CIRCULAR DATED 24 JUNE 2013

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the accuracy or correctness of any of the statements made, reports contained or opinions expressed in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of Far East Orchard Limited ("**FEOrchard**" or the "**Company**"), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

FAR EAST ORCHARD LIMITED

FAR EAST ORCHARD LIMITED

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

CIRCULAR TO SHAREHOLDERS

in relation to

(1) THE PROPOSED JOINT VENTURE WITH THE STRAITS TRADING COMPANY LIMITED;

(2) THE PROPOSED JOINT VENTURE WITH TOGA PTY LTD; AND

(3) THE PROPOSED ADOPTION OF A SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

(ALL AS DEFINED HEREIN)

Financial Adviser

DBS

Independent Financial Adviser to the Audit Committee in respect of the Proposed Adoption of a Shareholders' Mandate for Interested Person Transactions

PRIME^{n} Partners

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Forms	7 July 2013, 2.30 p.m.
Date and time of Extraordinary General Meeting	9 July 2013, 2.30 p.m.
Place of Extraordinary General Meeting	Antica 1, Level 2, Orchard Parade Hotel, 1 Tanglin Road, Singapore 247905

The Proposed STC Joint Venture and Toga Joint Venture

FAR EAST ORCHARD LIMITED

18 PROPERTIES
3,600 ROOMS

>80 PROPERTIES
>13,000 ROOMS

FAR EAST ORCHARD LIMITED

18 Properties ■ 3,600 Rooms

- Operates the largest hospitality portfolio in Singapore as well as the Sri Tiara Residences in Kuala Lumpur, Malaysia
- Vertically integrated hospitality operator with the unique capability of developing its own hospitality properties and managing a significant hospitality business
- Has seven new and pipeline hotel and serviced residence agreements

STRAITS TRADING ESTABLISHED 1887

13 Properties ■ 2,700 Rooms

- Incorporated in 1887, The Straits Trading Company Limited is one of the oldest public listed companies in Singapore
- Ownership, lease and/or management of midscale to upscale hotels under the Rendezvous brand
- Currently manages and operates a stable of hotels under the "Rendezvous" brand in Singapore, Australia, New Zealand and China

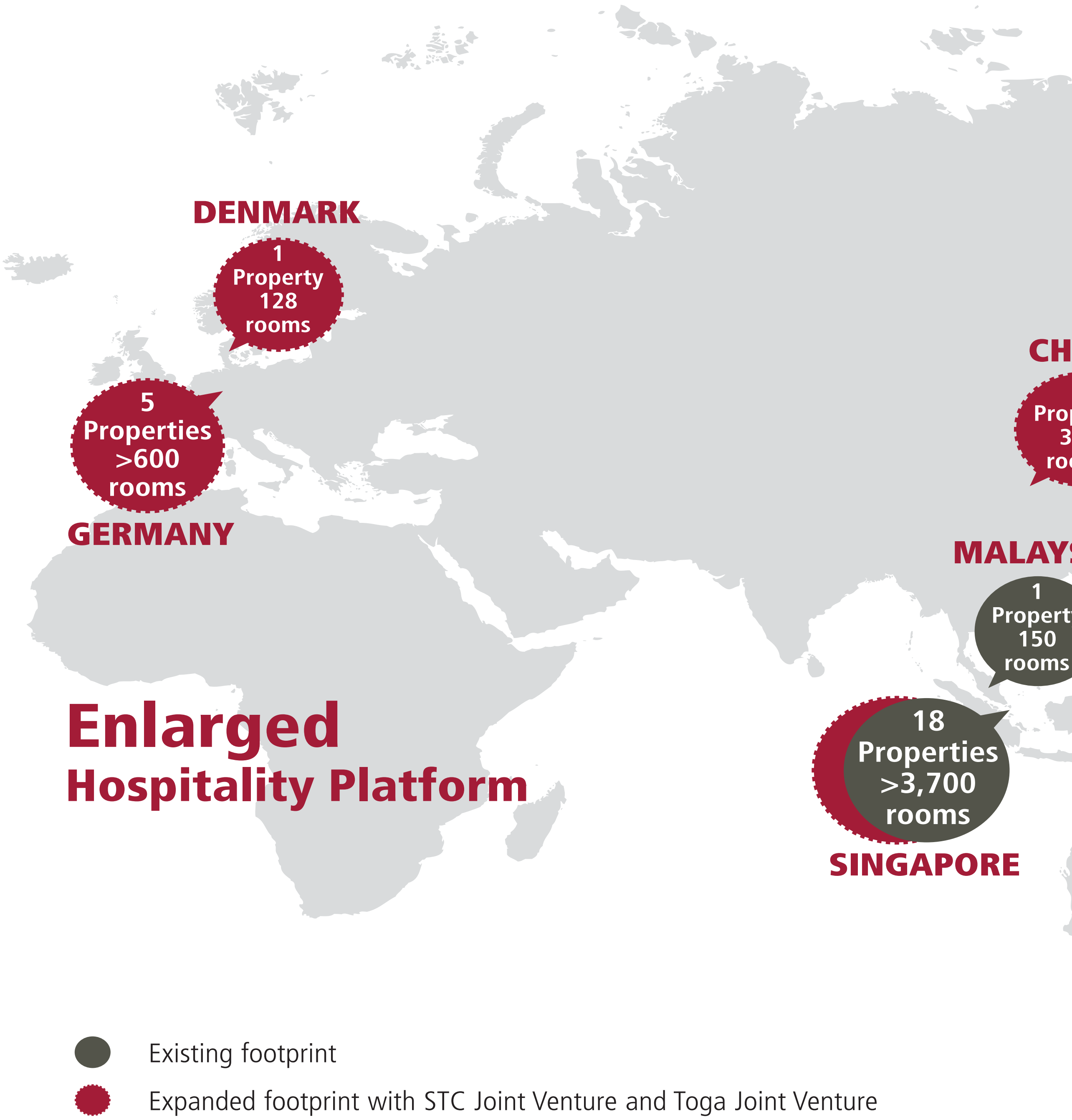
TOGA HOTELS

54 Properties ■ 7,000 Rooms

- Toga Hotels first opened the first Medina Serviced Apartment in Sydney in 1982 with just 60 apartments
- Toga Hotels is today widely recognised as one of the leading hospitality groups in Australia, as well as one of the largest with more than 7,000 apartment and hotel rooms
- The hotels and apartment hotels are operated under the wholly-owned "Medina Serviced Apartments", "Adina Apartment Hotels", "Vibe Hotels" brands in Australia, New Zealand and Europe and the licensed "Travelodge Hotels" brands in Australia and New Zealand

Shareholders should note that Resolutions 1, 2 and 3 are not inter-conditional and in the event that Shareholders do not approve any one of the Resolutions, the Company will still proceed with the other Resolutions.

Beyond our strong presence in markets where we are kno regional footprint by extending our competencies to nev ready to capitalise on opportunities – breaking new groun



Rationale for and Key Benefits of the Joint Ventures

- Expansion of FEOrchard's regional footprint in the hospitality management business acr Zealand and an entry into Europe
- Increase in scale and operational efficiency through the combined operating platforms
- Increase in sustainable and recurring income stream of FEOrchard and its subsidiaries
- Increase in opportunities to pursue yield accretive hospitality investments with strong like-m

wn, we are growing our
w markets. We are ever
nd.

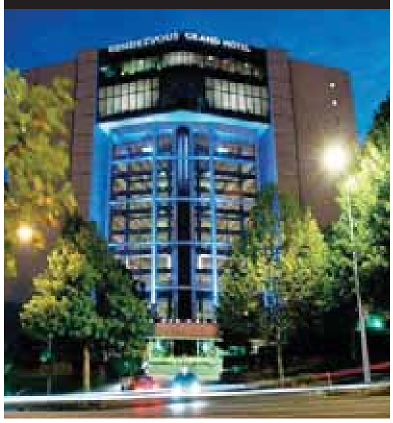
oss South East Asia, Australia, New

ninded partners

Singapore
Oasia Hotel
Singapore[1]

Australia
Vibe Hotel
Sydney[2]

New Zealand
Rendezvous Grand Hotel
Auckland[3]



Germany
Adina Berlin Checkpoint
Charlie[4]

Joint Venture Partners and their Hospitality Brands

FAR EAST ORCHARD LIMITED	oasia, village HOTELS & RESIDENCES, quincy
STRAITS TRADING ESTABLISHED 1887	RENDEZVOUS HOTELS, THE MARQUE COLLECTION OF HOTELS
TOGA HOTELS	Adina apartment hotels, Medina APARTMENT HOTELS, vibe hotels, Travelodge Hotels

[1] Part of FEOrchard Assets (as defined herein)
[2] Part of TAF Assets (as defined herein)
[3] Part of STC Assets (as defined herein)
[4] Managed by Toga Hotels (as defined herein)

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CONTENTS

OVERVIEW

The following overview is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 52 to 60 of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

INTRODUCTION

Listed on the Main Board of the SGX-ST on 9 September 1968, Far East Orchard Limited ("**FEOrchard**" or the "**Company**") is a member of the Far East Organization group of companies. The Company is an established developer that has delivered a number of successful residential, commercial and hospitality developments. Today, it has a diversified portfolio focusing on property development, hospitality real estate development and management, and healthcare real estate.

SUMMARY OF THE PROPOSALS

FEOrchard is seeking the approval of shareholders of FEOrchard (the "**Shareholders**") for the following transactions:

(a) Resolution 1: The Proposed Joint Venture with The Straits Trading Company Limited;

(b) Resolution 2: The Proposed Joint Venture with Toga Pty Ltd; and

(c) Resolution 3: The Proposed Adoption of a Shareholders' Mandate for Interested Person Transactions,

(collectively, the "**Transactions**").

RESOLUTION 1: THE PROPOSED JOINT VENTURE WITH THE STRAITS TRADING COMPANY LIMITED

Overview of the STC Joint Venture

On 15 April 2013, FEOrchard, The Straits Trading Company Limited ("**STC**") and Far East Hospitality Holdings Pte. Ltd. ("**Hospitality HoldCo**")[1] entered into a conditional joint venture implementation agreement (the "**JVIA**") under which FEOrchard and STC agreed to (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 Hospitality HoldCo.

[1] Hospitality HoldCo had been incorporated as a wholly-owned subsidiary of FEOrchard on 12 April 2013, with FEOrchard holding one share in Hospitality HoldCo. On 7 June 2013, Hospitality HoldCo issued a further six shares to FEOrchard and three shares to STC (through its wholly-owned subsidiary, Sword Private Limited ("**SPL**")) such that FEOrchard and STC hold a 70.0%-30.0% shareholding interest in the total issued share capital of Hospitality HoldCo.

FEOrchard is seeking the approval of Shareholders for the joint venture with STC (the "**STC Joint Venture**"), which involves several implementation steps to give effect to the STC Joint Venture, as described below.

(i) **FEOrchard Assets Transfer**

Jelco Properties Pte Ltd (being a wholly-owned subsidiary of FEOrchard) ("**Jelco**"), had on 19 June 2013 entered into a business transfer agreement (the "**FEOrchard BTA**") with Hospitality HoldCo and Far East Hospitality Management (S) Pte. Ltd. (a wholly-owned subsidiary of Hospitality HoldCo) ("**Hospitality OpCo**").

Pursuant to the FEOrchard BTA, Jelco will transfer the following assets to Hospitality OpCo:

(a) 25 hotel and serviced residence management agreements;

(b) one property management agreement; and

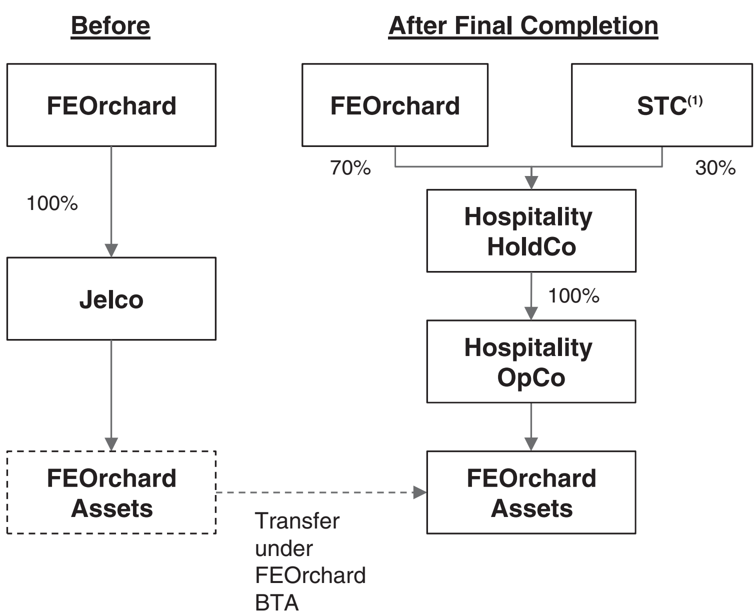
(c) all other assets related to conducting the hospitality management business associated with items (a) and (b) above[1],

(collectively, the "**FEOrchard Assets**", and the transfer of the FEOrchard Assets, the "**FEOrchard Assets Transfer**").

The FEOrchard Assets comprise FEOrchard's entire hospitality management business.

The following is a diagrammatic representation of the FEOrchard Assets Transfer:

FEORCHARD ASSETS TRANSFER



(1) Through its wholly-owned subsidiary, SPL

[1] This includes all employees engaged in relation to such business and the furniture, fixtures and equipment used in relation to such assets.

