



(Incorporated in the Republic of Singapore)
Company Registration No. 196700511H

SIGNING OF A JOINT VENTURE IMPLEMENTATION AGREEMENT WITH THE STRAITS TRADING COMPANY LIMITED, PROPOSED BUSINESS TRANSFER AND PROPOSED ACQUISITION OF ASSETS AND BUSINESS

1. INTRODUCTION

Proposed Joint Venture with The Straits Trading Company Limited

Further to its announcement dated 26 November 2012, Far East Orchard Limited (“**FEOrchard**” or the “**Company**”) is pleased to announce that it has today entered into a joint venture implementation agreement (the “**JVIA**”) with The Straits Trading Company Limited (“**STC**”, and together with FEOrchard, the “**JVCo Shareholders**”) and Far East Hospitality Holdings Pte. Ltd. (“**JVCo**”).

Pursuant to the proposed joint venture with STC (the “**Joint Venture**”), FEOrchard has incorporated JVCo, a wholly-owned subsidiary. Under the terms of the JVIA, FEOrchard and STC shall (i) pursue and conduct hospitality management and hospitality-related businesses and (ii) invest in real estate used primarily for hospitality purposes and hospitality-related assets, through JVCo.

The business and assets of JVCo will initially comprise the hospitality businesses and assets of each of FEOrchard and STC referred to in paragraphs 2.2 and 2.3 below as at the completion of the FEOrchard Business Transfer Agreement (as defined herein) and the completion of the STC Sale and Purchase Agreements (as defined herein) (the completion of both aforementioned agreements shall hereinafter be referred to as “**Final Completion**”).

Please refer to Appendix A for a diagram illustrating the contemplated structure of JVCo upon completion of the implementation of the proposed Joint Venture.

2. INFORMATION ON THE JOINT VENTURE

2.1 Information on JVCo

JVCo is a private limited company incorporated in Singapore on 12 April 2013.

JVCo is currently wholly-owned by FEOrchard and has an issued share capital of S\$1.00 comprising one ordinary share. STC will, promptly after execution of the JVIA, subscribe for new ordinary shares such that STC will own 30.0% of the total issued ordinary shares in the share capital of JVCo (“**Shares**”).

Upon completion of the contemplated transactions under the JVIA to give effect to the Joint Venture, FEOrchard and STC will hold 70.0% and 30.0% of the total issued share capital in JVCo, respectively (the “**Shareholding Proportion**”).

2.2 Contribution of Assets by FEOrchard

To effect the Joint Venture, FEOrchard will transfer to JVCo or a wholly-owned subsidiary of JVCo its existing hospitality management business (as described below) (the “**Business Transfer**”) currently operated by its wholly-owned subsidiary, Jelco Properties Pte Ltd (“**Jelco**”). After entry into the JVIA, Jelco shall enter into a business transfer agreement with JVCo or a wholly-owned subsidiary of JVCo (the “**FEOrchard Business Transfer Agreement**”) to transfer to JVCo or a wholly-owned subsidiary of JVCo (as the case may be) the following assets:

- (i) 25 hotel and serviced residence management agreements, comprising 18 existing hotel and serviced residence management agreements (the “**18 HSRMAs**”) and seven new and pipeline hotel and serviced residence management agreements to be entered into by FEOrchard (and/or its subsidiary);
- (ii) the property management agreement entered into by Jelco; and
- (iii) all other assets related to conducting the business associated with items (i) and (ii) above (including all employees engaged in relation to such business and the furniture, fixtures and equipment used in relation to such assets),

(collectively, the “**FEOrchard Assets**”).

FEOrchard will also contribute into JVCo (which will in turn pay to STC) a cash amount of S\$76.2 million (the “**FEOrchard Cash Contribution**”).

2.3 Contribution of Assets by STC

Pursuant to the JVIA and together with the signing of the FEOrchard Business Transfer Agreement:

- (i) JVCo or a wholly-owned subsidiary of JVCo will enter into a sale and purchase agreement with STC’s indirect wholly-owned subsidiary, Rendezvous Hotels Management Pty Ltd, for the acquisition by JVCo or a wholly-owned subsidiary of JVCo of:
 - (a) Rendezvous Hotel Perth;
 - (b) Rendezvous Studio Hotel Perth Central; and
 - (c) Rendezvous Grand Hotel Melbourne,and the business in relation to each of these hotels (including all employees engaged in relation to such business and the furniture, fixtures and equipment used in relation to such hotels) (the “**Three Hotels**”); and
- (ii) JVCo or a wholly-owned subsidiary of JVCo will enter into a sale and purchase agreement with STC for the acquisition by JVCo or a wholly-owned subsidiary of JVCo of 100.0% of the issued share capital of Rendezvous Hotels International Private Limited (“**RHI**”) and together with the Three Hotels, the “**STC Assets**”, and such acquisition of the STC Assets, the “**STC Assets Acquisition**”),

(collectively, the “**STC Sale and Purchase Agreements**”).

2.4 Working Capital Contribution

FEOrchard will separately contribute to JVCo a cash amount of S\$21.0 million, being 70.0% of the initial funding for JVCo's working capital (the "**FEOrchard Capital Contribution**").

STC will also contribute to JVCo a cash amount of S\$9.0 million, being 30.0% of the initial funding for JVCo's working capital (the "**STC Capital Contribution**").

2.5 Cash True Up

Following Final Completion and any adjustments to the purchase price payable by JVCo (or its wholly-owned subsidiary) for the FEOrchard Assets and the FEOrchard Cash Contribution (the "**JVIA FEOrchard Assets**") or the STC Assets, FEOrchard and STC (as the case may be) will subscribe (for cash consideration) for such number of additional ordinary shares in the share capital of JVCo required to achieve the Shareholding Proportion.

