



ORIENT-EXPRESS HOTELS LTD.  
**NEWS RELEASE**

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**ORIENT-EXPRESS HOTELS TO ACQUIRE PANSEA HOTELS GROUP IMMEDIATELY,  
3 YEARS EARLY. MAJOR EXPANSION OF BUSINESS IN SOUTH EAST ASIA  
PLANNED.**

**Hamilton, Bermuda, July 6, 2006.** Orient-Express Hotels Ltd., (NYSE: OEH, [www.orient-express.com](http://www.orient-express.com)), announced today a major expansion of its business in South East Asia with the acquisition of the Pansea hotels group for approximately \$25 million. The transaction will be completed within the next 4 weeks, in advance of the high season which starts in August.

On May 25, 2006 the company announced its acquisition of the 50% of the Napasai property in Koh Samui, Thailand, not owned by Pansea. Acquisition of the entire Pansea company (actually a Hong Kong company called HOSIA which owns the Pansea business) will result in considerable tax savings in HOSIA in connection with the Napasai transaction.

In 2004 Orient-Express Hotels provided a convertible loan to HOSIA which was expected to convert into approximately 25% of HOSIA's equity. At the same time it entered into put/call arrangements which were expected to be exercised in 2009, resulting in Orient-Express Hotels buying the remaining 75% of HOSIA's equity at eight times 2008 EBITDA. The company believes that the \$25 million purchase price is slightly less than ten times annualized EBITDA projected for the remainder of 2006. Also, earnings from the two Bali properties have been depressed due to the most recent bombing on the island and the Ubud Hanging Gardens property being in its buildup phase, having only opened in July, 2005.

Pansea's six properties are all unique. In the ancient capital of Laos, Luang Prabang, La Résidence Phou Vao is considered the leading hotel in the area. In Yangon (Rangoon), Myanmar (Burma) the Governor's Residence, set in beautiful gardens in the Embassy District, is the best performing hotel in this city and links with the company's Road to Mandalay river cruise ship which operates between Mandalay and Pagan. The Napasai property in Koh Samui is a nearly new hotel, opened in February, 2004, and is the most luxurious hotel on the island, enjoying rapid growth, and has significant potential for residential development. In Siem Reap, Cambodia, La Résidence d'Angkor, designed entirely in Khmer style and set in lovely gardens close to the famous Angkor Wat and surrounding temples, is the leading boutique property in the area. In Bali, Jimbaran Puri has the finest beachfront on the island while Ubud Hanging Gardens clings to the side of the famous Ubud Gorge. Ubud is the cultural center of the island. In total, inclusive of Napasai, 271 rooms are being acquired at an approximate cost of \$140,000 each.

The six Pansea properties plus the Eastern & Oriental tourist train which operates between Singapore and Bangkok, and the Road to Mandalay cruise ship in Myanmar, give Orient-Express Hotels a meaningful presence in South East Asia and a platform on which to expand. When it appeared that HOSIA was unlikely to add additional properties before 2009 (although there is considerable scope for growth of the existing six hotels) and its owners signalled a willingness to sell earlier, Orient-Express Hotels decided to seize this opportunity to accelerate its expansion plans for South East Asia. Orient-Express Hotels intends to retain the excellent management team of Pansea both at the head office in Bangkok and at the six hotels and expects to use their skills to fuel the expansion in South East Asia. In due course the company will be considering additional properties in Singapore, Hong Kong, Vietnam and China.

Mr. James B. Sherwood, Chairman, said that he had negotiated in 2003 the original transaction with Stanislas Rollin and Robert Molinari, the owners of HOSIA, after having been extremely impressed with the very special architecture, settings and high standards of cuisine which have been hallmarks of Pansea. The partnership arrangement worked smoothly and he thanked Messrs. Rollin and Molinari for making it so, adding that he hoped the company would be able to cooperate with them in other hotel projects in the future.