(ii) **STC Assets Acquisition**

Hospitality HoldCo had on 19 June 2013 also entered into the following agreements:

(a) together with Far East Hospitality Properties (Australia) Pte. Ltd. (being Hospitality HoldCo's wholly-owned subsidiary) ("**Hospitality PropCo**"), SPL[2], Sword Properties Pty Ltd[2] (as trustee for Sword Unit Trust) and Rendezvous Hotels Management Pty Ltd[2], a sale and purchase agreement (the "**STC Hotels SPA**") for the acquisition by Hospitality PropCo of:

(i) Rendezvous Hotel Perth[1], from Sword Properties Pty Ltd (as trustee for Sword Unit Trust) ("**RHP Vendor**");

(ii) Rendezvous Studio Hotel Perth Central and Rendezvous Grand Hotel Melbourne, from Rendezvous Hotels Management Pty Ltd ("**RSHP and RGHM Vendor**"); and

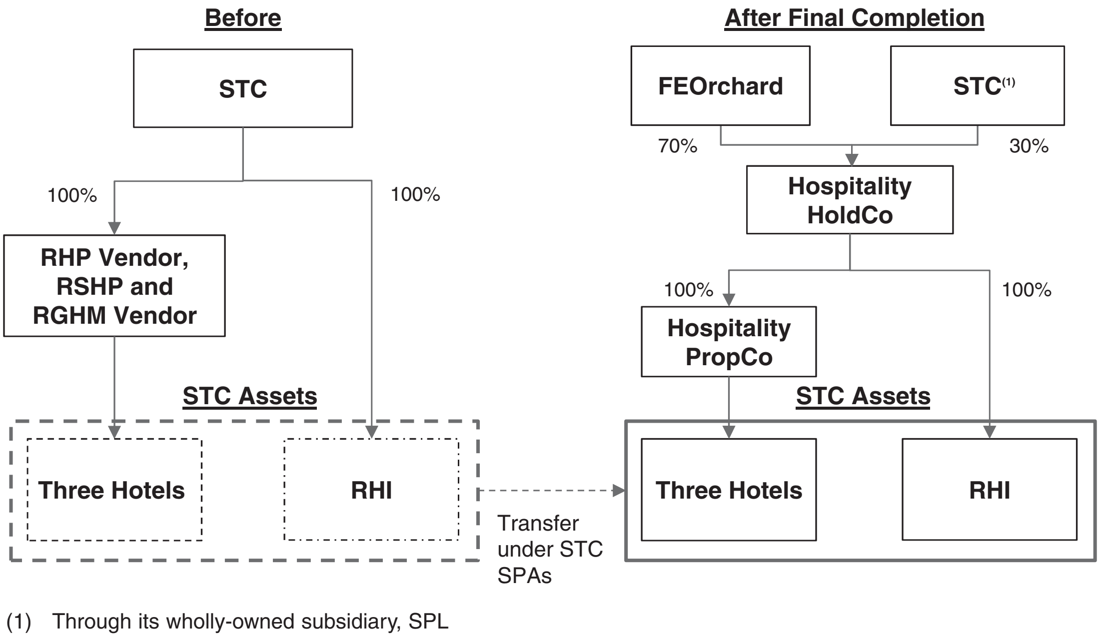
(iii) the business[3] in relation to each of the hotels referred to in (i) and (ii) above (together, the "**Three Hotels**"); and

(b) a sale and purchase agreement (the "**STC RHI SPA**") with STC for the acquisition of 100.0% of the issued share capital of Rendezvous Hotels International Private Limited ("**RHI**" and together with the Three Hotels, the "**STC Assets**"),

(collectively, the "**STC SPAs**" and the acquisition of the STC Assets, the "**STC Assets Acquisition**").

The following is a diagrammatic representation of the STC Assets Acquisition:

STC ASSETS ACQUISITION



(1) Through its wholly-owned subsidiary, SPL

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1 Rendezvous Hotel Perth will be rebranded as "Rendezvous Grand Hotel Perth" upon completion of its renovation programme (expected to be completed in the second half of 2013) - please refer to Appendix C to this Circular for further details.

2 SPL, Sword Properties Pty Ltd and Rendezvous Hotels Management Pty Ltd are STC's wholly-owned subsidiaries.

3 This includes all employees engaged in relation to such business and the furniture, fixtures and equipment used in relation to the hotels.

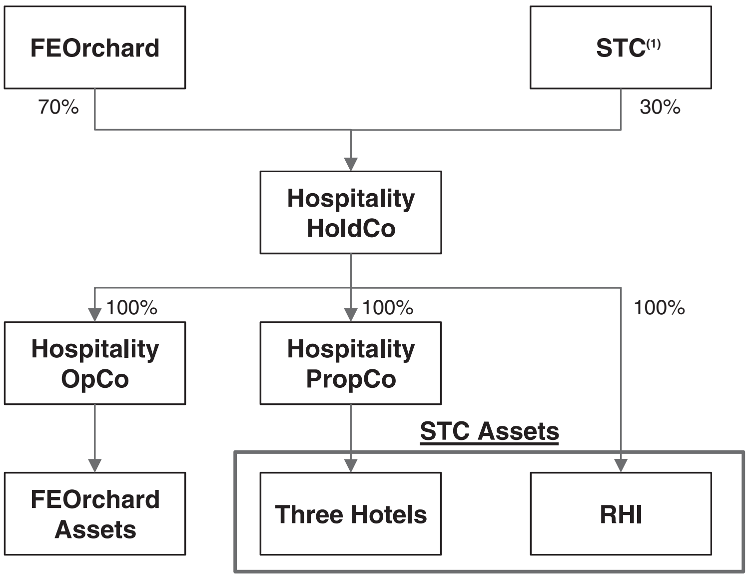
(iii) **Final Completion**

On completion under the FEOrchard BTA and the STC SPAs ("**Final Completion**"), Hospitality HoldCo is expected to issue such number of shares such that FEOrchard and STC (through its wholly-owned subsidiary, SPL) (each a "**Hospitality HoldCo Shareholder**" and together, the "**Hospitality HoldCo Shareholders**") will respectively hold 70.0% and 30.0% of the total issued share capital of Hospitality HoldCo.

On the basis that FEOrchard will hold and retain 70.0% of the aggregate shareholding of Hospitality HoldCo, FEOrchard will effectively have acquired a 70.0% interest in the STC Assets (the "**70.0% Acquisition**"). The remaining 30.0% interest in the STC Assets will continue to be held indirectly by STC, through SPL's 30.0% shareholding interest in Hospitality HoldCo.

The following is a diagrammatic representation of the STC Joint Venture on Final Completion:

PROPOSED JOINT VENTURE WITH THE STRAITS TRADING COMPANY LIMITED



(1) Through its wholly-owned subsidiary, SPL

Options over Hospitality HoldCo Shares on the Occurrence of Certain Events of Default under the JVIA

The JVIA contains the following options over the shares in Hospitality HoldCo (the "**Hospitality HoldCo Shares**"), which will take effect only upon and from Final Completion:

(i) **FEOrchard Call Option**

FEOrchard has a right to purchase all the Hospitality HoldCo Shares held by the defaulting Hospitality HoldCo shareholder and its subsidiaries (the "**Defaulting Shareholder**") if:

(a) certain events of default under the JVIA occur; and

(b) the non-defaulting Hospitality HoldCo shareholder ("**Non-Defaulting Shareholder**") is a member of the JVIA FEOrchard Group[1].

[1] "**JVIA FEOrchard Group**" means FEOrchard and its subsidiaries, excluding any entity whose securities are listed on a stock exchange and its subsidiaries.

(ii) **STC Put Option**

STC has a right to require FEOrchard to purchase all the Hospitality HoldCo Shares held by the STC Group[1] if:

(a) certain events of default under the JVIA occur; and

(b) the Non-Defaulting Shareholder is a member of the STC Group.

Shareholders' approval is required for both the FEOrchard Call Option and the STC Put Option[2].

(See paragraphs 2.6.2(i) and 2.6.2(ii) of the Letter to Shareholders for further details on the FEOrchard Call Option and the STC Put Option under the JVIA.)

By approving the STC Joint Venture, Shareholders are deemed to have approved (i) the STC Assets Acquisition, (ii) the FEOrchard Assets Transfer and (iii) the FEOrchard Call Option and the STC Put Option.

RESOLUTION 2: THE PROPOSED JOINT VENTURE WITH TOGA PTY LTD

Overview of the Toga Joint Venture

The Company is seeking the approval of Shareholders for the joint venture between FEOrchard and Toga Pty Ltd (the "**Toga Joint Venture**") which involves the steps as described below.

On 18 April 2013, FEOrchard entered into the Toga Subscription Agreement[3] for the subscription by Far East Hospitality Investments (Australia) Pte. Ltd. ("**FEHIPL**")[4], of 225,000,000 new securities ("**Subscription Securities**") in Toga Hotel Holdings Unit Trust ("**Trust SPV**", and the subscription of the Subscription Securities, the "**Toga Subscription**") for an aggregate consideration of A$225.0 million (approximately S$288.0 million[5]).

Trust SPV is an Australian special purpose vehicle, all the securities in which are currently held by Toga Investments (which is a wholly-owned subsidiary of Toga Pty Ltd). It is envisaged that Trust SPV will initially hold five operating entities together comprising Toga Hotels (as defined herein), being the hotel management arm which conducts the hospitality management business of the Toga group of companies (the "**Toga Group**").

On completion of the Toga Subscription in accordance with the Toga Subscription Agreement ("**Subscription Completion**"), FEHIPL will hold 50.0% of the issued securities in Trust SPV ("**Securities**") and Toga Investments will hold the remaining 50.0%.

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1 "**STC Group**" means STC and its subsidiaries, excluding any entity whose securities are listed on a stock exchange and its subsidiaries.

2 Under Chapter 10 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), where the Company is awarded an option to acquire assets which is (i) not exercisable at its discretion, or (ii) exercisable at its discretion and the exercise terms are fixed at the time of grant, Shareholders' approval will be required at the time of grant of the option. Rule 1019(2) of the Listing Manual applies to the FEOrchard Call Option as the exercise terms of the FEOrchard Call Option are fixed under the JVIA at the time of the grant of the option. Rule 1019(1) of the Listing Manual applies to the STC Put Option as the STC Put Option is not subject to the discretion of the Company.

3 "**Toga Subscription Agreement**" means the subscription and redemption agreement dated 18 April 2013 between FEOrchard, FEHIPL, Toga Pty Ltd ("**Toga**"), Toga Hospitality Investments Pty Limited. ("**Toga Investments**"), Toga Hotel Management Holdings Pty Limited ("**Toga Management**") and Toga Hotel Holdings Pty Limited (in its capacity as trustee of Trust SPV) (the "**Trustee**").

4 FEHIPL is FEOrchard's wholly-owned subsidiary. For further details on the planned transfer of interest in FEHIPL to Hospitality HoldCo, please see paragraph 3.2 of the Letter to Shareholders.

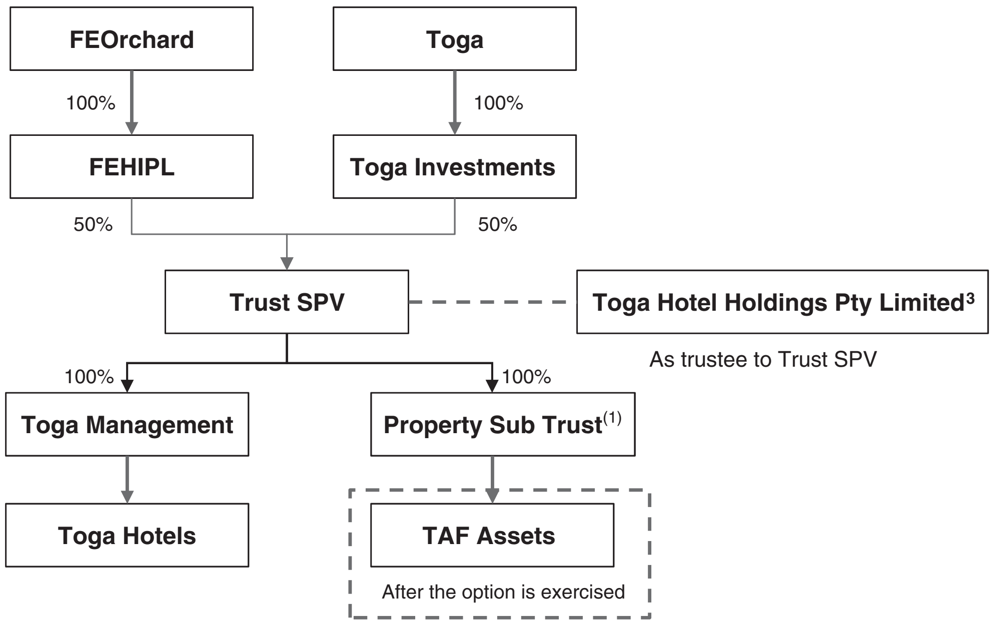
5 Based on an assumed exchange rate of A$1: S$1.28.

On or prior to Subscription Completion, a joint venture agreement will be entered into between FEHIPL, Toga Investments, Toga Management and the Trustee[1] (the "**Toga JVA**"), under which the parties will regulate matters concerning, *inter alia,* their relationship with one another and their respective interests in Trust SPV.

Trust SPV through its sub-trust, Property Sub Trust (as defined herein), also entered into an option agreement with Toga Accommodation Fund[2] (the "**TAF Option Agreement**") on 30 April 2013, under which Property Sub Trust has been granted an option to acquire the entire interests in the TAF Assets (as defined herein and together with Toga Hotels, the "**Trust SPV Assets**").

The following is a diagrammatic representation of the Toga Joint Venture:

PROPOSED JOINT VENTURE WITH TOGA PTY LTD



(1) Wholly-owned by Toga Hotel Property Holdings Unit Trust ("**Property Trust**"), which in turn is 100% owned by Trust SPV

Transfer of Interest in FEHIPL

Contingent upon the following:

(a) the passing of Resolution 1 *(The Proposed Joint Venture with The Straits Trading Company Limited)* and Resolution 2 *(The Proposed Joint Venture with Toga Pty Ltd)* at the extraordinary general meeting of the Company to be convened on 9 July 2013 ("**EGM**");

(b) the approval of both FEOrchard and STC (as Hospitality HoldCo Shareholders) for the Interest Transfer (as defined herein) in accordance with the JVIA; and

(c) the receipt by FEOrchard of all necessary regulatory approvals for the Interest Transfer,

FEOrchard will transfer its entire shareholding interest in its wholly-owned subsidiary, FEHIPL, to Hospitality HoldCo for a consideration of S$1.00 (the "**Interest Transfer**")[4] prior to Subscription Completion.

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[1] As Trust SPV is a trust and has no separate legal personality, the issuer of the Securities is the Trustee.

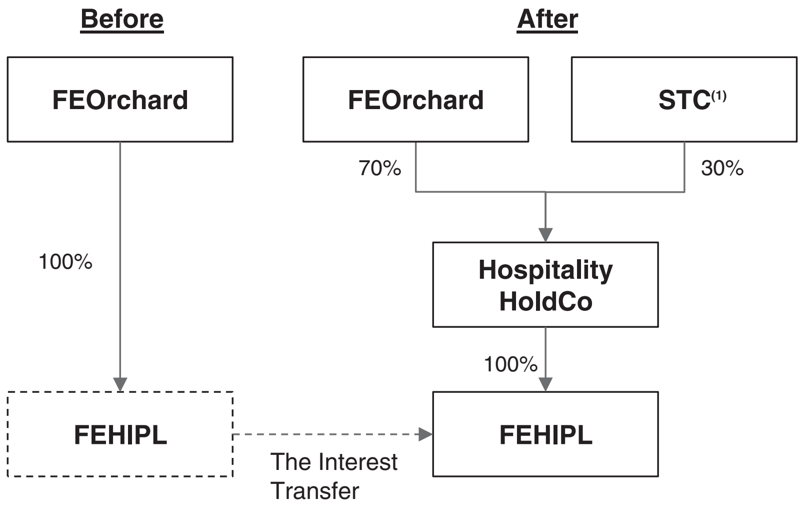
[2] "**Toga Accommodation Fund**" means collectively, Toga Accommodation Fund Trust 1 (ARSN 116 870 967), Toga Accommodation Fund Trust 2 (ARSN 116 871 053), Toga Accommodation Fund Trust 3 (ARSN 116 871 160) and Tourism and Leisure Trust (ARSN 078 307 712).