3. CERTAIN PRINCIPAL TERMS OF THE JVIA

3.1 Conditions Precedent

The principal terms of the JVIA include, among others, the following conditions precedent:

- (i) the approval of the shareholders of STC at an extraordinary general meeting ("**EGM**") of STC (if required) having been obtained for the transactions contemplated under the JVIA and the performance of the JVIA including but not limited to STC complying with the exercise of the call option by FEOrchard or put option (if required by the Singapore Exchange Securities Trading Limited ("**SGX-ST**" and/or the rules of the SGX-ST) by STC; and
- (ii) the approval of the shareholders of FEOrchard at an EGM of FEOrchard (if required) having been obtained for the transactions contemplated under the JVIA and the performance of the JVIA including but not limited to FEOrchard complying with the exercise of the put option by STC or call option (if required by the SGX-ST and/or the rules of the SGX-ST) by FEOrchard,

(collectively, the "**Conditions Precedent**").

Subject to the fulfilment or waiver (if applicable) of the Conditions Precedent, the completion of both the FEOrchard Business Transfer Agreement and the STC Sale and Purchase Agreements is expected to take place on 28 June 2013 or such later date as may be agreed between FEOrchard and STC.

If any of the Conditions Precedent is not satisfied or waived by 1 August 2013 or such other date as agreed by the JVCo Shareholders in writing, either JVCo Shareholder may (provided that such JVCo Shareholder is not in breach of certain terms in the JVIA), subject to first negotiating in good faith with the other JVCo Shareholder, terminate the JVIA by giving not less than 30 days' notice to the other JVCo Shareholder.

3.2 Other Provisions

The JVIA further contains other principal terms in relation to (but not limited to) (i) a call option and put option, (ii) board representation, (iii) right of first refusal, (iv) business opportunities, (v) tag along and drag along rights, (vi) termination rights prior to, and beyond, Final Completion and various other provisions as are customary for business joint ventures.

Please refer to Appendix B for further details on certain principal terms of the JVIA.

Shareholders of FEOrchard should note that, as at the date of this announcement, the definitive FEOrchard Business Transfer Agreement and the STC Sale and Purchase Agreements have not been entered into. A further announcement will be made in due course by FEOrchard to update shareholders upon execution of the FEOrchard Business Transfer Agreement and the STC Sale and Purchase Agreements and the independent valuation reports in respect of the Three Hotels will be made available for inspection at such juncture. A circular containing further details on the proposed Joint Venture, the STC Assets Acquisition, the call option and the put option will be issued to shareholders in due course, together with a notice of an extraordinary general meeting of shareholders, for the purpose of seeking shareholders' approval for, *inter alia*, the STC Assets Acquisition (as defined herein).

4. INFORMATION ON THE FEORCHARD ASSETS AND THE STC ASSETS

4.1 Certain information on the FEOrchard Assets

(i) 25 Hotel and Serviced Residence Management Agreements

The 25 hotel and serviced residence management agreements to be transferred to JVCo or a wholly-owned subsidiary of JVCo comprise 18 existing hotel and serviced residence management agreements entered into by Jelco and seven new and pipeline hotel and serviced residence management agreements that will be entered into by FEOrchard and/or its subsidiary.

(ii) Property Management Agreement

The property management agreement to be transferred to JVCo or a wholly-owned subsidiary of JVCo is the property management agreement dated 3 August 2012 entered into by DBS Trustee Limited (as trustee of Far East Hospitality Real Estate Investment Trust) (the "**REIT Trustee**"), FEO Hospitality Asset Management Pte. Ltd. (as manager of Far East Real Estate Investment Trust) (the "**REIT Manager**") and Jelco.

Please refer to Appendix C for further details on the FEOrchard Assets.

4.2 Certain information on the STC Assets

Rendezvous Studio Hotel Perth Central, Rendezvous Grand Hotel Melbourne and Rendezvous Hotel Perth are each a hotel with a 4-star, 4.5-star and 4.5-star rating, respectively and are located in various prime locations in Australia.

RHI, a wholly-owned subsidiary of STC, operates a network of 13 hotels strategically located in key countries across Asia-Pacific including Singapore, China, New Zealand and Australia. RHI is involved in the lease and/or management of mid-scale to upscale hotels under the "Rendezvous" brand.

Please refer to Appendix C for further details on the STC Assets.

5. RATIONALE FOR THE JOINT VENTURE

Following the strategic restructuring and transformation in 2012, which involved FEOrchard's expansion into two new complementary business lines in the hospitality management and healthcare real estate segments, FEOrchard is now a vertically integrated hospitality operator with the capability to develop its own hospitality properties as well as to manage a significant

hospitality management business. FEOrchard has been actively building on its hospitality management capabilities and business by promoting its portfolio of hospitality brands and pursuing new third party management contracts that would add growth and recurring income to the Company. In addition, FEOrchard has also been seeking to grow its regional footprint in order to further expand and diversify its existing hospitality management portfolio.

5.1 Expanding FEOrchard's Regional Footprint in its Hospitality Management Business

Through the proposed JVCo, FEOrchard will be able to significantly expand its hospitality management business beyond Singapore and Malaysia, into Australia and New Zealand, where 11 out of the 13 STC-managed hotels are situated.

The enlarged hospitality management portfolio of more than 6,000 rooms also allows FEOrchard quick access to a portfolio of third party assets as well as to provide potential cross-selling benefits to FEOrchard's existing hospitality portfolio in Singapore.