Mr. Simon M.C. Sherwood, President, said that he was confident the Pansea acquisition would be a launchpad for the company in South East Asia, allowing it to move forward much more rapidly than if it had waited until 2009. He indicated that investment in the existing properties would be the first step.

Descriptions of the Pansea properties including photographs are attached.

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Management believes that EBITDA (net earnings adjusted for interest expense, foreign currency, tax, depreciation and amortization) is a useful measure of operating performance, for example to help determine the ability to incur capital expenditure or service indebtedness, because it is not affected by non-operating factors such as leverage and the historic cost of assets. EBITDA is also a financial performance measure commonly used in the hotel and leisure industry, although the company's EBITDA may not be comparable in all instances to that disclosed by other companies. EBITDA does not represent net cash provided by operating, investing and financing activities under U.S. generally accepted accounting principles, is not necessarily indicative of cash available to fund all cash flow needs, and should not be considered as an alternative to earnings from operations or net earnings under U.S. generally accepted accounting principles for purposes of evaluating operating performance.

This news release contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. These include statements regarding purchase and expansion plans, future profitability and similar matters that are not historical facts. These statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Factors that may cause a difference include, but are not limited to, those mentioned in the news release, unknown effects on the travel and leisure markets of terrorist activity and any police or military response, varying customer demand and competitive considerations, realization of hotel bookings and reservations and planned property development sales as actual revenue, inability to sustain price increases or to reduce costs, fluctuations in interest rates and currency values, uncertainty of negotiating and completing proposed acquisitions and capital expenditures, adequate sources of capital and acceptability of finance terms, possible loss or amendment of planning permits and delays in construction schedules for expansion or development projects, delays in reopening properties closed for repair or refurbishment and possible cost overruns, shifting patterns of tourism and business travel and seasonality of demand, adverse local weather conditions, uncertainty of recovering on insurance claims for property damage and lost earnings, changing global and regional economic conditions, and legislative, regulatory and political developments. Further information regarding these and other factors is included in the filings by the company with the U.S. Securities and Exchange Commission.

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## FORMER PANSEA PROPERTIES TO BE ACQUIRED

### Jimbaran Puri Bali



Jimbaran Puri Bali represents open air living, Balinese style. It is scattered throughout four acres of colourful, tropical gardens on the edge of a wide white sandy beach, Jimbaran Bay, the best beach on the island. The hotel was renovated in winter 2004/5.

The property faces the Indian Ocean in the south of the island. It is located 15 minutes from the airport.

The property is leasehold and 100% owned by HOSIA.

Facility	Details
Accommodation	41: 33 cottage suites (70 sq m); 7 cottages (50 sq m); 1 family (100 sq m)
Restaurants	Nelayan Restaurant, Tunjung Café, Puri Bar
Amenities	Large swimming pool with uninterrupted sea views Business centre with Internet access Library Boutique



## Ubud Hanging Gardens



Ubud Hanging Gardens combines contemporary Balinese style with a tranquil and inspirational setting and scenery, appropriate to the 'place of healing - 'obat'', for which the local town, also a center of culture and the arts, is named.

The hotel is set amongst steep rice terraces with sweeping views across the Ayung river gorge to the ancient Pura Penataran Dalem Segara temple on the opposite hillside. Built on gravity-defying pillars with thatched *alang-alang* roofs, the resort cascades down the hillside to the valley floor below, reached by a unique private funicular. It opened in July 2005 and featured in Condé Nast Traveller 'Hot List 2006' Asia and Australia.

The property is 15 minutes from the centre of Ubud, with free shuttle buses for guests. The airport (and Ubud Hanging Gardens' sister hotel Jimbaran Puri Bali) is a 90 minute drive, or 20 minutes by helicopter transfer.

The property is leasehold and 100% owned by HOSIA.