[3] Toga Hotels Holdings Pty Limited is wholly owned by Toga Management.

[4] At the time of the Interest Transfer, FEHIPL will only have a net asset value of S$1.00, based on an issued share capital of S$1.00.

The following is a diagrammatic representation of the Interest Transfer:

THE INTEREST TRANSFER



(1) Through its wholly-owned subsidiary, SPL

With the Interest Transfer, on Subscription Completion, FEOrchard will effectively have a 70.0% interest in FEHIPL, which will still hold 50.0% of the issued Securities. On Subscription Completion, FEOrchard and STC will hold effective interests[1] of 35.0% and 15.0%, respectively, in Trust SPV through their respective shareholding interests in Hospitality HoldCo, via its wholly-owned subsidiary, FEHIPL.

Shareholders should note that the Interest Transfer will take place only if the conditions set out in (a), (b) and (c) above are satisfied.

If any of the conditions set out above are not satisfied, the Interest Transfer will not take place and FEOrchard will continue to hold 100.0% of the shareholding interest in FEHIPL. If the Interest Transfer does not take place, FEOrchard will, on Subscription Completion, indirectly through FEHIPL, hold 50.0% of the issued Securities.

For the avoidance of doubt, Shareholders should note that Resolution 1 *(The Proposed Joint Venture with The Straits Trading Company Limited)* and Resolution 2 *(The Proposed Joint Venture with Toga Pty Ltd)* are not inter-conditional.

For Shareholders' information, an illustration of the businesses of the Company immediately before and after the STC Joint Venture and the Toga Joint Venture (the "**Joint Ventures**") is set out in Appendix B to this Circular.

The diagrammatic overviews of the Joint Ventures are set out in Appendix A to this Circular. Specifically, the diagrammatic overview of the STC Joint Venture and the Toga Joint Venture after the Interest Transfer is set out on page A-3 of this Circular.

Major Transaction under Rule 1006 of the Listing Manual

Based on the relative figures computed under the tests set out in Rule 1006 of the Listing Manual ("**Rule 1006**") as set out in paragraph 3.8 of the Letter to Shareholders, the Toga Joint Venture constitutes a major transaction for FEOrchard as defined under Chapter 10 of the Listing Manual as the relative figures for the Toga Subscription exceed 20.0% for one or more of the tests set out in Rule 1006.

(See paragraph 3.8 of the Letter to Shareholders for further details.)

[1] See paragraph 3.5 of the Letter to Shareholders for details of the nature of FEHIPL's interests in Trust SPV when its Securities are partly paid on Subscription Completion. FEHIPL will receive income distributions proportionate to the proportion in which its Securities have been paid up.

RESOLUTION 3: THE PROPOSED ADOPTION OF A SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

FEOrchard is seeking the approval of Shareholders for the adoption of a new general mandate for certain categories of interested person transactions (the "**IPT Mandate**") to be entered into between FEOrchard and its subsidiaries (excluding any entity whose securities are listed on the SGX-ST or an approved stock exchange or its subsidiaries) (the "**FEOrchard Group**") and Far East Organization[1] (the "**Interested Persons**"), which will be made on normal commercial terms and will not be prejudicial to the interests of FEOrchard and its minority Shareholders. Shareholders should note that this is a new mandate and the Company does not have any pre-existing general mandate for recurring interested person transactions.

The FEOrchard Group and the Interested Persons are in similar and complementary industries and it is envisaged that in the ordinary course of their respective businesses, certain recurrent transactions between them will continue to occur from time to time. Such Interested Person Transactions comprise the Hospitality Related Agreements and the Support Services Transactions (each as defined herein, and together, the "**Interested Person Transactions**").

Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

(See paragraph 6.5 of the Letter to Shareholders for further details on the Interested Person Transactions.)

Opinion of the IFA

PrimePartners Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser (the "**Independent Financial Adviser**" or "**IFA**") to advise the audit committee of the Company (the "**Audit Committee**") (which also comprises all the independent directors of the Company as at the date of this Circular, namely Mr Cheng Hong Kok, Mr Heng Chiang Meng and Mdm Ee Choo Lin Diana (the "**Independent Directors**")) on whether the review procedures for determining the transaction prices of the Interested Person Transactions under the IPT Mandate are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. Having regard to the considerations set out in the IFA Letter (as defined herein) and the information available as at the latest practicable date prior to the printing of this Circular, being 18 June 2013 (the "**Latest Practicable Date**"), the IFA is of the opinion that the review procedures set up by the Company for determining the transaction prices of the Interested Person Transactions are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, the IFA advises the Audit Committee to recommend that the minority Shareholders vote in favour of the adoption of a Shareholders' Mandate for Interested Person Transactions. A copy of the letter dated 24 June 2013 from the IFA to the Audit Committee setting out its advice to the Audit Committee (the "**IFA Letter**") is set out in Appendix F to this Circular.

(See paragraph 6.8 of the Letter to Shareholders and Appendix F to this Circular for further details.)

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[1] "**Far East Organization**" means any company where more than 50 per cent. of its issued share capital is collectively held or owned (directly or indirectly) by any one or more of the following (including their associates):

(i) the estate of the late Mr Ng Teng Fong;

(ii) Mdm Tan Kim Choo;

(iii) the children, grandchildren, and future descendants and issues of the late Mr Ng Teng Fong; or

(iv) any trust (discretionary or otherwise) where those listed in paragraphs (i) to (iii) above comprise the majority of the beneficiaries of such trust; and

all future incorporated companies that meet the definition of Far East Organization.

RATIONALE FOR AND KEY BENEFITS OF THE TRANSACTIONS

FEOrchard believes that the Transactions will bring the following key benefits to the Company and its Shareholders:

Proposed STC Joint Venture and Toga Joint Venture

- ***Expansion of FEOrchard's Regional Footprint in the Hospitality Management Business***

  (i) Enables FEOrchard to be a regional hospitality owner and operator in South East Asia, Australia and New Zealand, and to enter into Europe.

  (ii) Allows FEOrchard to better serve its customers with a more diversified mix of accommodation choices across multiple locations and targeted segments.

  (iii) Expands the portfolio to consist of over 80 hotels and serviced residences with more than 13,000 rooms and nine distinct brands ("Village", "Oasia", "Quincy", "Medina", "Adina", "Vibe", "Travelodge", "Rendezvous" and "Marque").

- ***Increase in FEOrchard's Scale and Operational Efficiency through the Combined Operating Platforms***

  Enables FEOrchard to generate potential revenue enhancement opportunities, cost savings and greater operational efficiencies from the increase in size and scale of FEOrchard's hospitality operations.

- ***Increase in the Sustainable and Recurring Income Stream of FEOrchard and its Subsidiaries (the "Group")***

  (i) The Joint Ventures are in line with FEOrchard's long term objectives of delivering growth and enhancing its recurring income stream.

  (ii) 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 more cross-selling initiatives between its brands and geographic markets.

- ***Increase in Opportunities to Pursue Yield Accretive Hospitality Investments with Strong Like-minded Partners***

  (i) Enables FEOrchard to combine its financial resources with strong like-minded partners to pursue more yield accretive acquisitions and growth opportunities in hospitality management business and hospitality-related assets.

  (ii) FEOrchard, STC and Toga will share their networks to direct new and exciting opportunities to their respective joint ventures.

Proposed Adoption of a Shareholders' Mandate for the Interested Person Transactions

- ***Enhancement of the Group's Ability to Pursue Business Opportunities which are Time Sensitive***

  (i) Eliminates the need to convene separate general meetings for Shareholders' approval as and when potential Interested Person Transactions arise.

  (ii) Substantially reduces the expenses associated with convening such general meetings on an ad hoc basis, thereby improving administrative efficacy, and allowing manpower resources and time to be channelled towards attaining other corporate objectives.

- ***Potential Cost Efficiencies and Greater Economies of Scale in the Group's Transactions with Interested Persons***

  (i) Benefit from having access, where applicable, to competitive quotes from its interested persons and from unrelated third parties.

  (ii) Additional source of revenue for the Group through the provision of products and services to Interested Persons on an arm's length basis.

  (iii) Leverage on the financial strength and credit standing of its Interested Persons where the Interested Persons Transactions relate to treasury transactions.

SUMMARY OF APPROVALS SOUGHT

The Company seeks the approval of the Shareholders in relation to the following resolutions:

(1) Resolution 1 (Ordinary Resolution[1]): The Proposed Joint Venture with The Straits Trading Company Limited

(2) Resolution 2 (Ordinary Resolution): The Proposed Joint Venture with Toga Pty Ltd

(3) Resolution 3 (Ordinary Resolution): The Proposed Adoption of a Shareholders' Mandate for Interested Person Transactions

By approving Resolution 1, Shareholders are deemed to have specifically approved:

(a) the STC Assets Acquisition;

(b) the FEOrchard Assets Transfer; and

(c) the FEOrchard Call Option and the STC Put Option.

By approving Resolutions 1 and 2, Shareholders are deemed to have specifically approved the Interest Transfer.

<u>Shareholders should note that Resolutions 1, 2 and 3 are not inter-conditional and in the event that Shareholders do not approve any one of the Resolutions, the Company will still proceed with the other Resolutions.</u>

[1] "**Ordinary Resolution**" means a resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Shareholders convened in accordance with the Company's memorandum and articles of association.

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the EGM is indicative only and is subject to change at the Company's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

Event	**Date and Time**
Last date and time for lodgment of Proxy Forms	Sunday, 7 July 2013 at 2.30 p.m.
Date and time of the EGM	Tuesday, 9 July 2013 at 2.30 p.m.
STC Joint Venture	
Target date for completion of the FEOrchard BTA	1 August 2013
Target date for completion of the STC SPAs	1 August 2013
Toga Joint Venture	
Target date for completion of the Toga Subscription	1 August 2013

FAR EAST ORCHARD LIMITED

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

Directors	**Registered Office**
Mr Koh Boon Hwee (Non-Executive Chairman) Mr Lucas Chow Wing Keung (Group Chief Executive Officer and Managing Director) Mdm Ng Siok Keow (Executive Director) Mdm Tan Siok Hwee (Executive Director) Mr Arthur Kiong Kim Hock (Executive Director) Mr Cheng Hong Kok (Independent Director) Mr Heng Chiang Meng (Independent Director) Mdm Ee Choo Lin Diana (Independent Director)	Orchard Parade Hotel 1 Tanglin Road #05-01 Singapore 247905

24 June 2013

To: The Shareholders of Far East Orchard Limited

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

The following sets out the resolutions for which approval is sought by the Company from Shareholders:

(1) Resolution 1 (Ordinary Resolution): The Proposed Joint Venture with The Straits Trading Company Limited

(2) Resolution 2 (Ordinary Resolution): The Proposed Joint Venture with Toga Pty Ltd

(3) Resolution 3 (Ordinary Resolution): The Proposed Adoption of a Shareholders' Mandate for Interested Person Transactions

By approving Resolution 1, Shareholders are deemed to have specifically approved:

(a) the STC Assets Acquisition;

(b) the FEOrchard Assets Transfer; and

(c) the FEOrchard Call Option and the STC Put Option.

By approving Resolutions 1 and 2, Shareholders are deemed to have specifically approved the Interest Transfer.

Shareholders should note that Resolutions 1, 2 and 3 are not inter-conditional and in the event that Shareholders do not approve any one of the Resolutions, the Company will still proceed with the other Resolutions.

2. DETAILS OF THE PROPOSED JOINT VENTURE WITH THE STRAITS TRADING COMPANY LIMITED

2.1 Background

FEOrchard had on 12 April 2013 incorporated Hospitality HoldCo as a wholly-owned subsidiary with FEOrchard holding one Hospitality HoldCo Share, being the entire issued share capital of Hospitality HoldCo. On 7 June 2013, Hospitality HoldCo had further issued six Hospitality HoldCo Shares to FEOrchard and three Hospitality HoldCo Shares to STC (through its wholly-owned subsidiary, SPL) such that FEOrchard and STC hold a 70.0%-30.0% shareholding interest in the total issued share capital of Hospitality HoldCo.

Under the JVIA dated 15 April 2013, FEOrchard and STC agreed to (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 Hospitality HoldCo.

FEOrchard had on 20 May 2013 incorporated Far East Hospitality Management (S) Pte. Ltd. (a wholly-owned subsidiary of Hospitality HoldCo) ("**Hospitality OpCo**"). The board of Hospitality OpCo will consist of directors nominated by FEOrchard.

FEOrchard had also on 23 May 2013 incorporated Far East Hospitality Properties (Australia) Pte. Ltd. (a wholly-owned subsidiary of Hospitality HoldCo) ("**Hospitality PropCo**"). The board of Hospitality PropCo will consist of directors nominated by FEOrchard.

To give effect to the STC Joint Venture, FEOrchard will carry out the following:

(i) Transfer of its entire existing hospitality management business currently operated by Jelco to Hospitality OpCo pursuant to the FEOrchard BTA, comprising the following assets:

 (a) 25 hotel and serviced residence management agreements, comprising 18 existing hotel and serviced residence management agreements entered into by Jelco and seven new and pipeline hotel and serviced residence management agreements to be entered into by Jelco;

 (b) the property management agreement entered into by DBS Trustee Limited (as trustee of Far East Hospitality Real Estate Investment Trust), FEO Hospitality Asset Management Pte. Ltd. (as manager of Far East Hospitality Real Estate Investment Trust) and Jelco (the "**Property Management Agreement**"); and

 (c) all other assets related to conducting the hospitality management business associated with items (a) and (b) 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**", further details of which are set out in Appendix D to this Circular); and

(ii) Contribution of a cash amount of S$76.2 million (the "**FEOrchard Cash Contribution**" and together with the FEOrchard Assets, the "**JVIA FEOrchard Assets**") into Hospitality HoldCo, to be paid by Hospitality HoldCo to STC in part satisfaction of the consideration for the STC Assets.

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

To give effect to the STC Joint Venture, STC and/or its wholly-owned subsidiaries will carry out the sale of the following:

(i) Rendezvous Studio Hotel Perth Central and Rendezvous Grand Hotel Melbourne from RSHP and RGHM Vendor and Rendezvous Hotel Perth from RHP Vendor, to Hospitality PropCo; and

(ii) 100.0% of the issued share capital of RHI to Hospitality HoldCo,

(collectively, the "**STC Assets**").

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

On Final Completion, FEOrchard and STC (through its wholly-owned subsidiary, SPL) will each hold 70.0% and 30.0% of the total issued share capital in Hospitality HoldCo. On the basis that FEOrchard holds and retains a 70.0% shareholding interest in the enlarged share capital of Hospitality HoldCo, FEOrchard will effectively have acquired a 70.0% interest in the STC Assets and is deemed to have disposed of an effective 30.0% interest in the FEOrchard Assets to STC (the "**30.0% Deemed Disposal**").