FEOrchard will, through the enlarged hospitality management platform, establish itself as a regional hospitality owner and operator with a sizeable overseas network. FEOrchard will be well positioned to tap on the expanded portfolio consisting of more than 30 hotels and serviced residences under five distinct brands ("Oasia", "Quincy", "Village", "Rendezvous" and "Marque").

5.2 Increasing FEOrchard's Scale and Operating Efficiency via the Combined Operating Platform

Potential revenue enhancement opportunities, cost savings and greater operational efficiencies will arise from the increase in scale of FEOrchard's overseas operations, through its enlarged hospitality management business.

By leveraging its own vertically-integrated hospitality operations, management know-how and operational expertise, FEOrchard plans to generate additional operating efficiencies and cost savings from managing STC's hospitality operations in Australia and New Zealand.

5.3 Increasing the Sustainable and Recurring Income Stream of the Group

The proposed JVCo is in line with FEOrchard's long term objectives of delivering growth and enhancing its recurring income stream for the Company and its shareholders. FEOrchard intends to leverage on its expanded platform to continue growing in the Asia-Pacific region by operating more third party hospitality assets and engaging in cross-selling initiatives between its brands and geographic markets. As a result of these transactions under the proposed Joint Venture, FEOrchard will see a growth in its recurring income streams.

5.4 Increasing Opportunities to Pursue Yield Accretive Hospitality Investments with Strong Like-minded Partners

Through the proposed JVCo, FEOrchard and STC will be able to combine their financial resources to pursue more yield accretive acquisition and growth opportunities, either in hospitality-related assets or hospitality management business, and share their networks to direct new and exciting opportunities to JVCo.

6. CONSIDERATION AND VALUATION FOR THE FEORCHARD ASSETS

In consideration for the JVIA FEOrchard Assets, JVCo is expected to issue 236.2 million Shares (the "**FEOrchard JVCo Consideration Shares**") in the share capital of JVCo to FEOrchard at the price of S\$236.2 million.

The net asset value of the FEOrchard JVCo Consideration Shares is approximately S\$236.2 million¹ (the “**FEOrchard Consideration**”). The FEOrchard Consideration has been arrived at based on the values of the JVIA FEOrchard Assets agreed to by the JVCo Shareholders. The agreed values of the FEOrchard Assets, the FEOrchard Cash Contribution and the FEOrchard Capital Contribution as set out in the JVIA (the “**FEOrchard Contribution Valuation**”) are as follows:

- (i) S\$160.0 million for the FEOrchard Assets;
- (ii) S\$76.2 million for the FEOrchard Cash Contribution; and
- (iii) S\$21.0 million for the FEOrchard Capital Contribution.

The FEOrchard Contribution Valuation set out in the JVIA has been arrived at on a willing-buyer willing-seller basis, after taking into account, *inter alia*, a preliminary valuation of the FEOrchard Assets obtained by FEOrchard (for the internal reference of FEOrchard and the Directors) based on accepted valuation procedures and practices. Details of the valuation obtained by FEOrchard will be provided when a further announcement is made upon execution of the FEOrchard Business Transfer Agreement.

Pursuant to the JVIA, any upward adjustment of the purchase price payable by JVCo for the acquisition of the JVIA FEOrchard Assets will be settled by a further issue of Shares to FEOrchard while any downward adjustment will be settled in cash.

7. **CONSIDERATION AND VALUATION FOR THE STC ASSETS**

In consideration for the STC Assets, JVCo is expected to issue 101.2 million Shares (the “**STC JVCo Consideration Shares**”) at the price of S\$101.2 million and pay cash consideration of S\$76.2 million to STC (together with the STC JVCo Consideration Shares, the “**STC Consideration**”). The net asset value of the STC JVCo Consideration Shares is approximately S\$101.2 million¹ and consequently, the STC Consideration is S\$177.4 million.

The STC Consideration was arrived at based on the values of the STC Assets agreed to by the JVCo Shareholders. The agreed values of the STC Assets and the STC Capital Contribution as set out in the JVIA (the “**STC Contribution Valuation**”) are as follows:

- (i) the value of S\$228.0 million attributed to the Three Hotels less encumbrances of S\$53.4 million on two of the Three Hotels;
- (ii) the purchase consideration of RHI of S\$2.8 million; and
- (iii) S\$9.0 million for the STC Capital Contribution.

The STC Contribution Valuation set out in the JVIA has been arrived at on a willing-buyer willing-seller basis, after taking into account, *inter alia*, (1) an independent estimated valuation of the Three Hotels obtained by FEOrchard and (2) in respect of RHI, a preliminary indicative valuation obtained by FEOrchard (for the internal reference of FEOrchard and the Directors) based on accepted valuation procedures and practices, and having considered the existing hospitality lease and management agreements of RHI and the expected assets and liabilities of RHI to be acquired upon completion. Details of the valuations obtained by FEOrchard will

¹ The net asset value of the FEOrchard JVCo Consideration Shares and the STC JVCo Consideration Shares (as the case may be) as at Final Completion have been calculated assuming the FEOrchard Assets, the FEOrchard Capital Contribution, the STC Assets and the STC Capital Contribution are held by JVCo, with no other assets in JVCo.

be provided when a further announcement is made upon execution of the STC Sale and Purchase Agreements.

Pursuant to the JVIA, any upward adjustment of the purchase price payable by JVCo (or its wholly-owned subsidiary) for the acquisition of the STC Assets will be settled by a further issue of Shares to STC while any downward adjustment will be settled in cash.