Facility	Details
Accommodation	3 categories of villa-style accommodation: 30 deluxe Pool villas (c 100 sq m) 6 deluxe Suite Pool villas (160 sq m) 2 Family Pool villas (160 sq m)
Restaurant	Béduur, Diatas Pohon Café, Bukit Bacik bar
Amenities	Ayung Spa, 3 spa pavilions Elliptical infinity pool Library with internet access Boutique



## The Governor's Residence



Built in 1920, The Governor's Residence is an imposing Burmese solid teak two-story mansion built as the official home of one of the governors from the southern states of the country. It is surrounded by a verdant lotus garden which is overlooked by the hotel's many spacious verandas.

The property is located in the residential area of the Embassy Quarter ensuring a tranquil retreat with easy access. The hotel is close to the magnificent Shwedagon Pagoda, the spiritual heart of Yangon. It is 10 minutes from the city centre, and 30 minutes from the airport.

The property is leasehold and 66% owned by HOSIA.

Facility	Detail
Accommodation	45 deluxe rooms (45 sq m) 2 suites (81 sq m)
Restaurant	Mandalay Restaurant, Mindon Lounge, Kipling bar
Amenities	Swimming pool Boutique Library with internet access



## La Résidence D'Angkor



Lying within a walled garden and accessed by a bridge over a lotus pond, La Résidence d'Angkor gives the experience of a large private mansion with its peaceful leafy gardens protected from the bustle of the city. It opened in 2002.

The property is situated beside the Siem Reap river in the centre of the city. The Temples of Angkor are 10 minutes away. The hotel is a 20 minute transfer from the airport. Siem Reap itself is a one hour flight from Bangkok.

The property is leasehold and 65% owned by HOSIA.

Facility	Description
Accommodation	54 rooms (45 sq m) 1 suite (81 sq m)
Restaurant	The Dining Room, The Lounge, The Pool Bar
Amenities	Swimming pool Library with internet access Boutique





## La Résidence Phou Vao



The hotel is set on Phou Vao hill, overlooking Mount Phou Si, Luang Prabang's sacred mountain, and the golden dome of the Vat Chamsi Stupa. It is comprised of four two-storey buildings surrounded by seven acres of lush gardens. It is 10 minutes from Luang Prabang airport and five minutes from the town centre.

In January 2006, the hotel opened the first purpose built spa in Laos. The Phou Vao spa, by Ytsara, provides unique indigenous treatments and a traditional Laotian steam room.

In 2005, the hotel was awarded the 'Golden Award' for outstanding performance and excellence in the hotel industry 2005, by the Vice Prime Minister of Laos.

The property is leasehold and 51% owned by HOSIA.

Facility	Description
Accommodation	32 rooms (55-60 sq m) 2 suites (60-65 sq m)
Restaurant	The Restaurant, The Bar
Amenities	Infinity pool Phou Vao spa by Ytsara (4 treatment rooms) Boutique Library with internet access



## Napasai – 50% acquired by Orient-Express Hotels, May 2006

See previous media statement <http://www.orient-expressinvestorinfo.com> under press releases



A peaceful and secluded resort, Napasai overlooks Ban Thai beach on the Gulf of Thailand, in 17 acres of lush tropical vegetation. The property is built on gentle slopes leading to the beach and all cottages have outstanding sea views. It has a small private sandy beach. There is a coral reef about 100 metres off the beach and the island also provides great diving and snorkelling.

Samui island (Koh Samui) is a 1.5 hour flight from Bangkok and the hotel is 25 minutes from the airport.

The property is freehold and 100% owned by HOSIA.

Facility	Description
Accommodation	55 total: 34 sea view cottages (60 sq m) 11 beachfront cottages (60 sq m) 6 garden cottage suites (90 sq m) 4 beach cottage suites (90 sq m) 14 private villas (of which 8 remain for sale) (400 sq m)
Restaurant	Lai Thai, Beach Restaurant, Pool Bar
Amenities	Infinity pool and small children's pool Ytsara spa Boutique and art gallery Two floodlit tennis courts Water sports (snorkelling, windsurfing, sailing, kayaking) Library and business centre with internet access