2.2 Information on STC

Incorporated in 1887, The Straits Trading Company Limited is one of the oldest public listed companies in Singapore, with business interests and investments spanning the Asia-Pacific region. Through its subsidiary, Malaysia Smelting Corporation Berhad, listed on Bursa Malaysia with a secondary listing on SGX-ST, Straits Trading engages in tin mining and smelting, and resource investments. Straits Trading owns properties and hotels and its property business, which includes property investments, development and management primarily in Singapore, Malaysia and Australia is driven by its subsidiary, Straits Developments Private Limited. Its hospitality division, Rendezvous Hospitality Group, manages and operates a stable of hotels in the Asia Pacific under the Rendezvous brand.

2.3 Description of 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 the Asia-Pacific region including Australia, China, New Zealand and Singapore. RHI is involved in the lease and/or management of mid-scale to upscale hotels under the "Rendezvous" umbrella brand.

(Please refer to Appendix C to this Circular for further details on the STC Assets.)

2.4 Purchase Consideration and Valuation

2.4.1 STC Assets

In consideration for the STC Assets, Hospitality HoldCo will pay a total consideration of S$177.4 million (which excludes the STC Capital Contribution) (the "**STC Consideration**") to be satisfied in the form of cash, issue of shares, shareholders' loans or debt or a combination thereof.

The STC Consideration is based on the following agreed values of the STC Assets as set out in the JVIA:

(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; and

(ii) the purchase consideration of RHI of S$2.8 million.

Deloitte & Touche Financial Advisory Services Pte Ltd (the "**Independent Valuer for RHI**") was commissioned by FEOrchard to undertake a desktop valuation of RHI. The valuation by the Independent Valuer for RHI (for the internal reference of FEOrchard and the board of directors of FEOrchard (the "**Board**")), 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, is in the range of nil to S$4.0 million as at 31 December 2012. Further details on the assumptions and bases for the valuation of RHI are set out in paragraphs 3 and 4 of Appendix I to this Circular.

FEOrchard had also commissioned an independent valuer, Colliers International Consultancy and Valuation Pty Limited, to value the Three Hotels (the "**Independent Valuer for the Three Hotels**"). The Independent Valuer for the Three Hotels, in its reports dated 31 May 2013, stated that the open market value of the Three Hotels is A$175.5 million as at 31 May 2013. Further details on the assumptions and bases for the valuation of the Three Hotels are set out in the "*Key Assumptions and Comments*" sections of Appendix G to this Circular.

The STC Consideration was arrived at on a willing-buyer and willing-seller basis, after taking into account the valuations by the Independent Valuer for RHI and the Independent Valuer for the Three Hotels.

In consideration for the STC Capital Contribution of S$9.0 million, Hospitality HoldCo will pay a total consideration to be satisfied in the form of issue of shares, shareholders' loans or a combination thereof.

2.4.2 FEOrchard Assets

In consideration for the JVIA FEOrchard Assets (which excludes the FEOrchard Capital Contribution), Hospitality HoldCo will pay a total consideration of S$236.2 million (the "**FEOrchard Consideration**") to be satisfied in the form of cash, issue of shares, shareholders' loans or debt or a combination thereof.

The FEOrchard Consideration is based on the following agreed values of the FEOrchard Assets and the FEOrchard Cash Contribution as set out in the JVIA:

(i) S$160.0 million for the FEOrchard Assets; and

(ii) S$76.2 million for the FEOrchard Cash Contribution.

Deloitte & Touche Financial Advisory Services Pte Ltd (the "**Independent Valuer for the FEOrchard Assets**"), was commissioned by FEOrchard to undertake a desktop valuation of the FEOrchard Assets. The valuation by the Independent Valuer for the FEOrchard Assets (for the internal reference of FEOrchard and the Board), based on accepted valuation procedures and practices, is in the range of S$155.0 million to S$180.0 million as at 31 December 2012. Further details on the assumptions and bases of the valuation of the FEOrchard Assets are set out in paragraphs 3 and 4 of Appendix J to this Circular.

The FEOrchard Consideration was arrived at on a willing-buyer and willing-seller basis, after taking into account, *inter alia*, the valuation by the Independent Valuer for the FEOrchard Assets.

In consideration for the FEOrchard Capital Contribution of S$21.0 million, Hospitality HoldCo will pay a total consideration to be satisfied in the form of issue of shares, shareholders' loans or a combination thereof.

2.5 Method of Financing

Barring unforeseen circumstances and taking into account the 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 a combination of FEOrchard's internal sources of funds and/or external debt facilities.

2.6 Certain Principal Terms of the JVIA

The following sets out certain terms of the JVIA. For a fuller list of the key terms of the JVIA, including those relating to termination rights and board representation, please see Appendix L to this Circular.

Shareholders should also note that the FEOrchard Call Option and the STC Put Option described in paragraph 2.6.2 will only be exercisable upon and from Final Completion, in accordance with the terms set out in the JVIA.

2.6.1 JVIA Conditions Precedent

FEOrchard and STC shall not be obliged to complete or perform its obligations under the JVIA in relation to completion of the FEOrchard BTA or the STC SPAs unless the following conditions precedent have been satisfied:

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

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

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

The JVIA Condition Precedent set out in paragraph 2.6.1(i) is not applicable as STC has obtained a waiver from the SGX-ST to obtain shareholders' approval for the disposal of the STC Assets and details of the basis for the waiver are set out in STC's SGXNET announcement dated 20 June 2013 and entitled "Joint Venture with Far East Orchard Limited - Entry into Definitive Sale Agreements for the STC Disposals". For the avoidance of doubt, approval is not required from the shareholders of STC for STC's acquisition of a 30.0% interest in Hospitality HoldCo as the relative figures under Rules 1006(b) and 1006(c) of the Listing Manual do not exceed 20.0%. Rule 1006(a) of the Listing Manual does not apply as this is an acquisition of assets and not a disposal. Rule 1006(d) of the Listing Manual also does not apply as no shares in STC will be issued as consideration for the acquisition.

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

On termination, the JVIA will have no further effect and neither Hospitality HoldCo Shareholder will be liable to the other except for certain customary provisions of the JVIA expressed to survive termination or in respect of any breach of the JVIA occurring before termination.

2.6.2 The FEOrchard Call Option and the STC Put Option

On the occurrence of an Event of Default (except for a Non-Insolvency Related Event of Default (as defined herein) where a 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 Hospitality HoldCo Shareholder[1]), the Non-Defaulting Shareholder will have the right to exercise the FEOrchard Call Option or the STC Put Option described below (as the case may be).

(i) Right to Exercise the FEOrchard Call Option

Where the Non-Defaulting Shareholder is a member of the JVIA FEOrchard Group, the Non-Defaulting Shareholder has the right to exercise a call option to purchase all (but not part only) of the Hospitality HoldCo Shares held by the STC Group at:

(a) the fair value to be determined in accordance with the JVIA ("**Fair Value**") of those Hospitality HoldCo Shares where the event of default is an Insolvency Related Event of Default[2]; or

(b) a 10.0% discount to the Fair Value of those Hospitality HoldCo Shares where the event of default is a Non-Insolvency Related Event of Default[3] (together with the Insolvency Related Events of Default, the "**Events of Default**").

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[1] If this occurs, the Hospitality HoldCo Shareholders shall first enter into good faith negotiations in accordance with the terms of the JVIA to agree on a resolution or compromise. If an agreed resolution cannot be reached between the Hospitality HoldCo Shareholders, the Non-Defaulting Shareholder will have the right to exercise the FEOrchard Call Option or the STC Put Option (as the case may be).

[2] "**Insolvency Related Event of Default**" means, under the JVIA, any of the following:

(i) 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;

(ii) 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;

(iii) 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

(iv) 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.

[3] "**Non-Insolvency Related Event of Default**" means, under the JVIA, any of the following:

(i) the Defaulting Shareholder disposes, or proposes to dispose, of any Hospitality HoldCo Shares in breach of the JVIA;

(ii) 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 Hospitality HoldCo Shareholder; or

(iii) a change in Control occurs in respect of the Defaulting Shareholder. For this purpose, "Control" means, in respect of a party, holding directly or indirectly:

(a) shares in that party conferring more than 50.0% of the voting or economic interests in that party;

(b) the power to control the appointment or dismissal of the majority of that party's directors; or

(c) the capacity to control the financial and operating policies or management of that party;

and in respect of an asset, holding directly or indirectly:

(d) more than 50.0% of the interest in such asset;

(e) having Control of the entity which owns such asset, or if there is more than one entity which own such asset, having the power to control the decision making process in relation to such asset; or

(f) the capacity to control the financial and operating policies or management of such asset.

(ii) Right to Exercise the STC Put Option

Where the Non-Defaulting Shareholder is a member of the STC Group, the Non-Defaulting Shareholder has the right to require FEOrchard to purchase all (but not part only) of the Hospitality HoldCo Shares held by the STC Group at:

(a) the Fair Value of those Hospitality HoldCo Shares where the event of default is an Insolvency Related Event of Default; or

(b) a 10.0% premium to the Fair Value of those Hospitality HoldCo Shares where the event of default is a Non-Insolvency Related Event of Default.

(iii) Shareholders' Approval under Rule 1019 of the Listing Manual

Under Rule 1019(2) of the Listing Manual, in the case of an option to acquire or dispose of assets which is exercisable at the discretion of the Company and the exercise terms are fixed at the time of the grant of the option, shareholder approval must be obtained at the time of the grant of the option. The FEOrchard Call Option is subject to Rule 1019(2) of the Listing Manual for which Shareholders' approval is required as the exercise terms, exercisable by a member of the JVIA FEOrchard Group upon an Event of Default in respect of a Defaulting Shareholder are fixed under the JVIA at the time of the grant of the option.

Under Rule 1019(1) of the Listing Manual, in the case of an option to acquire or dispose of assets, if the option is not exercisable at the discretion of the Company, shareholder approval must be obtained at the time of the grant of the option. The STC Put Option is subject to Rule 1019(1) of the Listing Manual for which Shareholders' approval is required as the STC Put Option is not discretionary but shall be exercisable by a member of the STC Group upon an Event of Default in respect of a Defaulting Shareholder.

For further details regarding the determination of Fair Value, the exercise period and consideration payable under the FEOrchard Call Option and the STC Put Option, please see paragraphs 1.11 and 1.12 of Appendix L to this Circular.

(The FEOrchard Call Option and the STC Put Option shall be deemed to be specifically approved upon approval by the Shareholders of Resolution 1 (*The Proposed Joint Venture with The Straits Trading Company Limited*) – see paragraph 1 of the Letter to Shareholders.)

2.6.3 Other Terms

Under the terms of the JVIA, the vendor(s) under the FEOrchard BTA or STC SPAs (as the case may be) have also made certain representations and warranties covering capacity, authority and title, and the time limit on claims will be 15 months from the date of completion under the FEOrchard BTA or STC SPAs (as the case may be).

2.7 Certain Principal Terms under the STC SPAs

The following sets out certain conditions precedent under the STC SPAs. For a fuller list of the key terms of each of the STC Hotels SPA and STC RHI SPA, including those relating to termination rights, please see Appendix L to this Circular.

2.7.1 STC Hotels SPA

Conditions Precedent

Completion of the STC Hotels SPA is conditional upon the following:

(a) the approval of the Shareholders for the JVIA, including but not limited to FEOrchard complying with the exercise of the FEOrchard Call Option or the STC Put Option, if required;

(b) the obtaining of FIRB Approval[1] for the transactions contemplated under the STC Hotels SPA;

(c) the approval by the Department of Racing, Gaming and Liquor of Perth, Western Australia of the transfer of the liquor licences issued by such Department in respect of Rendezvous Studio Hotel Perth Central and Rendezvous Hotel Perth; and

(d) the consent in writing from United Overseas Bank Limited to the novation (including the form of the novation deed) of:

(i) the acquisition facility agreement and guarantee dated 10 September 2012; and

(ii) the loan facilities agreement and guarantee dated 24 July 2012,

each as between the RSHP and RGHM Vendor, Rendezvous Hotels (Australia) Pty Ltd and United Overseas Bank Limited (Sydney Branch).

2.7.2 STC RHI SPA

Conditions Precedent

Completion of the STC RHI SPA is conditional upon the following:

(a) approval of the Shareholders for the JVIA, including but not limited to FEOrchard complying with the exercise of the FEOrchard Call Option or the STC Put Option, if required; and

(b) in relation to Rendezvous Grand Hotel Adelaide, the approval of the licensing authority constituted by the Liquor Licensing Act 1997 (SA) having been obtained for the new shareholders, directors and anyone else who will hold a "position of authority" (as defined by the Liquor Licensing Act 1997 (SA)) in respect of Allegra Hotel Pty Ltd following completion of the STC RHI SPA.

Shareholders should note that approval from the Australian Foreign Investment Review Board is not required for the STC RHI SPA because RHI and its subsidiaries are not land rich for the purposes of and do not meet the required thresholds under the Foreign Acquisitions and Takeovers Act 1975 (Cth) ("**FATA**") of Australia.

2.8 Certain Principal Terms under the FEOrchard BTA

For a fuller list of the key terms of the FEOrchard BTA, including those relating to termination rights, please see Appendix L to this Circular.

Conditions Precedent

Completion of the FEOrchard BTA shall be conditional upon the approval of the Shareholders for the JVIA, including but not limited to FEOrchard complying with the exercise of the FEOrchard Call Option or the STC Put Option by STC, if required.

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[1] FIRB Approval refers to the following:

(a) FEOrchard or its nominee has received a written notice under the *Foreign Acquisitions and Takeovers Act 1975* (Cth), by or on behalf of the Treasurer of the Commonwealth of Australia stating or to the effect that the Commonwealth Government does not object to the transactions contemplated by the STC Hotels SPA;

(b) the Treasurer of the Commonwealth of Australia becomes precluded from making an order in relation to the subject matter of the STC Hotels SPA and the transactions contemplated by it under the *Foreign Acquisitions and Takeovers Act 1975* (Cth); or

(c) if an interim order is made under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) in respect of the transactions contemplated by the STC Hotels SPA, the subsequent period for making a final order prohibiting the transactions contemplated by the STC Hotels SPA elapses without a final order being made.

2.9 Directors' service contracts in relation to the STC Joint Venture

No person is proposed to be appointed as a Director (as defined herein) to the Board in relation to the STC Joint Venture or any other transactions contemplated in relation to the STC Joint Venture, save as set out in paragraph 8.2 of the Letter to Shareholders.