8. METHOD OF FINANCING AND FINANCIAL EFFECTS OF THE TRANSACTIONS

8.1 The Effective Acquisition and Disposal

While FEOrchard proposes to transfer all its interests in the FEOrchard Assets to JVCo (or a wholly-owned subsidiary of JVCo), such a transfer will be treated, for the purposes of Chapter 10 of the Listing Manual, as a disposal of a 30.0% interest in the FEOrchard Assets on the basis that FEOrchard holds and retains 70.0% of the total issued share capital of JVCo.

On the same basis that FEOrchard holds and retains 70.0% of the total issued share capital of JVCo, given the sale of all of STC's interests in the STC Assets to JVCo (or a wholly-owned subsidiary of JVCo), FEOrchard will be treated as, for the purposes of Chapter 10 of the Listing Manual, having acquired a 70.0% interest in the STC Assets.

As such, following Final Completion and any adjustments to the purchase price payable by JVCo (or its wholly-owned subsidiary) to FEOrchard and STC (as the case may be), FEOrchard will have effectively acquired 21 million Shares for a consideration of S\$21.0 million pursuant to the FEOrchard Capital Contribution and an effective 70.0% interest in the STC Assets (together, the "**Acquisition**") and disposed of an effective 30.0% interest in the FEOrchard Assets (the "**Disposal**" and the effective 30.0% interest in the FEOrchard Assets, the "**30.0% Disposal Interest**"). As the consideration for the 30.0% Disposal Interest will be applied in part satisfaction of the consideration for the FEOrchard JVCo Consideration Shares, FEOrchard will not receive any cash proceeds from the Disposal. FEOrchard does not expect to recognise any gain or loss on the Disposal in profit or loss.

8.2 Method of Financing

Barring unforeseen circumstances and taking into account existing financial resources of FEOrchard, the FEOrchard Cash Contribution of S\$76.2 million and the FEOrchard Capital Contribution of S\$21.0 million will be, or is expected to be, satisfied by FEOrchard's internal sources of funds.

8.3 Financial Effects

The financial effects of the Acquisition and the Disposal (together, the "**Transactions**") have been prepared for illustrative purposes only and they are not intended to, and do not, reflect projections of the future financial performance or the actual future financial performance or position of FEOrchard after completion of the Transactions and are computed based on assumptions described in the footnotes below.

In addition, the financial effects do not take into account the possible effects of the possible transaction with Toga Pty Limited ("**Toga**") as announced on 12 December 2012. FEOrchard is still evaluating the transaction with Toga (the "**Toga Transaction**") and will provide shareholders with further details and the financial effect, if any, of the Toga Transaction in subsequent announcements in due course, in accordance with FEOrchard's policy on continuing disclosure.

(i) Net Tangible Assets (“NTA”) per Share

For illustrative purposes only, the following is an analysis and illustration of the financial effects of the proposed Transactions on the consolidated NTA per share of FEOrchard based on the audited consolidated balance sheet of FEOrchard and its subsidiaries (the “Group”) as at 31 December 2012.

	Before the Transactions	After the Transactions ⁽¹⁾⁽³⁾⁽⁴⁾
NTA of FEOrchard (S\$'000)	970,665	1,069,548
No. of FEOrchard Shares ('000)	377,143	377,143
NTA per FEOrchard Share (S\$) ⁽²⁾	2.57	2.84

Notes:

- (1) Assuming the Transactions had been completed on 31 December 2012.
- (2) The NTA per share of FEOrchard for FY2012 is calculated based on the NTA of FEOrchard as at 31 December 2012 and 377,143,026 FEOrchard shares in issue as at 31 December 2012.
- (3) The Acquisition is considered a business acquisition for accounting purposes. For the purposes of the financial effects, the net assets acquired are assumed to be the same as the value of the consideration given. As the goodwill or gain on bargain purchase will be determined only on the completion of the Acquisition and the final purchase price allocation, the eventual amounts could be materially different from the amounts used in the calculation of the financial effects. Goodwill, if any, is subject to an impairment test.
- (4) All estimated professional and other fees and expenses chargeable to the Transactions have been included.

(ii) Earnings per Share (“EPS”)

For illustrative purposes only, the following is an analysis and illustration of the financial effects of the proposed Transactions on the consolidated EPS of the Group based on the audited consolidated financial statements of the Group for financial year ended 31 December 2012.

	Before the Transactions	After the Transactions ⁽¹⁾⁽³⁾⁽⁴⁾
Profit after tax attributable to Shareholders (S\$'000)	190,755	153,706
No. of FEOrchard Shares ('000)	377,143	377,143
Earnings per FEOrchard Share (S\$) ⁽²⁾	0.51	0.41

Notes:

- (1) Assuming that the Transactions had been completed on 1 January 2012.
- (2) The EPS is calculated based on the profit after tax attributable to ordinary shareholders of FEOrchard.
- (3) For the Acquisition, the effects on the EPS include the net loss of the STC Assets based on the unaudited management accounts of the year ended 31 December 2012. The net loss of the STC Assets includes impairment losses and provisions for onerous contracts recognised for the year ended 31 December 2012.
- (4) All estimated professional and other fees and expenses chargeable to the Transactions have been included.

(iii) Impact on Share Capital

The Transactions will not have any effect on the issued share capital of FEOrchard.

