED BY REFERENCE

Information incorporated by reference	Document reference	Page number(s) in this document
Unaudited interim financial statements of the Group for the six months ended 30th June 2012	Consolidated Balance Sheet (page 6)	11

DEFINITIONS

The following definitions apply throughout this document, unless stated otherwise:

Board	the board comprising the Directors
CACIB	Crédit Agricole Corporate and Investment Bank
CACIB Facility Agreement	the three-year €50 million revolving debt facility agreement with a two-year extension option between MOFCL as borrower and CACIB as lender, guaranteed by the Company
CBRE	CBRE Valuation (Paris) and CB Richard Ellis Hotels Ltd (London)
Company or Mandarin Oriental	Mandarin Oriental International Limited
Completion	the completion of the Transaction in accordance with the Transaction Agreements
Deed of Sale	the agreed form deed of sale attached to the Option Agreement which is proposed to be entered into on Completion
Deposit	the deposit of €10 million (US$13.1 million) paid by MOHG to SFL on 29th November 2012 to secure an option to purchase the Property
Directors	the directors of the Company, whose names are set out on page 24 of this document
DSQUARED2 Lease	the commercial lease agreement entered into between SFL as the landlord and DSQUARED2 as the tenant on 29th April 2011 in relation to a street front retail unit situated at 251 bis rue Saint-Honoré, 75001 Paris of approximately 810 square meters
DTR	the Disclosure and Transparency Rules made by the FSA pursuant to Part 6 of FSMA
EBITDA	earnings before interest, tax, depreciation and amortisation
Enlarged Group	the Group following Completion
Form of Proxy	the form of proxy accompanying this document for use by Shareholders in relation to the Special General Meeting
FSA	the Financial Services Authority
FSMA	Financial Services and Markets Act 2000
HSBC	The Hongkong and Shanghai Banking Corporation Limited
HSBC Facility Agreement	the three-year €100 million term debt facility agreement with a two-year extension option between MOFCL as borrower and HSBC as lender, guaranteed by the Company
J.P. Morgan Cazenove	J.P. Morgan Limited, which conducts its UK investment banking activities as J.P. Morgan Cazenove
MOFCL	Mandarin Oriental Finance Company (BVI) Limited
MOHG or Group	Mandarin Oriental Hotel Group, being the Company and its subsidiary undertakings

MOHGHP	MOHG Hotel (Paris) SARL
MOPAR	the Mandarin Oriental, Paris hotel
MOPAR Lease	the lease under which MOHG currently operates MOPAR, which MOHG entered into in January 2007 and which commenced on 18th April 2011 for a fixed term of 12 years (with the option to renew for a further 12 years)
Option	the purchase option granted to MOHGHP or its nominee under the terms of the Option Agreement
Option Agreement	the option agreement entered into between MOHGHP and SFL on 29th November 2012, pursuant to which MOHGHP has paid the Deposit to secure the Option and SFL has irrevocably undertaken to sell the Property to MOHGHP or its nominee upon exercise by MOHGHP or its nominee of the Option
Ports Lease	the commercial lease agreement entered into between SFL as the landlord and Ports of Knightsbridge Limited as the tenant on 9th November 2010 (as amended on 23rd May 2011) in relation to a street front retail unit situated at 251 bis rue Saint-Honoré, 75001 Paris of approximately 525 square meters
Property	the freehold interest in the property housing MOPAR located at 247-251 rue Saint-Honoré, 75001 Paris together with all of the Seller's rights and obligations under the DSQUARED2 Lease and the Ports Lease
Property Valuation Report	the Property Valuation Report as prepared by CBRE and set out in Part V of this document
PwC	PricewaterhouseCoopers LLP
Resolution	the ordinary resolution to approve the Transaction as set out in the notice of Special General Meeting at the end of this document
Seller or SFL	Société Foncière Lyonnaise, a French *société anonyme* with a share capital of EUR 93.011.352, having its registered office at Paris 75001 – 151 rue Saint-Honoré, registered with the trade and companies registry of Paris under No. 552.040.982
Shares	the ordinary shares of US5 cents each in the capital of the Company
Shareholders	the holders of the Shares
Special General Meeting	the special general meeting of the Company to be held at Jardine House, 33-35 Reid Street, Hamilton, Bermuda on Thursday, 31st January 2013 at 10.00 a.m. (or any adjournment thereof), notice of which is set out at the end of this document
Transaction	the proposed acquisition of the Property by the Company pursuant to the Transaction Agreements
Transaction Agreements	the Option Agreement and the Deed of Sale as described in Part III of this document

Mandarin Oriental International Limited

(Incorporated in Bermuda under the Bermudan Companies Act 1981 with registered number EC12510)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a SPECIAL GENERAL MEETING of Mandarin Oriental International Limited (the "**Company**") will be held at Jardine House, 33-35 Reid Street, Hamilton, Bermuda on Thursday, 31st January 2013 at 10.00 a.m. to consider and, if thought fit, pass the following resolution, which will be proposed as an ordinary resolution.

Ordinary resolution

THAT the Transaction, on the terms set out in the Transaction Agreements (both as defined in the circular to shareholders dated 11th January 2013 (the "**Circular**")), be and is hereby approved and the Directors (or a committee of the Directors) be and are hereby authorised to waive, amend, vary or extend any of the terms of the Transaction Agreements (provided that any such waivers, amendments, variations or extensions are not of a material nature) and to do all things as they may consider to be necessary or desirable to implement and give effect to, or otherwise in connection with, the Transaction and any matters incidental to the Transaction.

By order of the Board

John C. Lang
Company Secretary

11th January 2013

Registered office:

Jardine House
33-35 Reid Street
Hamilton, Bermuda

Notes:

A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him; a proxy need not also be a member of the Company. A form of proxy is enclosed for use by registered shareholders. Completion and return of the proxy will not preclude a member from attending and voting in person.

Investors holding their shares through a nominee within The Central Depository (Pte) Limited system in Singapore or other agent should contact their nominee, depository agent or professional adviser with regard to the procedures required to enable them to be represented and to vote at the Special General Meeting.