2.10 Shareholders' Approval under Rule 1006

Chapter 10 of the Listing Manual governs the acquisition or disposal of assets, including options to acquire or dispose of assets, by FEOrchard. Such transactions are classified into the following categories:

(i) non-discloseable transactions;

(ii) discloseable transactions;

(iii) major transactions; and

(iv) very substantial acquisitions or reverse takeovers.

Under the proposed STC Joint Venture, on the basis that FEOrchard will hold and retain 70.0% of the aggregate shareholding of Hospitality HoldCo, FEOrchard is deemed to acquire a 70.0% interest in the STC Assets and deemed to dispose of a 30.0% interest in the FEOrchard Assets.

While each of the 70.0% Acquisition and 30.0% Deemed Disposal under the proposed STC Joint Venture is not a major transaction for the Company under Rule 1006, the Company is seeking Shareholders' approval for the STC Joint Venture to approve the FEOrchard Call Option and the STC Put Option under the JVIA.

By approving the STC Joint Venture, Shareholders will be deemed to have approved the FEOrchard Call Option and the STC Put Option.

2.10.1 Relative Figures Computed on the Bases set out in Rule 1006 for the 70.0% Acquisition

The 70.0% Acquisition does not fall under Rule 1006 for which Shareholders' approval is required as it is not a major transaction under the thresholds as set out in Rule 1006. Rule 1006(a) of the Listing Manual does not apply to the 70.0% Acquisition as this is an acquisition of assets and not a disposal. Rule 1006(d) of the Listing Manual also does not apply to the 70.0% Acquisition as no Shares will be issued as consideration for the 70.0% Acquisition.

The information below is provided for Shareholders' information only. The relative figures for the 70.0% 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 70.0% 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 for the year ended 31 December 2012.

(2) Net profits attributable to the 70.0% Acquisition include the net loss of the STC Assets based on the unaudited management accounts for 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.

Based on the figures above, the 70.0% Acquisition is not a major transaction under Rule 1006(b) or Rule 1006(c) as the relative figures do not exceed 20.0%.

2.10.2 Relative Figures Computed on the Bases set out in Rule 1006 for the 30.0% Deemed Disposal

The 30.0% Deemed Disposal does not fall under Rule 1006 for which Shareholders' approval is required as it is not a major transaction under the thresholds as set out in Rule 1006. The information below is provided for Shareholders' information only. Rule 1006(d) of the Listing Manual is not applicable as the 30.0% Deemed Disposal is not an acquisition and accordingly no Shares will be issued as consideration for the purposes of Rule 1006(d) of the Listing Manual.

The relative figures for the 30.0% Deemed 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 30.0% Deemed 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 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.

3. DETAILS OF THE PROPOSED JOINT VENTURE WITH TOGA PTY LTD

3.1 Background

The Toga Group had been seeking a partner to explore potential growth opportunities in their hospitality business which primarily operates in Australia, New Zealand and Germany. FEOrchard believes that this opportunity would allow the Company, as part of its strategic plans, to expand its hospitality management business beyond Singapore into the markets which the Toga Group currently operates in. The main purpose of the Toga Joint Venture is to serve as a hotel management and ownership platform, through which both FEOrchard and Toga will be able to take advantage of the growth opportunities in the hospitality management business and hospitality real estate markets in the various countries. The entering into the Toga Joint Venture and the STC Joint Venture is consistent with the Company's regional expansion plans and strategy for the hospitality management business, as disclosed to Shareholders during the Company's restructuring in July 2012.

(See paragraph 7.1(a) of the Letter to Shareholders on "*Expansion of FEOrchard's Regional Footprint in the Hospitality Management Business*", for further details on the regional expansion of the Company's hospitality management business as a result of the Joint Ventures.)

FEOrchard had on 18 April 2013 incorporated a wholly-owned subsidiary, Far East Hospitality Investments (Australia) Pte. Ltd. ("**FEHIPL**"). The board of FEHIPL will consist of directors nominated by FEOrchard.

Pursuant to the Toga Subscription Agreement, FEHIPL will subscribe for an aggregate of 225,000,000 new Securities at the price of A$1.00 per security[1] for an aggregate consideration of A$225.0 million. The Subscription Securities will on issue represent 50.0% of the issued Securities.

At Subscription Completion, it is envisaged that Trust SPV will hold five operating entities[2] which together comprise the hotel management arm through which the hospitality management business of the Toga Group is conducted ("**Toga Hotels**").

Pursuant to the Toga Subscription Agreement, Trust SPV had also on 30 April 2013, through its sub-trust, Toga Hotel Property Investments Unit Trust ("**Property Sub Trust**"), entered into the TAF Option Agreement to acquire certain real estate assets. If the option granted under the TAF Option Agreement is exercised, Property Sub Trust will acquire from Toga Accommodation Fund the entire interest in five real estate assets, being:

(i) Adina Apartment Hotel Sydney (formerly known as Medina Grand Harbourside);

(ii) Adina Apartment Hotel Adelaide Treasury (formerly known as Medina Grand Adelaide Treasury);

(iii) Adina Apartment Hotel Brisbane (formerly known as Medina Executive Brisbane);

(iv) Vibe Hotel Sydney; and

(v) Travelodge Mirambeena Resort Darwin,

(the "**TAF Assets**", and together with Toga Hotels, the "**Trust SPV Assets**").

Part of FEHIPL's A$225.0 million payment for the Subscription Securities will be used to fund the acquisition of the TAF Assets at the aggregate purchase consideration of A$183.0 million (which is expected to be satisfied by a combination of cash and debt facilities) if the option under the TAF Option Agreement is exercised.

The purchase consideration of the TAF Assets is in line with the most recent independent valuation of the assets by Jones Lang LaSalle Hotels (NSW) Pty Limited (the "**Independent Valuer for TAF Assets**"). The Independent Valuer for TAF Assets, in its summary valuation letter dated 24 June 2013, stated that the open market value of the TAF Assets as at 8 April 2013, is A$183.0 million. The Independent Valuer for TAF Assets was jointly engaged by Investec Property Limited[3], FEOrchard and Toga to conduct their independent valuation. Further details on the assumptions and bases of the valuation of the TAF Assets are set out in paragraphs 2 and 4 of Appendix K to this Circular.

(See paragraph 3.4 of the Letter to Shareholders and Appendix E to this Circular for further details on the Trust SPV Assets.)

[1] The Subscription Securities will each be initially partly paid as to A$0.5511 per security on Subscription Completion. The remainder of the subscription price for the Subscription Securities will be paid up as and when the Toga Joint Venture requires funds to make any hospitality-related investments in accordance with the terms of the Toga JVA or otherwise in the ordinary course of its business, and/or in any case on the date falling 18 months after the Subscription Completion (to the extent any part of such subscription price remains outstanding and unpaid as at such date). See paragraph 3.5 of the Letter to Shareholders and Appendix M to this Circular for further details on the payment mechanism.

[2] The five operating entities comprising Toga Hotels are (i) Value Lodging Pty Ltd, (ii) Vibe Hotel Services Pty Ltd, (iii) Medina Property Services Pty Ltd and its wholly-owned subsidiary, Toga Hospitality NZ Limited, (iv) Adina Denmark ApS and (v) Adina Germany GmbH & Co. KG (the "**Joint Venture Consolidated Entities**").

[3] Investec Property Limited is the responsible entity of Toga Accommodation Fund.

Trust SPV is an Australian special purpose vehicle which has been established to hold the assets of the Toga Joint Venture. Trust SPV is a private trust governed under general trust law, specifically the laws of New South Wales, Australia. This means the terms of the trust (i.e. the terms of the constitution of Trust SPV) and general Australian corporate law will determine the main rights and obligations of the parties. Pursuant to the constitution of Trust SPV, the Trustee (in its capacity as trustee of Trust SPV) holds the assets of Trust SPV on trust for holders of Securities and has all the powers in respect of Trust SPV that it is possible under law to confer on the Trustee and as though it were the absolute owner of the assets of Trust SPV.

The Trustee is wholly-owned by Toga Management. Toga Management is in turn, wholly-owned by Trust SPV. The board of the Trustee (the "**Trustee Board**") will on Subscription Completion consist of such directors nominated by FEHIPL and Toga Investments, each of whom shall be entitled to appoint an equal number of directors.

On or prior to Subscription Completion, Toga Investments, FEHIPL, Toga Management and the Trustee will enter into the Toga JVA, which will contain, *inter alia*, provisions to govern the management of Trust SPV by the Trustee. The Toga JVA will also contain, *inter alia*, provisions addressing the conduct of the parties in relation to the Toga Joint Venture, the procedures to be followed by the Toga Joint Venture in relation to new hotel investments and new hotel management and operation opportunities, and other provisions as are customary for joint ventures of this nature.

It is contemplated that under the terms of the Toga JVA, the Trustee Board must establish an Investment Committee (as defined herein) no later than the first Trustee Board meeting following Subscription Completion. The charter for the Investment Committee will be determined prior to the establishment of the committee. It is contemplated that the role of the Investment Committee will include, *inter alia*, review of the Toga Joint Venture's overall investment strategy as well as any real estate property investments and divestments. The Investment Committee will then make recommendations to the Trustee Board for their approval. Meetings of the Investment Committee will be held simultaneously with Trustee Board meetings, have the same composition as the Trustee Board and be subject to the same quorum and meeting requirements as are applicable to the Trustee Board.

3.2 Transfer of Interest in FEHIPL

3.2.1 FEOrchard will, prior to the Subscription Completion, transfer its entire shareholding interest in its wholly-owned subsidiary, FEHIPL, to Hospitality HoldCo for a purchase consideration of S$1.00[1]. This will be conditional upon the following:

(a) the passing of Resolution 1 *(The Proposed Joint Venture with The Straits Trading Company Limited)* and Resolution 2 *(The Proposed Joint Venture with Toga Pty Ltd)* at the EGM;

(b) the approval of both FEOrchard and STC for the Interest Transfer, in their capacity as Hospitality HoldCo Shareholders, in accordance with the JVIA; and

(c) the receipt by FEOrchard of all necessary regulatory approvals for the Interest Transfer.

Under the proposed STC Joint Venture, FEOrchard will own a 70.0% shareholding interest in Hospitality HoldCo at Final Completion. Following the Interest Transfer, on Subscription Completion, FEOrchard and STC will hold effective interests[2] of 35.0% and 15.0% respectively in Trust SPV, through their respective shareholding interests in Hospitality HoldCo, via its wholly-owned subsidiary, FEHIPL.

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[1] At the time of the Interest Transfer, FEHIPL will only have a net asset value of S$1.00, based on an issued share capital of S$1.00.

[2] See paragraph 3.5 of the Letter to Shareholders for details of the nature of FEHIPL's interests in Trust SPV when its Securities are partly paid on Subscription Completion. FEHIPL will receive income distributions proportionate to the proportion in which its Securities have been paid up.

(See Appendix A, page A-3 of this Circular, for the diagrammatic overview of the STC Joint Venture and the Toga Joint Venture after the Interest Transfer.)

3.2.2 If any of the conditions set out at paragraph 3.2.1(a), (b) and (c) above are not satisfied, the Interest Transfer will not take place and FEOrchard will continue to hold 100.0% of the shareholding interest in FEHIPL. On Subscription Completion, FEOrchard will, indirectly through FEHIPL, hold 50.0% of the issued Securities.

Shareholders should note that Resolution 1 *(The Proposed Joint Venture with The Straits Trading Company Limited)* and Resolution 2 *(The Proposed Joint Venture with Toga Pty Ltd)* are not inter-conditional.

3.3 Information on the Toga Group

The Toga Group was established in 1963 by the current Executive Chairman, Mr Ervin Vidor, AM, as a property development, construction, investment and management group initially focusing on medium sized residential and commercial developments. The Australian and privately owned Toga Group now operates in Australia, New Zealand and Europe across the following integrated areas: Property Development, Design, Construction and Project Management, Investment and Asset Management, and Hospitality Management and employs in excess of 1,800 staff in Australia, New Zealand and Europe.

Through its integrated capability, the Toga Group is an active developer of hotels, residential apartments and mixed use projects including retail and commercial. The Toga Group's Design, Construction and Project Management division through its in-house team of architects, interior designers, project managers, "fit-out" and procurement specialists and construction staff has delivered many successful residential, hotel, commercial and retail projects. The Toga Group's Investment and Asset Management division invests in and manages a diversified portfolio that comprises mainly long term commercial, retail, residential and hospitality assets in Australia, New Zealand and Europe. The Hospitality Management division (i.e. Toga Hotels) is one of Australia's largest accommodation providers[1].

For more information on the Toga Group, please refer to their website at www.toga.com.au.

3.4 Description of the Trust SPV Assets

3.4.1 Toga Hotels

Toga Hotels is one of the leading accommodation providers in Australia. Toga Hotels opened the first Medina Serviced Apartment in Sydney in 1982. It currently operates more than 50 serviced apartments and hotels, consisting of more than 7,000 apartments and hotel rooms across Australia, New Zealand, Germany and Denmark, and employs over 1,500 staff across these countries. The hotels and apartment hotels are operated by Toga Hotels under the "Medina Serviced Apartments", "Adina Apartment Hotels", "Vibe Hotels" and "Travelodge Hotels" brands.

[1] Based on a published "*Pulse • Australian Top Hotel Owners and Operators Survey• February 2013*" report by Jones Lang LaSalle, in terms of top 10 Australian accommodation operators as at 31 December 2012. Jones Lang LaSalle has not provided its consent to the inclusion of the information extracted from the report published by it and therefore is not liable for such information. While the Company has taken reasonable actions to ensure that the information from the report published by Jones Lang LaSalle is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Company nor any other party has conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

3.4.2 The TAF Assets

(a) ***Adina Apartment Hotel Sydney, Harbourside (formerly known as Medina Grand Harbourside)***

Adina Apartment Hotel Sydney, Harbourside is a 4.5 star rated apartment hotel well situated within the western corridor of the Sydney CBD. The hotel offers guests panoramic views of Sydney city and Darling Harbour from its 113 studio and one bedroom self-contained apartments. The complex is located adjacent to the Sydney Aquarium and within close proximity to Darling Harbour, Town Hall, King Street and Cockle Bay Wharves, Queen Victoria Building and the financial and retail entertainment precincts of the Sydney CBD. It has many convenient amenities and facilities such as retail shops, a restaurant, conference facilities, swimming pool and gymnasium.

(b) ***Adina Apartment Hotel Adelaide Treasury (formerly known as Medina Grand Adelaide Treasury)***

Adina Apartment Hotel Adelaide Treasury is a 4.5 star apartment hotel comprising a total of 79 serviced apartments, five function areas, restaurant and bar, pool spa and sauna, gymnasium and central courtyard. The property is contained within the historic Adelaide Treasury building, which was extensively renovated and converted to a modern serviced apartment complex in 2002. Adina Apartment Hotel Adelaide Treasury occupies a prime position within the heart of the Adelaide CBD, situated on the north-eastern corner of Flinders and King Williams Streets overlooking Victoria Square. Adelaide's retail precinct of Rundle Mall, the Adelaide Sky City Casino, Parliament Houses, Government House and the Adelaide Convention Centre and Exhibition Hall are all within close proximity.