8.4 Relative Figures Computed on the Bases set out in Rule 1006

(i) Relative Figures for the Acquisition

The relative figures for the Acquisition computed on the following bases set out in Rules 1006(b) and 1006(c) of the Listing Manual are as follows:

Comparison of:	The Acquisition (S\$'000)	The Group (S\$'000)	Relative Figure (%)
Net profits ⁽¹⁾	(35,982) ⁽²⁾	194,944	(18.5)
Consideration against market capitalisation	145,180	822,321 ⁽³⁾	17.7

Notes:

- (1) Net profits is defined as profits before income tax, minority interests and extraordinary items.
- (2) Net profits attributable to the Acquisition include the net loss of the STC Assets based on the unaudited management accounts of the year ended 31 December 2012. The net loss of the STC Assets includes impairment losses and provisions for onerous contracts recognised for the year ended 31 December 2012.
- (3) FEOrchard's market capitalisation is based on 382,474,747 shares in issue multiplied by the weighted average price of the shares on the market day preceding the date of the JVIA of S\$2.15 per share.

(ii) Relative Figures for the Disposal

The relative figures for the Disposal computed on the following bases set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual are as follows:

Comparison of:	The Disposal (S\$'000)	The Group (S\$'000)	Relative Figure (%)
Net asset value ⁽¹⁾	35,884	1,100,050	3.3
Net profits ⁽²⁾	530	194,944	0.3
Consideration against market capitalisation	48,000	822,321 ⁽³⁾	5.8

Notes:

- (1) Net asset value is defined as total assets less total liabilities.
- (2) Net profits is defined as profits before income tax, minority interests and extraordinary items.
- (3) FEOrchard's market capitalisation is based on 382,474,747 shares in issue multiplied by the weighted average price of the shares on the market day preceding the date of the JVIA of S\$2.15 per share.

9. OTHER INFORMATION

9.1 Interests of Directors and Controlling Shareholders

Based on the information available to the Company as at the date of this announcement, none of the Directors or the controlling shareholders of FEOrchard has an interest, direct or indirect, in the Transactions, save as disclosed in this announcement and save for their shareholdings in FEOrchard.

Mr Lucas Chow Wing Keung is an executive director, the Group Chief Executive Officer and Managing Director of FEOrchard and a director of JVCo.

9.2 Director's Service Contracts

No person is proposed to be appointed as a director of FEOrchard in connection with the Transactions or any other transactions contemplated in relation to the Transactions.

9.3 Non-Binding Memorandum of Understanding with Toga

FEOrchard also wishes to clarify that the proposed transactions under the non-binding memorandum of understanding with Toga, as announced by the Company on 12 December 2012, and this Joint Venture with STC are separate and independent transactions.

FEOrchard is still evaluating the transaction with Toga, and both transactions are expected to proceed concurrently and are not inter-dependent on each other.

FEOrchard will provide further details in subsequent announcements in accordance with its policy on continuing disclosure at the appropriate times.

10. DOCUMENTS FOR INSPECTION

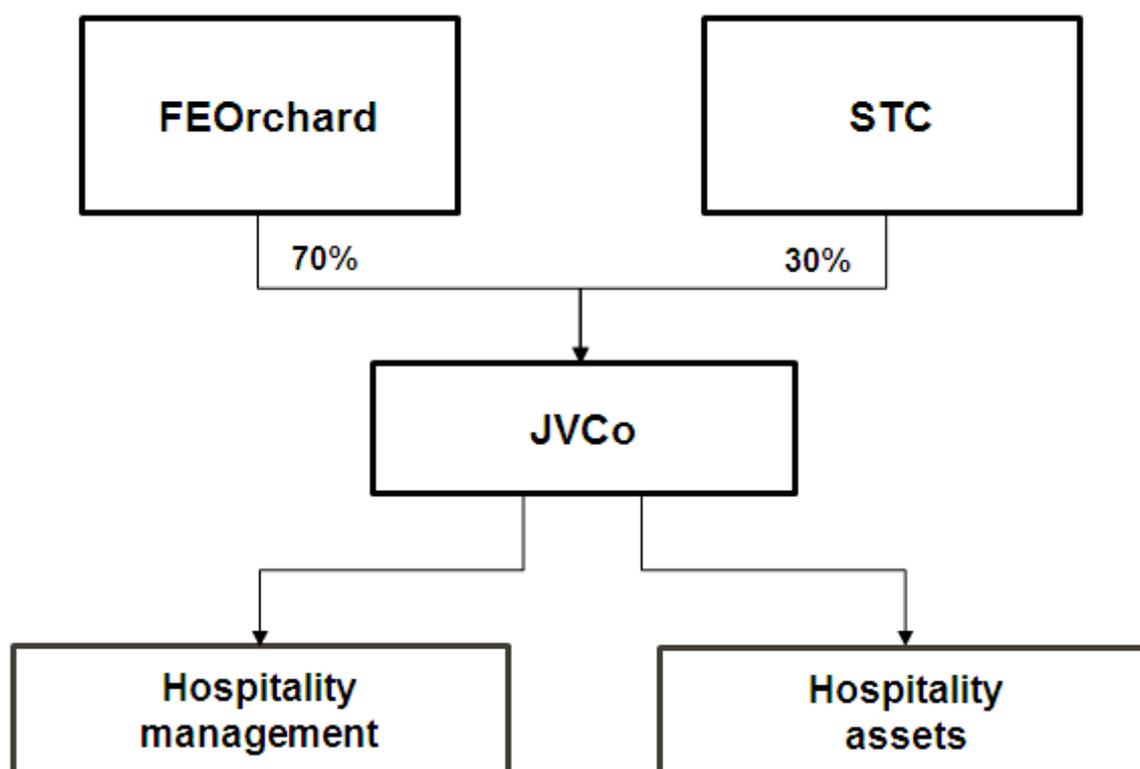
A copy of the JVIA is available for inspection during normal business hours at the registered office of FEOrchard at Orchard Parade Hotel, 1 Tanglin Road #05-01, Singapore 247905, for a period of three months commencing from the date of this announcement.