(c) ***Adina Apartment Hotel Brisbane (formerly known as Medina Executive Brisbane)***

Adina Apartment Hotel Brisbane is a 4.5 star apartment hotel comprising 159 rooms, a restaurant, lounge/bar, meeting rooms, swimming pool, tennis court and gymnasium. The one and two bedroom apartments all have a lounge, kitchen, separate bedrooms and laundry facilities. The complex is prominently situated on the northern fringe of the Brisbane CBD overlooking the Brisbane River, Kangaroo Point and inner city. Situated alongside the northern end of the iconic Story Bridge, the property is a short walk from Brisbane's central office precinct and riverfront restaurants.

(d) ***Vibe Hotel Sydney***

Vibe Hotel Sydney is a 4.0 star full service hotel situated in the southern precinct of Sydney's CBD at the corner of Elizabeth Street and Goulburn Street. The property is well positioned in close proximity to Sydney's major retail precinct, and has convenient access to public transport with Sydney Central Railway Station and Railway Square located approximately 550 meters to the south of the property, providing bus, rail and light rail transport services. Its facilities include a restaurant, café and bar, gymnasium, rooftop swimming pool and five function rooms.

(e) ***Travelodge Mirambeena Resort Darwin***

Travelodge Mirambeena Resort Darwin is situated on 1.31 hectares of land in the Darwin city centre. It is a modern full service 4.0 star hotel located in the Darwin CBD, well serviced by the nearby retail and restaurant precinct. The hotel offers 192 hotel rooms and 32 self-contained townhouses, pool, spa and gymnasium facilities, conference rooms and a café and bar. Darwin is the major commercial centre servicing the Northern Territory and is a hub to a wide range of Australia's booming industries including mining, offshore oil and gas production, pastoral, tourism and tropical horticulture.

3.5 Purchase Consideration and Valuation

3.5.1 Pursuant to the Toga Subscription Agreement, FEHIPL will subscribe for the Subscription Securities for an aggregate consideration of A$225.0 million (the "**Subscription Price**"), to be satisfied in cash.

3.5.2 Under the terms of the Toga Subscription Agreement, FEHIPL will, on Subscription Completion, pay A$124.0 million (the "**Initial Subscription Amount**") to the Trustee, with the balance of the Subscription Price to be paid following Subscription Completion in accordance with the terms of the Toga Subscription Agreement[1]. This deferred payment arrangement was agreed between Toga and FEOrchard to ensure an efficient use of the funds payable by FEHIPL for the Subscription Securities, and it was agreed between Toga and FEOrchard that the balance of the Subscription Price should be paid into Trust SPV as and when the Toga Joint Venture requires funds to make any hospitality-related investments as recommended by the Investment Committee (subject to a maximum deferred period of 18 months). Upon full payment of the Subscription Price, FEHIPL will have a 50.0% beneficial interest in Trust SPV. To the extent that the Subscription Price is partly paid, FEHIPL's beneficial interest in Trust SPV will be proportionately adjusted. Please refer to Appendix M to this Circular for further details.

3.5.3 FEHIPL, as a holder of partly paid Securities, will have most of the same rights, obligations and restrictions as holders of fully paid Securities. Trust SPV will be governed by general Australian trust law, specifically, the laws of New South Wales. The constitution of Trust SPV, the Toga JVA and the Toga Subscription Agreement (together, the "**Toga Transaction Documents**") will determine the main rights, obligations and restrictions in relation to the Subscription Securities. Some of the legal implications in connection with FEHIPL holding partly paid Securities include:

(a) although FEHIPL will have the same rights as holders of fully paid Securities to vote at meetings of holders of Securities, FEHIPL will receive income distributions proportionate to the proportion in which its Securities have been paid up;

(b) the Australian courts will enforce the obligation to pay the unpaid portion of the price for each Subscription Security;

(c) Toga Investments and the Trustee will have the right to make a claim for damages under the Toga Transaction Documents if FEHIPL does not pay the remainder of the Subscription Price in accordance with the terms of the Toga Transaction Documents; and

(d) the full extent of FEHIPL's liability in connection with the unpaid portion of each Subscription Security will be the unpaid portion of the Subscription Price for such Subscription Security, any costs and expenses incurred by the Trustee in relation to the non-payment or late payment of such unpaid portion and any costs and expenses of proceedings initiated against FEHIPL to recover such unpaid portion due.

3.5.4 FEOrchard has commissioned an independent valuer, KPMG Corporate Finance Pte. Ltd., to value Toga Hotels (the "**Independent Valuer for Toga Hotels**") for the internal reference of FEOrchard and the Board. The Subscription Price was arrived at after arm's length negotiations and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the valuation performed by the Independent Valuer for Toga Hotels, based on accepted valuation procedures and practices and the business prospects of Toga Hotels.

[1] The Subscription Securities will each be initially partly paid as to A$0.5511 per security on Subscription Completion. The remainder of the Subscription Price for the Subscription Securities will be paid up as and when the Toga Joint Venture requires funds to make any hospitality-related investments in accordance with the terms of the Toga JVA or otherwise in the ordinary course of its business, and/or in any case on the date falling 18 months after the Subscription Completion (to the extent any part of the Subscription Price remains outstanding and unpaid as at such date). See Appendix M to this Circular for further details on the payment mechanism.

The Independent Valuer for Toga Hotels had, in the Independent Valuation Summary Letter dated 24 June 2013 stated that the fair value of Toga Hotels was between A$230.3 million and A$256.4 million as at 31 December 2012. Further details on the assumptions and bases for the valuation of Toga Hotels are set out in paragraph 3 of Appendix H to this Circular.

3.6 Method of Financing

Barring unforeseen circumstances and taking into account the existing financial resources of FEOrchard, FEOrchard will finance the payment of the Subscription Price by FEHIPL using internal sources of funds and/or external debt facilities.

3.7 Certain Principal Terms of the Toga Subscription Agreement

The following sets out certain conditions precedent under the Toga Subscription Agreement. For a fuller list of the key terms, including those relating to termination rights, please see Appendix M to this Circular.

Conditions Precedent

Pursuant to the terms of the Toga Subscription Agreement, the Toga Subscription will be conditional upon the fulfilment or waiver of, *inter alia*, the following conditions:

(a) approval of the Australian Foreign Investment Review Board;

(b) approval of the registered holders of the entities of Toga Accommodation Fund of the transactions relating to Toga Accommodation Fund;

(c) execution of the TAF Option Agreement and such TAF Option Agreement having become unconditional in accordance with its terms (save for any condition that Subscription Completion has occurred);

(d) approval of the Toga Subscription by the shareholders of FEOrchard;

(e) execution of the Toga JVA, the administrative services deed to be executed between Toga and Toga Management and the management services deed to be executed between Toga and the Trustee;

(f) receipt of consents or approvals from relevant government authorities, including, *inter alia,* (i) any consents required from any liquor licensing governmental authority of a state or territory in Australia and (ii) any consents or approvals or permits or licences from any government authority required for the operation of hotel restaurants in Germany (or confirmation that no new or additional permits or licences are necessary);

(g) entry into a new facility agreement by the Trustee and all conditions precedent contained therein having been satisfied or waived (save for any condition that Subscription Completion has occurred) or that completion under the agreements for the sale of the property contemplated by the TAF Option Agreement has occurred;

(h) Toga Investments having procured the execution of various leases pursuant to which certain strata lots are to be leased to Medina Property Services Pty Ltd;

(i) Toga Investments having procured the execution of fresh management agreements in respect of certain assets owned by the Vidor family;

(j) Toga Investments having procured the assignment and/or the grant of licences in favour of each Joint Venture Consolidated Entity (as the case may be) of certain intellectual property rights including, *inter alia*, the right to the “Toga” and “Medina” marks;

(k) Toga Investments procuring consent to the transactions under the Toga Subscription Agreement from the lessors in respect of certain hotel properties[1] which are operated or managed by Toga Hotels under the Travelodge brand;

(l) the execution of a supplemental deed poll by the Trustee to amend the constitution of Trust SPV; and

(m) Toga Investments (and the Trustee) having procured that Toga must perform certain steps to ensure that certain entities leave the Toga Tax Group or Toga GST Group (each as defined in the Toga Subscription Agreement),

provided that each party has used its reasonable endeavours to obtain the satisfaction of the conditions precedent within their powers to satisfy (including procuring performance by a third party), if any of the conditions under the Toga Subscription Agreement are not satisfied or waived by 31 December 2013, any party to the Toga Subscription Agreement may terminate the Toga Subscription Agreement at any time by giving written notice to each other party.

3.8 Shareholders' Approval under Rule 1006

3.8.1 Chapter 10 of the Listing Manual governs the acquisition or disposal of assets, including options to acquire or dispose of assets, by FEOrchard. Such transactions are classified into the following categories:

(i) non-discloseable transactions;

(ii) discloseable transactions;

(iii) major transactions; and

(iv) very substantial acquisitions or reverse takeovers.

3.8.2 The Toga Subscription may fall into any of the categories set out in paragraph 3.8.1 above depending on the size of the relative figures computed on the following bases of comparison set out in Rules 1006(b) and 1006(c) of the Listing Manual:

(a) net profits attributable to the Toga Subscription for the financial year ended 31 December 2012 ("**FY2012**"), compared with the net profits for the Group for FY2012; and

(b) the aggregate value of the consideration given, compared with the Group's market capitalisation.

Where any of the relative figures computed on the bases set out above is 20.0% or more, the transaction is classified as a "major transaction" under Rule 1014 of the Listing Manual which would be subject to the approval of Shareholders. Rule 1006(a) of the Listing Manual does not apply to the Toga Subscription as this is an acquisition of securities and not a disposal for the purposes of Rule 1006(a) of the Listing Manual. Rule 1006(d) of the Listing Manual also does not apply to the Toga Subscription as no Shares will be issued as consideration for the Toga Subscription.

[1] These hotel properties comprise 13 out of 54 hotels under the management of Toga Hotels as at the Latest Practicable Date.

3.8.3 Relative Figures Computed on the Bases set out in Rule 1006 for the Toga Subscription

The relative figures in relation to the Toga Subscription computed on the applicable bases of comparison are as follows:

Bases	The Toga Subscription (S$'000)[3]	The Group (S$'000)	Relative Figure (%)
Net profits[1]	15,170	194,944	7.8
Subscription Price against market capitalisation	288,000	818,496[2]	35.2

Notes:

(1) Net profits is defined as profit before income tax, minority interests and exceptional items for the year ended 31 December 2012.

(2) FEOrchard's market capitalisation is based on the volume weighted average price per Share of S$2.14 transacted on the market day preceding the date of the Toga Subscription Agreement, and a total number of 382,474,747 Shares being in issue.

(3) Where applicable, all conversions from A$ to S$ were made based on an assumed exchange rate of A$1:S$1.28.

As the relative figure computed on the basis set out in Rule 1006(c) of the Listing Manual exceeds 20.0%, the Toga Subscription is a major transaction under Chapter 10 of the Listing Manual and will require the approval of Shareholders.

3.9 Directors' service contracts in relation to the Toga Joint Venture

No person is proposed to be appointed as a Director to the Board in relation to the Toga Joint Venture or any other transactions contemplated in relation to the Toga Joint Venture, save as set out in paragraph 8.2 of the Letter to Shareholders.

4. FINANCIAL EFFECTS OF THE 70.0% ACQUISITION AND 30.0% DEEMED DISPOSAL AND THE TOGA SUBSCRIPTION UNDER THE JOINT VENTURES

The financial effects of the 70.0% Acquisition and 30.0% Deemed Disposal and the Toga Subscription 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 70.0% Acquisition and 30.0% Deemed Disposal and the Toga Subscription and are computed based on assumptions described in the footnotes below.

Shareholders should note that the financial effects of the 70.0% Acquisition and 30.0% Deemed Disposal and the Toga Subscription on the Group assume no bank borrowings except for existing STC bank borrowings in respect of the 70.0% Acquisition.

4.1 The 70.0% Acquisition and 30.0% Deemed Disposal pursuant to the STC Joint Venture

The financial effects set out in this paragraph 4.1 assume that only Resolution 1 *(The Proposed Joint Venture with The Straits Trading Company Limited)* is approved by Shareholders at the EGM and do not take into account the financial effects of the Toga Subscription.

4.1.1 Net Tangible Assets ("NTA") per Share

Assuming that the 70.0% Acquisition and 30.0% Deemed Disposal had been completed on 31 December 2012, the financial effects on the consolidated NTA of the Group are as follows:

	Before the 70.0% Acquisition and 30.0% Deemed Disposal	After the 70.0% Acquisition and 30.0% Deemed Disposal(2)(3)
NTA (S$'000)	970,665	959,328
No. of issued Shares ('000)	377,143	377,143
NTA per Share (S$)(1)	2.57	2.54

Notes:

(1) The NTA per Share for FY2012 is calculated based on the NTA attributable to ordinary Shareholders as at 31 December 2012 and 377,143,026 Shares in issue as at 31 December 2012.

(2) The 70.0% 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 70.0% 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.

(3) An estimated share of stamp duty of approximately S$9.1 million and an estimated professional and other fees and expenses of approximately S$2.2 million chargeable to the 70% Acquisition have been included.

4.1.2 Earnings per Share ("EPS")

Assuming the 70.0% Acquisition and 30.0% Deemed Disposal had been completed on 1 January 2012, the financial effects on the consolidated earnings of the Group for FY2012 are as follows:

	Before the 70.0% Acquisition and 30.0% Deemed Disposal	After the 70.0% Acquisition and 30.0% Deemed Disposal(2)(3)
Profit after tax attributable to ordinary Shareholders (S$'000)	190,755	153,706
No. of issued Shares ('000)	377,143	377,143
EPS (S$)(1)	0.51	0.41

Notes:

(1) The EPS is calculated based on the profit after tax attributable to ordinary Shareholders.

(2) For the 70.0% Acquisition, the effects on the EPS include the net loss of the STC Assets based on the unaudited management accounts for 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) An estimated share of stamp duty of approximately S$9.1 million and an estimated professional and other fees and expenses of approximately S$2.2 million chargeable to the 70.0% Acquisition have been included.

Shareholders should note that the calculations above are on a historical basis based on financials for the year ended 31 December 2012 and may not reflect future financial performance of the assets. FEOrchard believes there will be synergies arising from the STC Joint Venture as set out in paragraph 7.1 of the Letter to Shareholders, such as revenue enhancement opportunities, cost savings and greater operational efficiencies, which may enhance the future financial performance of the assets.

4.1.3 Share Capital

The 70.0% Acquisition and 30.0% Deemed Disposal will not have any effect on the issued share capital of FEOrchard.