By Order of the Board

Chloe Kho Kim Suan
Company Secretary

15 April 2013

Joint Venture Overview



- FEOrchard's 25 hotel and serviced residence management agreements, consisting of:
 - 18 existing hotel and serviced residence management agreements
 - 7 new and pipeline hotel and serviced residence management agreements
- FEOrchard's property management agreement entered into by the REIT Trustee, the REIT Manager and Jelco
- RHI, STC's wholly-owned subsidiary, which operates 13 hotels through lease and/or management agreements

- STC's Three Hotels:
 - Rendezvous Hotel Perth
 - Rendezvous Studio Hotel Perth Central
 - Rendezvous Grand Hotel Melbourne

Certain Principal Terms of the JVIA

(1) Call Option and Put Option

Under the JVIA, on the occurrence of certain events of default:

- (a) where the non-defaulting JVCo shareholder ("**Non-Defaulting Shareholder**") is any of FEOrchard and its subsidiaries (excluding any entity whose securities are listed on a stock exchange and its subsidiaries) (the "**FEOrchard Group**"), the Non-Defaulting Shareholder has an option ("**Call Option**") to purchase all (but not part only) of the Shares held by the defaulting JVCo shareholder and its subsidiaries ("**Defaulting Shareholder**") at:
- (i) the fair value to be determined in accordance with the terms of the JVIA ("**Fair Value**") of those Shares where the event of default is any of the following:
- (A) an administrator, liquidator or provisional liquidator is appointed in respect of the Defaulting Shareholder or a resolution is passed or any steps are taken to appoint, or to pass a resolution to appoint, any of those persons in respect of the Defaulting Shareholder;
 - (B) an application or order is made for the winding-up or dissolution of the Defaulting Shareholder or a resolution is passed or any steps are taken to pass a resolution for the winding-up or dissolution of the Defaulting Shareholder;
 - (C) a receiver, receiver and manager, trustee, other controller or similar officer is appointed over the assets or undertaking of the Defaulting Shareholder or any steps are taken to appoint, or to pass a resolution to appoint, any of those persons to the Defaulting Shareholder; or
 - (D) the Defaulting Shareholder suspends payment of its debts generally or is unable to pay its debts as and when they fall due or is presumed to be insolvent under applicable law, or enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them,
- (each an "**Insolvency-Related Event of Default**"); or
- (ii) a 10.0% discount to the Fair Value of those Shares where the event of default is any of the following:
- (A) the Defaulting Shareholder disposes, or proposes to dispose, of any Shares in breach of the JVIA;
 - (B) the Defaulting Shareholder is in breach of a material term of the JVIA and does not rectify or compensate for that breach within 60 days of receipt of written notice requesting it to do so from the other JVCo Shareholder;
 - (C) a change in control occurs in respect of the Defaulting Shareholder,
- (each a "**Non-Insolvency Related Event of Default**"); and

- (b) where the Non-Defaulting Shareholder is any of STC and its subsidiaries (excluding any entity whose securities are listed on a stock exchange and its subsidiaries) (the “**STC Group**”), the Non-Defaulting Shareholder has an option (“**Put Option**”) to require FEOrchard to purchase all (but not part only) of the Shares held by the STC Group at:
 - (i) the Fair Value of those Shares where the event of default is an Insolvency-Related Event of Default; or
 - (ii) a 10.0% premium to the Fair Value of those Shares where the event of default is a Non-Insolvency Related Event of Default.

(2) Conditions Precedent

The principal terms of the JVIA include, among others, the following conditions precedent:

- (a) the approval of the shareholders of STC at an EGM of STC (if required) having been obtained for the transactions contemplated under the JVIA and the performance of the JVIA including but not limited to STC complying with the exercise of the Call Option by FEOrchard or Put Option (if required by SGX-ST and/or the rules of the SGX-ST) by STC; and
- (b) the approval of the shareholders of FEOrchard at an EGM of FEOrchard (if required) having been obtained for the transactions contemplated under the JVIA and the performance of the JVIA including but not limited to FEOrchard complying with the exercise of the Put Option by STC or Call Option (if required by the SGX-ST and/or the rules of the SGX-ST) by FEOrchard,

(collectively, the “**Conditions Precedent**”).

Subject to the fulfilment or waiver (if applicable) of the Conditions Precedent, the completion of both the FEOrchard Business Transfer Agreement and the STC Sale and Purchase Agreements is expected to take place on 28 June 2013 or such later date as may be agreed between FEOrchard and STC.

if any of the Conditions Precedent is not satisfied or waived by 1 August 2013 or such other date as agreed by the JVCo Shareholders in writing, either JVCo Shareholder may (provided that such JVCo Shareholder is not in breach of certain terms in the JVIA), subject to first negotiating in good faith with the other JVCo Shareholder, terminate the JVIA by giving not less than 30 days’ notice to the other JVCo Shareholder.

(3) Cash True-Up

Following Final Completion and any adjustments to the purchase price payable by JVCo (or its wholly-owned subsidiary) for the JVIA FEOrchard Assets or the STC Assets, FEOrchard and STC (as the case may be) will subscribe (for cash consideration) for such number of additional Shares required to achieve the Shareholding Proportion.

(4) Auckland Lease

Under the JVIA, STC shall ensure that as at the completion of the STC Sale and Purchase Agreements, Rendezvous Hotels (NZ) Limited has set aside cash of S\$11.0 million to make good net liabilities in respect of the deed of lease entered into by Rendezvous Hotels (NZ) Limited in relation to the hotel known as “The Rendezvous Grand Hotel” at 71-87 Mayoral Drive, Auckland.

(5) Board Representation

Subject to the terms of the JVIA, the board of JVCo shall consist of six directors, of which four shall be appointed by FEOrchard and the remaining two by STC.

(6) Right of First Offer

FEOrchard has a right of first offer under the JVIA pursuant to which STC and/or any transferee shareholder of STC (the “**STC Seller**”) must serve a written notice on FEOrchard and JVCo if it wishes to dispose of its Shares and the notice shall constitute an offer by the STC Seller for the sale of the relevant Shares to FEOrchard at fair value of the Shares as determined in accordance with the JVIA.

(7) Business Opportunities

Subject to the terms of the JVIA, each of FEOrchard and STC will use its best endeavours to refer all business opportunities in the hospitality sector made available by or to it or its affiliate to JVCo. This obligation is subject to certain rights of first refusal granted by FEOrchard.

(8) Tag Along Right

STC shall have the right to require FEOrchard to procure the purchase by the potential purchaser of STC’s Shares if the FEOrchard Group intends to sell such number of Shares that (i) will result in the FEOrchard Group ceasing to have a collective shareholding percentage of more than 50.0% or (ii) is a proposed sale subsequent to the FEOrchard Group ceasing to have a collective shareholding percentage of more than 50.0%, subject to terms of the JVIA.

(9) Drag Along Right

Subject to terms of the JVIA, in the event that the FEOrchard Group wishes to sell all of its Shares to a third party and if the sale price of such Shares is not lower than the fair value as determined in accordance with the JVIA, FEOrchard shall have the right to require all the other JVCo shareholders to sell to the third party purchaser all of the Shares held by such other JVCo shareholders on terms and conditions not less favourable than those offered to the FEOrchard Group.

(10) Supervening Event MAC

If a Supervening Event MAC² occurs in respect of any of the STC Assets or JVIA FEOrchard Assets prior to the earlier of the completion of the STC Assets Acquisition (in the case of STC Assets being affected), the Business Transfer (in the case of JVIA FEOrchard Assets being affected), or Final Completion (in the case of either STC Assets or JVIA FEOrchard Assets being affected), the parties under the JVIA agree to negotiate in good faith to determine the best course of action to take in respect of the relevant assets that have suffered the Supervening Event MAC (“**Diminished Assets**”).

² A “**Supervening Event MAC**” refers to any matter, event or circumstance that results in or is likely to result in:

- (a) physical damage to;
- (b) an actual or threatened claim or litigation being made in respect of or relating to; or
- (c) an actual or threatened termination of a material contract that forms part of,

any of the STC Assets or JVIA FEOrchard Assets where that matter, event or circumstance is likely to result or results in a diminution in value of the STC Assets or JVIA FEOrchard Assets (as applicable) equal to more than 30% but not more than 50% of the intended total capital of JVCo, assuming all assets to be contributed have been contributed and Final Completion has occurred.

If the parties under the JVIA do not reach a resolution on the course of action to take in respect of the Diminished Assets following good faith negotiations, the JVCo Shareholders agree that the Diminished Assets will be excluded and a cash contribution will be made by the party that was intended to contribute the relevant Diminished Assets to achieve the Shareholding Proportion, unless otherwise mutually agreed between the JVCo Shareholders in writing.

(11) Termination Rights Prior to Final Completion

Prior to Final Completion, the JVIA may be terminated in, *inter alia*, the following circumstances:

- (a) if any of the Conditions Precedent is not satisfied or waived by 1 August 2013, by either JVCo Shareholder provided that the JVCo Shareholder intending to terminate the JVIA is not in breach of the obligation to use best endeavours to satisfy the Conditions Precedent;
- (b) if a Supervening Event Serious MAC³ occurs in respect of any of the STC Assets or JVIA FEOrchard Assets prior to the earlier of the completion of the STC Assets Acquisition (in the case of STC Assets being affected), the Business Transfer (in the case of JVIA FEOrchard Assets being affected), or Final Completion (in the case of either STC Assets or JVIA FEOrchard Assets being affected), by either JVCo Shareholder provided that the JVCo Shareholder intending to terminate the JVIA has not caused the Supervening Event Serious MAC;
- (c) if the Conditions Precedent have been satisfied and there is no Supervening Event MAC nor Supervening Event Serious MAC, but a JVCo Shareholder has not transferred the minimum asset contribution required (in the case of FEOrchard, at least 12 of the 18 HSRMAs and in the case of STC, at least two of the Three Hotels) pursuant to the FEOrchard Business Transfer Agreement or the STC Sale and Purchase Agreements by 28 June 2013 or later (pursuant to the JVIA), by the other JVCo Shareholder.

(12) Termination Rights Beyond Final Completion

After Final Completion, the JVIA may be terminated upon, *inter alia*, the occurrence of an event of default by the JVCo Shareholder in respect of whom the event of default has not occurred.

(13) Other Provisions

Besides the provisions outlined above, the JVIA also sets out various other provisions as are customary for business joint ventures, including (but not limited to) the following:

- (a) provisions on various matters relating to the board of directors of JVCo;
- (b) provisions on certain shareholders reserved matters;
- (c) provisions outlining the dividend policy of JVCo;

³ A "Supervening Event Serious MAC" refers to any matter, event or circumstance that results in or is likely to result in:

- (a) physical damage to;
- (b) an actual or threatened claim or litigation being made in respect of or relating to; or
- (c) an actual or threatened termination of a material contract that forms part of,

any of the STC Assets or JVIA FEOrchard Assets where that matter, event or circumstance is likely to result or results in a diminution in value of the STC Assets or JVIA FEOrchard Assets (as applicable) equal to more than 50% of the intended total capital of JVCo, assuming all assets to be contributed have been contributed and Final Completion has occurred.