4.2 The Toga Subscription pursuant to the Toga Joint Venture

The financial effects set out in this paragraph 4.2 assume that only Resolution 2 *(The Proposed Joint Venture with Toga Pty Ltd)* is approved by Shareholders at the EGM and do not take into account the financial effects of the 70.0% Acquisition and 30.0% Deemed Disposal or the Interest Transfer.

The financial effects of the acquisition of TAF Assets pursuant to the TAF Option Agreement are also set out below for Shareholders' information.

4.2.1 NTA per Share

Assuming that the Toga Subscription and the acquisition of TAF Assets had been completed on 31 December 2012, the financial effects on the consolidated NTA of the Group are as follows:

	Before the Toga Subscription	After the Toga Subscription(2)(3)	After the Toga Subscription and acquisition of TAF Assets(2)(3)
NTA (S$'000)	970,665	969,165	962,665
No. of issued Shares ('000)	377,143	377,143	377,143
NTA per Share (S$)(1)	2.57	2.57	2.55

Notes:

(1) The NTA per Share for FY2012 is calculated based on the NTA attributable to the ordinary Shareholders as at 31 December 2012 and 377,143,026 Shares in issue as at 31 December 2012.

(2) The Toga Subscription 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 Toga Subscription 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.

(3) An estimated professional and other fees and expenses of approximately S$1.5 million chargeable to the Toga Subscription and an estimated share of stamp duty of approximately S$6.5 million chargeable to the acquisition of TAF Assets have been included.

(4) Where applicable, all conversions from A$ to S$ were made based on an assumed exchange rate of A$1:S$1.28.

4.2.2 Earnings per Share

Assuming the Toga Subscription and the acquisition of TAF Assets had been completed on 1 January 2012, the financial effects on the consolidated earnings of the Group for FY2012 are as follows:

	Before the Toga Subscription	After the Toga Subscription(2)(3)(4)	After the Toga Subscription and acquisition of TAF Assets(2)(3)(4)
Profit after tax attributable to ordinary Shareholders (S$'000)	190,755	199,752	199,271
No. of issued Shares ('000)	377,143	377,143	377,143
EPS (S$)(1)	0.51	0.53	0.53

Notes:

(1) The EPS is calculated based on the profit after tax attributable to ordinary Shareholders.

(2) The effects on the EPS include the 50.0% share of the net income of Toga Hotels and the TAF Assets (as the case may be) based on the unaudited management accounts for the year ended 31 December 2012.

(3) The Toga Subscription 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 Toga Subscription 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) An estimated professional and other fees and expenses of approximately S$1.5 million chargeable to the Toga Subscription and an estimated share of stamp duty of approximately S$6.5 million chargeable to the acquisition of TAF Assets have been included.

(5) Where applicable, all conversions from A$ to S$ were made based on an assumed exchange rate of A$1:S$1.28.

Shareholders should note that the calculations above are on a historical basis based on financials for the year ended 31 December 2012 and may not reflect future financial performance of the assets. FEOrchard believes there will be synergies arising from the Toga Joint Venture as set out in paragraph 7.1 of the Letter to Shareholders, such as revenue enhancement opportunities, cost savings and greater operational efficiencies, which may enhance the future financial performance of the assets.

4.2.3 Share Capital

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

4.3 Combined Financial Effects

Although Shareholders' approval for the STC Joint Venture and Toga Joint Venture are not inter-conditional, the following tables showing the combined financial effects have been provided for Shareholders' information.

If Shareholders approve both Resolution 1 *(The Proposed Joint Venture with The Straits Trading Company Limited*) and Resolution 2 *(The Proposed Joint Venture with Toga Pty Ltd)* and the Interest Transfer takes place, the combined financial effects of the 70.0% Acquisition and 30.0% Deemed Disposal, the Toga Subscription and the acquisition of TAF Assets on the Group are set out below.

4.3.1 NTA per Share

Assuming that the 70.0% Acquisition and 30.0% Deemed Disposal, the Toga Subscription and the acquisition of the TAF Assets and the Interest Transfer had been completed on 31 December 2012, the combined financial effects on the consolidated NTA of the Group are as follows:

	Before the 70.0% Acquisition and 30.0% Deemed Disposal and Toga Subscription	After the 70.0% Acquisition and 30.0% Deemed Disposal and Toga Subscription(2)(3)	After the 70.0% Acquisition and 30.0% Deemed Disposal, Toga Subscription and the acquisition of TAF Assets(2)(3)
NTA (S$'000)	970,665	957,828	953,278
No. of issued Shares ('000)	377,143	377,143	377,143
NTA per Share (S$)(1)	2.57	2.54	2.53

Notes:

(1) The NTA per Share for FY2012 is calculated based on the NTA attributable to ordinary Shareholders as at 31 December 2012 and 377,143,026 Shares in issue as at 31 December 2012.

(2) The 70.0% Acquisition and the Toga Subscription are each 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 70.0% Acquisition, the Toga Subscription 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.

(3) An estimated share of stamp duty of approximately S$13.7 million chargeable to the 70.0% Acquisition and the acquisition of TAF Assets and an estimated professional and other fees and expenses of approximately S$3.7 million chargeable to the 70.0% Acquisition and the Toga Subscription have been included.

(4) Where applicable, all conversions from A$ to S$ were made based on an assumed exchange rate of A$1:S$1.28.

4.3.2 Earnings per Share

Assuming the 70.0% Acquisition and 30.0% Deemed Disposal, the Toga Subscription and the acquisition of the TAF Assets and the Interest Transfer had been completed on 1 January 2012, the combined financial effects on the consolidated earnings of the Group for FY2012 are as follows:

	Before the 70.0% Acquisition and 30.0% Deemed Disposal and the Toga Subscription	After the 70.0% Acquisition and 30.0% Deemed Disposal and the Toga Subscription(2)(3)(4)(5)	After the 70.0% Acquisition and 30.0% Deemed Disposal, Toga Subscription and acquisition of TAF Assets(2)(3)(4)(5)
Profit after tax attributable to ordinary Shareholders (S$'000)	190,755	159,554	159,217
No. of issued Shares ('000)	377,143	377,143	377,143
EPS (S$)(1)	0.51	0.42	0.42

Notes:

(1) The EPS is calculated based on the profit after tax attributable to ordinary Shareholders.

(2) For the 70.0% Acquisition, the effects on the EPS include the net loss of the STC Assets based on the unaudited management accounts for 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) For the Toga Subscription, the effects on the EPS include the 50.0% share of the net income of Toga Hotels and the TAF Assets (as the case may be) based on the unaudited management accounts for the year ended 31 December 2012.

(4) The 70.0% Acquisition and the Toga Subscription are each 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 70.0% Acquisition, the Toga Subscription 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.

(5) An estimated share of stamp duty of approximately S$13.7 million chargeable to the 70.0% Acquisition and the acquisition of TAF Assets and an estimated professional and other fees and expenses of approximately S$3.7 million chargeable to the 70.0% Acquisition and the Toga Subscription have been included.

(6) Where applicable, all conversions from A$ to S$ were made based on an assumed exchange rate of A$1:S$1.28.

Shareholders should note that the calculations above are on a historical basis based on financials for the year ended 31 December 2012 and may not reflect future financial performance of the assets. FEOrchard believes there will be synergies arising from the Joint Ventures as set out in paragraph 7.1 of the Letter to Shareholders, such as revenue enhancement opportunities, cost savings and greater operational efficiencies, which may enhance the future financial performance of the assets.

4.3.3 Share Capital

The 70.0% Acquisition and 30.0% Deemed Disposal and Toga Subscription will not have any effect on the issued share capital of FEOrchard.

5. RISK FACTORS IN RELATION TO THE JOINT VENTURES

Shareholders should consider carefully the risk factors below and all the other information contained in this Circular before deciding whether to vote in favour of the Joint Ventures.

Shareholders should note that these risk factors are not and do not purport to be an exhaustive list of the potential risks that may be associated with the Joint Ventures as there may be other additional factors that could cause actual results, performance or achievements to differ materially. The following does not state risks currently unknown to the Company and risks which the directors of the Company (the "**Directors**") currently believe to be immaterial. Should such risks occur or turn out to be material, they may materially and adversely affect the Company's business, financial condition and results of operations.

5.1 Risks Associated with the Joint Ventures

The Company will be exposed to risks generally associated with acquisitions and joint ventures

Acquisitions of businesses or companies and participations in joint ventures with other companies are and will generally be subject to certain risks. These risks include the risks that the Company may be unable to successfully integrate the businesses of the Company, STC and Toga, such that the Company may fail to realise its desired growth objectives, economies of scale, or cost savings as stated in paragraph 7.1 of the Letter to Shareholders. In addition, there may be risks related to disagreements with its joint venture partners concerning expansion plans, capital expenditures, marketing plans and overall business strategy. If disputes arise out of either the STC Joint Venture or the Toga Joint Venture, the relevant business objectives may not be achieved and in such events, the Company's business operations and financial performance may be adversely affected. The success of the Joint Ventures, therefore, cannot be assured.

The business and prospects of the Joint Ventures may be affected if financing cannot be obtained

The hotels under the Joint Ventures, including any subsequently acquired hotels or hospitality assets, will require periodic capital expenditure, refurbishments, renovation and improvements to remain competitive. Acquisitions or development of additional hotels will also require significant capital expenditure. The Joint Ventures may not be able to fund capital improvements or acquisitions solely from cash from operating activities. If the Company and the partners of the Joint Ventures are unable to obtain additional equity or debt financing on favourable terms or at all to fund capital expenditure of the Joint Ventures, the business and prospects of the Joint Ventures may be adversely affected, which would in turn affect the business of the Company.

Goodwill if recognised on completion of the Joint Ventures may be subject to impairment

The STC Joint Venture and the Toga Joint Venture are considered to be business acquisitions for accounting purposes. Goodwill, being the excess of the consideration over the fair value of identifiable net assets acquired, is recognised separately as intangibles (for the STC Joint Venture) or included in the carrying amount of the investment (for the Toga Joint Venture). The goodwill and the investment are subject to impairment tests that may result in impairment losses which could have a material negative impact on the profits of the Group in respect of the current or subsequent financial periods.

5.2 Risks Associated with an Investment in Australia

The Joint Ventures face risks inherent in Australia as a significant portion of the hospitality management business and hospitality-related assets under Hospitality HoldCo and Trust SPV are located in Australia

The Joint Ventures will have a portfolio of hospitality management business and hospitality-related assets located in Australia. Accordingly, Hospitality HoldCo and Trust SPV will have significant exposure to the economic conditions and the fluctuations of demand and supply in the Australian hospitality market. The hospitality industry and market in Australia may be adversely affected by political, economic, regulatory, social or diplomatic developments. Any deterioration in the Australian hospitality sector will result in lower average daily rates and occupancy rates of the hotels in Australia, which in turn will have a material adverse effect on the profitability and financial condition of Hospitality HoldCo and Trust SPV.

The Joint Ventures may be exposed to risks associated with changes to laws and policies in Australia

As the Joint Ventures will initially be investing mainly (whether directly or indirectly) in hospitality and hospitality-related assets located in Australia, Hospitality HoldCo and Trust SPV will be subject to certain real estate laws, securities laws and tax laws in Australia, and any unexpected changes to the same. There can be no assurance that the Company's investments will not be negatively impacted as a result of measures and policies changes by the relevant domestic and foreign government and authorities at the local and national levels.

The Company may be exposed to risk of loss from interruptions resulting from industrial disputes and work stoppages

Many employees in Australia are unionised and are covered by collective bargaining agreements. There may from time to time be major bargaining agreement renegotiations that may result in increase in costs. Further, in the event of any breakdown in talks with the labour unions, strikes or disruptions leading to work stoppages may arise. Any strikes or disruptions arising from such labour disputes could have a material adverse effect on the business operations of the hotels held under Hospitality HoldCo and Trust SPV and in turn may significantly affect the business and financial condition of the Company.

The Joint Ventures may incur losses arising from natural disasters in Australia

Certain areas of Australia are particularly susceptible to natural disasters and adverse weather conditions such as earthquakes or floods. Insurance obtained may not be sufficient to cover all potential losses arising from these events, which could greatly damage the infrastructure of the affected hotels and have an adverse impact on operations of the hotels. There can be no assurance that insurance coverage or procedures currently put in place are sufficient to address such extraordinary events. The Company may have to commit additional resources, which may adversely affect the financial performance of the Company.

Further investments by the Company may be subject to Australia's foreign investment regime

In relation to investments in Australia, the Company is currently a "foreign person" for the purposes of the FATA. Further investments in Australia by the Company may be subject to notice requirements under the FATA (which may or may not be given subject to conditions). If such approval is required and not given in relation to an investment, the Company may not be able to proceed with that investment.

There can be no assurance that the Company will be able to obtain or renew the required government approvals, permits and licences required for its activities in Australia and in the event that the requisite approvals are not obtained or renewed, there may be an adverse effect on the business, financial condition and results of operations of the Company.

The Company may be exposed to risks associated with fluctuations in foreign exchange rates and changes in foreign exchange regulations

A large proportion of the Company's revenue arising from the Joint Ventures may be received in Australian dollars. As the Group's books of accounts and records are recorded in Singapore dollars, such revenue received in Australian dollars will have to be converted to Singapore dollars at the Group level for financial reporting or repatriation purposes. Accordingly, the Company may be exposed to risks associated with fluctuations in foreign exchange rates which may adversely affect the reported financial results of the Company.

The Company may also be subject to the imposition or tightening of exchange control or repatriation restrictions and may encounter difficulties or delay in relation to the receipt of its proceeds from divestments and dividends due to such exchange controls existing in the various jurisdictions in which the Joint Ventures may operate in.

The Company may be exposed to risks associated with fluctuations in interest rates in Australia

The Joint Ventures will operate in Australia and may obtain financing in Australia. If the prevailing interest rates, or any economic or political factors at the time of refinancing, result in higher interest rates in Australia, their interest expenses will increase. This will adversely affect the reported financial results of the Company and the business, financial condition, results of operations and prospects of the Joint Ventures.

6. DETAILS OF THE PROPOSED ADOPTION OF A SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

6.1 Chapter 9 of the Listing Manual

6.1.1 Chapter 9 of the Listing Manual governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or in aggregation with other transactions conducted with the same interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or make an immediate announcement and seek shareholders' approval for that transaction.

6.1.2 In particular, an immediate announcement is required to be made by FEOrchard where:

(a) the transaction is of a value equal to, or more than, 3.0% of the Group's latest audited consolidated NTA; or

(b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3.0% or more of the Group's latest audited consolidated NTA; and

in addition to an immediate announcement, shareholders' approval is required where:

(c) the transaction is of a value equal to, or more than, 5.0% of the Group's latest audited consolidated NTA; or

(d) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, 5.0% of the Group's latest consolidated NTA.

For the purposes of aggregation, any Interested Person Transaction which is below the value of S$100,000 will be excluded.