- (d) a moratorium on the disposal of Shares by STC for a period of two years after the date of Final Completion; and
- (e) provisions in relation to future capital requirements of JVCo.

Information on the FEOrchard Assets and the STC Assets**Information on the FEOrchard Assets****(i) 25 Hotel and Serviced Residence Management Agreements**

The 25 hotel and serviced residence management agreements to be transferred to a wholly-owned subsidiary of JVCo by Jelco comprise 18 existing hotel and serviced residence management agreements and 7 new and pipeline hotel and serviced residence management agreements that will be entered into by FEOrchard and/or its subsidiary.

The 25 existing and new hotel and serviced residence management agreements are as set out below:

Existing and new hotel management agreements in relation to the following:

- (a) Albert Court Village Hotel;
- (b) Changi Village Hotel;
- (c) Landmark Village Hotel;
- (d) Oasia Hotel Singapore;
- (e) Orchard Parade Hotel;
- (f) The Elizabeth Hotel;
- (g) The Quincy Hotel;
- (h) East Village Hotel;
- (i) Amoy Hotel (New);
- (j) Outpost Hotel (New);
- (k) Oasia Downtown Hotel (New); and
- (l) Quincy Bali (New).

Existing and new serviced residence management agreements in relation to the following:

- (a) Central Square Village Residences;
- (b) Hougang Village Residences;
- (c) Regency House;
- (d) Riverside Village Residences;
- (e) Far East Plaza Residences;
- (f) Leonie View Residences;
- (g) Orchard Parksuites;
- (h) Orchard Scott Residences;
- (i) Sri Tiara Residences;
- (j) West Coast Village Residences;

- (k) Oasia Residences Kuala Lumpur (New);
- (l) Oasia West Residences (New); and
- (m) Quincy Bintan (New).

(ii) Property Management Agreement

The property management agreement to be transferred to JVCo (or its wholly-owned subsidiary) is the property management agreement dated 3 August 2012 entered into by the REIT Trustee, the REIT Manager and Jelco.

Information on the STC Assets

(i) Rendezvous Studio Hotel Perth Central

Rendezvous Studio Hotel Perth Central is a 4-star hotel with 103 rooms and apartments designed with the modern traveler in mind. It is conveniently located in the heart of Perth's central business district, within walking distance of many of the city's major attractions and offices such as the Perth Convention and Exhibition Centre and Kings Park and Botanic Garden. There are many convenient amenities and services such as a business centre, 24-hour reception, a restaurant and bar, secure parking, and a gym.

(ii) Rendezvous Grand Hotel Melbourne

Rendezvous Grand Hotel Melbourne is one of Australia's finest historic hotels built in 1913 which have been meticulously restored to provide guests with all the comforts of modern technology and amenities while still retaining the elegant style of the 1900s. Rendezvous Grand Hotel Melbourne has 9 floors with 340 rooms and suites. The hotel is located in the heart of the central business district on Flinders Street overlooking the Yarra River, within walking distance of many of Melbourne's top attractions – well suited for both business and leisure travelers. Its facilities include a 24-hour business centre, fitness centre and restaurant and cocktail bar. Rendezvous Grand Hotel Melbourne has a 4.5-star rating.

(iii) Rendezvous Hotel Perth

Rendezvous Hotel Perth is an iconic beachfront hotel overlooking Scarborough Beach. The hotel has 4.5-star rating and is within a 15-minute and 30-minute drive of Perth's central business district and Perth Airport respectively. It has 336 stylish rooms and suites, accompanied by quality facilities including a spa, tennis court and various dining options. The hotel is currently on the verge of completing a comprehensive renovation program which is expected to be completed by July 2013. Upon completion, the hotel will be re-branded as Rendezvous Grand Hotel Perth; boast a new café, a new lobby bar, suites with new executive bathrooms and refurbished meeting spaces which will position Rendezvous Grand Hotel Perth as one of the largest convention and meetings destination in Perth.

(iv) Rendezvous Hotels International Private Limited

Rendezvous Hotels International Private Limited (“RHI”) is a wholly-owned subsidiary of STC. RHI operates a network of 13 hotels strategically located in key destinations across Asia Pacific including Singapore, Shanghai, Sydney, Melbourne, Perth, Brisbane, Adelaide, Port Douglas, Auckland and Christchurch. RHI is involved in the lease and/or management of mid-scale to upscale hotels under the "Rendezvous" umbrella brand. Depending on their price point and positioning, RHI-operated hotels are branded as “Rendezvous Grand Hotels”, “Rendezvous Hotels” or “Rendezvous Studio Hotels”.

RHI has an issued share capital of S\$2,000,000 divided into 2,000,000 ordinary shares which are held by STC. RHI has the following wholly-owned subsidiaries, namely Rendezvous Hotels (Australia) Pty Ltd (which owns Allegra Hotel Pty Ltd), Marque Hotels International Pty Ltd and Rendezvous Hotels (NZ) Limited (collectively, the “**RHI Subsidiaries**”). The RHI Subsidiaries in turn, lease and/or management various hotels, including Rendezvous Hotel Brisbane Anzac Square, Rendezvous Hotel Sydney The Rocks, Rendezvous Reef Resort Port Douglas, Rendezvous Grand Hotel Adelaide, Rendezvous Studio Hotel Brisbane on George, Rendezvous Studio Hotel Sydney Central, Rendezvous Grand Hotel Auckland and Rendezvous Hotel Christchurch.