6.1.3 In interpreting the term "same interested person" for the purpose of aggregation, the following applies:

(a) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and

(b) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different.

6.1.4 Chapter 9 of the Listing Manual, however, permits that a listed company may seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses), which may be carried out with the listed company's interested persons. A general mandate is subject to annual renewal.

6.2 Background to the IPT Mandate

6.2.1 The FEOrchard Group engages in a diversified range of activities with interests in property development, hospitality real estate development and management, and healthcare real estate. It is envisaged that in the Company's ordinary course of business, transactions between the FEOrchard Group and the Interested Persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provisions of services in the ordinary course of business of the FEOrchard Group to the Interested Persons or the obtaining of goods and services from them for day-to-day operational needs.

6.2.2 In view of the time-sensitive nature of commercial transactions and the frequency of commercial transactions between members of the FEOrchard Group and the Interested Persons, obtaining the IPT Mandate will enable:

(a) FEOrchard;

(b) subsidiaries of FEOrchard (excluding subsidiaries listed on the SGX-ST or an approved exchange and its subsidiaries); or

(c) associated companies of FEOrchard (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the FEOrchard Group or the FEOrchard Group and its interested persons has or have control,

to enter into the Interested Person Transactions with the Interested Persons which are necessary for the day-to-day operations of the FEOrchard Group, provided that such Interested Person Transactions are made on normal commercial terms.

6.2.3 If approval is obtained from Shareholders, the IPT Mandate will take effect from the date of passing of the ordinary resolution at the EGM to be held on 9 July 2013 until the next Annual General Meeting of FEOrchard. Thereafter, it is intended that approval from Shareholders for subsequent renewals of the IPT Mandate will be sought at each subsequent Annual General Meeting of FEOrchard, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Interested Persons.

6.3 Scope of the IPT Mandate

6.3.1 The IPT Mandate will cover the Interested Person Transactions, the further details of which are set out in paragraph 6.5 below.

6.3.2 The IPT Mandate will not cover any interested person transaction which has a value below S$100,000 as the threshold and aggregate requirements of Chapter 9 of the Listing Manual do not apply to such transactions.

6.3.3 Transactions with interested persons (including the Interested Persons) which do not come within the ambit of the IPT Mandate will be subject to applicable provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

6.4 Classes of Interested Persons

The IPT Mandate will apply to Interested Person Transactions which are carried out with the Interested Persons, being Far East Organization. Far East Organization comprises any company where more than 50 per cent. of its issued share capital is collectively held or owned (directly or indirectly) by any one or more of the following (including their associates):

(a) the estate of the late Mr Ng Teng Fong;

(b) Mdm Tan Kim Choo;

(c) the children, grandchildren, and future descendants and issues of the late Mr Ng Teng Fong; or

(d) any trust (discretionary or otherwise) where those listed in paragraphs (a) to (c) above comprise the majority of the beneficiaries of such trust;

and shall also include all future incorporated companies that meet the definition of Far East Organization (each, an "**Interested Person**").

6.5 The Categories of Interested Person Transactions

The Interested Person Transactions with the Interested Persons to which the IPT Mandate applies and the benefits to be derived therefrom are set out below. These Interested Person Transactions comprise recurrent transactions of a revenue or trading nature or those necessary for the FEOrchard Group's day-to-day operations, but are not in respect of the purchase and sale of assets, undertakings or businesses.

6.5.1 Support Services Transactions

These transactions relate to the receipt of accounting and management advisory, finance and treasury, tax, internal audit, human resource, corporate affairs, information technology and computer-related services, engineering, housekeeping, marketing communications, project management, property development, sales and marketing, arrears management and lease administration services in the normal course of business of the FEOrchard Group (the "**Support Services Transactions**").

By having access to such services, the FEOrchard Group will derive operational and financial leverage through savings in terms of reduced overheads and greater economies of scale. In addition, the FEOrchard Group will be able to obtain expertise in the areas of investment risk review, governmental relations and business development through its Interested Persons. The ability to tap on such expertise and experience, especially in relation to matters which are highly confidential, commercially sensitive or involve historical data, is particularly important to the FEOrchard Group's ability to respond in a timely manner to take advantage of opportunities as and when they arise.

6.5.2 Hospitality Related Agreements

Transactions in this category comprise the hospitality management agreements, the technical services agreements and property management agreements for the hotels and serviced residences that are owned by Far East Organization (the "**Hospitality Related Agreements**").

Through the transactions, the FEOrchard Group will be able to grow its current businesses and enhance its portfolio of hotel management agreements. The FEOrchard Group will also derive synergies, cost savings and management know-how, which will allow the FEOrchard Group to further its abilities and skills.

(together, the "**Interested Person Transactions**").

6.6 Review Procedures for the Interested Person Transactions

The FEOrchard Group has established the following procedures to ensure that the Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms consistent with the FEOrchard Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to or by unrelated third parties.

The guidelines and review procedures put in place by the FEOrchard Group are as follows:

6.6.1 General

(i) Regardless of value, all Interested Person Transactions (save for any Interested Person Transaction which has a value below S$100,000 which will not be covered by the IPT Mandate) will be reviewed by a committee comprising the executive directors, the chief financial officer ("**CFO**") and group chief executive officer ("**CEO**") of the Company (the "**Review Committee**") and recommended to the Audit Committee for approval.

(ii) All Interested Person Transactions must be consistent with the usual practices and policies of the FEOrchard Group, and will be reviewed on a quarterly basis by the Audit Committee.

(iii) To assist the Audit Committee in its review, the FEOrchard Group will maintain a Register of Interested Person Transactions (including any Interested Person Transaction below the value of S$100,000) in which relevant particulars of all Interested Person Transactions will be recorded. The Register of Interested Person Transactions will be reviewed by the CFO and by the Audit Committee on a quarterly basis.

(iv) The Audit Committee shall review the operation of the review procedures on a periodic basis, with the authority to delegate to individuals within the Company as it deems appropriate.

(v) If any member of the Review Committee has an interest in an Interested Person Transaction to be reviewed or is related to any of the Interested Persons, such member of the Review Committee will abstain from any decision-making in respect of that transaction and the review of that transaction will be undertaken by the remaining members of the Review Committee. If a member of the Audit Committee has an interest in an Interested Person Transaction to be reviewed by the Audit Committee, he will abstain from any decision-making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

(vi) Any member of the Review Committee or the Audit Committee may, as he deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

(vii) If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the established review procedures are inadequate or inappropriate to ensure that the Interested Person Transactions will be on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Listing Manual, it will in consultation with the Board, take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct the Company to obtain the approval of Shareholders for a fresh mandate based on new guidelines and procedures for transactions with the Interested Persons.

6.6.2 Support Services Transactions

(i) The Review Committee shall evaluate quotations that will be obtained from the Interested Person and at least one other unrelated third party in respect of the services or products to be obtained by any company within the FEOrchard Group from the Interested Person and recommend to the Audit Committee for approval.

(ii) The Interested Person Transactions shall not be approved unless such transactions are entered into at rates/prices of the service or product providers which are no less favourable than those extended by the Interested Person to unrelated third parties (including where applicable, preferential rates/prices/discounts accorded to corporate customers or bulk purchases), or on terms similar to the service or product providers' usual commercial terms, or otherwise in accordance with other applicable industry norms.

(iii) In the event that it is not possible to obtain quotations from unrelated third parties (for example, when third party quotations are not available on the market in respect of the same package of services or products which the Interested Person offers to the FEOrchard Group) or to determine whether the terms of the Interested Person Transaction with the Interested Person are more or less favourable than the aggregate terms quoted by unrelated third parties:

(a) The Review Committee will evaluate and weigh the benefits of, and rationale for, transacting with the Interested Person to determine whether the terms offered by the Interested Person are fair and reasonable and recommend to the Audit Committee for approval.

(b) In its evaluation, (i) the Review Committee will include considerations of the efficiencies and flexibilities derived by the FEOrchard Group in transacting with the Interested Person compared with transacting with unrelated third parties and (ii) the Audit Committee will evaluate the recommendation of the Review Committee in respect of the Interested Person Transaction before deciding whether to approve or reject the Interested Person Transaction.

6.6.3 Hospitality Related Agreements

(i) The Review Committee shall evaluate all contracts entered into or transactions with the Interested Persons based on the prevailing market rates or prices of the services, on terms which are no more favourable to the Interested Person than usual commercial terms extended to unrelated third parties for the same or substantially similar services and recommend to the Audit Committee for approval.

(ii) In the event that the prevailing market rates or prices of such services are not available, the Review Committee will consider whether FEOrchard Group's pricing for such services to be provided to the Interested Persons is in accordance with the FEOrchard Group's usual business practices and pricing policies, in line with similar type of contract or transaction with unrelated third parties. The Review Committee will consider, amongst others, the following factors:

(a) scope of services;

(b) payment terms;

(c) contractual compliance;

(d) duration of the contract; and

(e) prevailing industry norms,

and recommend to the Audit Committee for approval.

The Audit Committee will evaluate the recommendation from the Review Committee in respect of the Interested Person Transaction before deciding whether to approve or reject the Interested Person Transaction.

6.7 Disclosure in Annual Report

Disclosure will be made in FEOrchard's annual report of the aggregate value of all Interested Person Transactions conducted with the Interested Persons pursuant to the IPT Mandate during the current financial year, and in the annual reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

6.8 Advice of the IFA to the Audit Committee on the Adoption of a Shareholders' Mandate for Interested Person Transactions

The IFA has been appointed to evaluate whether the review procedures for determining the transaction prices of the Interested Person Transactions under the IPT Mandate, set out in paragraph 6.6 of the Letter to Shareholders, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. Having regard to the considerations set out in the IFA Letter and the information available as at the Latest Practicable Date, the IFA is of the opinion that the review procedures for determining the transaction prices for the Interested Person Transactions as set out in paragraph 6.6 of the Letter to Shareholders, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. Accordingly, the IFA advises the Audit Committee to recommend that the minority Shareholders vote in favour of the Adoption of a Shareholders' Mandate for Interested Person Transactions.

7. RATIONALE FOR AND KEY BENEFITS OF THE TRANSACTIONS

FEOrchard believes that the Transactions will bring the following key benefits to the Shareholders:

7.1 The Proposed STC Joint Venture and the Proposed Toga Joint Venture

Following FEOrchard's strategic restructuring and transformation in 2012, FEOrchard has become a vertically-integrated hospitality operator with the capability to develop its own hospitality properties as well as manage Singapore's largest hospitality management portfolio. 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 FEOrchard. In addition, FEOrchard has also been seeking to grow its regional footprint in order to further expand and diversify its existing hospitality management portfolio.

(a) ***Expansion of FEOrchard's Regional Footprint in the Hospitality Management Business***

Through the STC Joint Venture and Toga Joint Venture, FEOrchard will be able to significantly extend the geographical reach of its hospitality management and ownership business beyond Singapore and Malaysia, into Australia, New Zealand, Germany and Denmark, and have an immediate opportunity to own hospitality assets in Australia and manage a portfolio of third party assets.

STC's hospitality management portfolio consists of 13 hotels with more than 2,700 rooms in Australia, New Zealand, Singapore and China. Of STC's 13 hotels, nine are located in key cities in Australia, such as Sydney, Melbourne and Perth.

Toga Hotels is one of the largest hospitality operators in Australia with hospitality management contracts to operate more than 7,000 rooms across more than 50 hotels and serviced apartments in Australia, New Zealand, Germany and Denmark. Toga Hotels operates under four strong and prominent brands strategically positioned in the value and mid-market segments, of which, the "Medina", "Adina" and "Vibe" brands are wholly-owned and the "Travelodge" brand is licensed.

Both Joint Ventures have a significant portfolio of hospitality management business in Australia, enabling FEOrchard to gain an immediate strategic foothold in Australia, which is one of the key tourism markets in the Asia-Pacific region. As Australia is one of the top five markets for the Singapore hospitality sector in terms of visitor arrivals[1], FEOrchard's enhanced presence in Australia will also increase awareness of FEOrchard's hospitality brands, which in turn is expected to benefit FEOrchard's existing hospitality portfolio in Singapore.

[1] Based on the "Annual Report on Tourism Statistics 2010/2011" published by the Singapore Tourism Board (the "**STB**") in December obtained from https://app.stb.gov.sg/asp/tou/tou03.asp. The STB has not provided its consent to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information. While the Company has taken reasonable actions to ensure that the information from the relevant report published by the STB is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Company nor any other party has conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

FEOrchard will, through the expanded 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 80 hotels and serviced residences under nine distinct and complementary brands ("Oasia", "Quincy", "Village", "Medina", "Adina", "Vibe", "Travelodge", "Rendezvous" and "Marque"). It will also have more than 13,000 rooms under management with a regional footprint mainly across Singapore, Malaysia, Australia, New Zealand, Germany and Denmark. With the expanded platform of hotels and serviced residences across different hospitality brands, FEOrchard will be able to offer more options to its customers across multiple geographic locations, while catering to the different targeted segments.

(b) ***Increase in FEOrchard's Scale and Operational Efficiency through the Combined Operating Platforms***

The Joint Ventures will bring potential revenue enhancement opportunities, cost savings and greater operational efficiencies from the increase in size and scale of FEOrchard's overseas operations.

FEOrchard expects, through its own vertically-integrated hospitality operations and the Joint Ventures, to generate significant potential operational synergies and cost savings, by leveraging on the combined management capabilities and the combined scale of the operating platforms of FEOrchard, STC and Toga. Some of these cost savings are expected to come from improved processes, increased scale and rationalisation of overheads, for example, greater purchasing efficiencies through bulk discounts and the optimum use of shared resources.

(c) ***Increase in the Sustainable and Recurring Income Stream of the Group***

The Joint Ventures are also in line with FEOrchard's long term objectives of delivering growth and enhancing its recurring income stream for FEOrchard 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 as well as in the various geographic markets.

(d) ***Increase in Opportunities to Pursue Yield Accretive Hospitality Investments with Strong Like-minded Partners***

The Joint Ventures will enable FEOrchard, STC and Toga 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 the Joint Ventures. FEOrchard's expanded hospitality management platform will be well positioned to capitalise on a broad range of opportunities in the hospitality sector.

7.2 The Proposed IPT Mandate

It is envisaged that in the ordinary course of their businesses, transactions between the FEOrchard Group and the Interested Persons are likely to occur with some degree of frequency and may arise at any time. Thus, the IPT Mandate is intended to facilitate transactions in the normal course of business falling within categories of transactions (as set out in paragraph 6.5 of the Letter to Shareholders) with certain classes of interested persons (as set out in paragraph 6.4 of the Letter to Shareholders) provided that such transactions are made on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

The adoption of the IPT Mandate will enhance the ability of the companies in the FEOrchard Group to pursue business opportunities which are time-sensitive in nature and will eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential Interested Person Transactions arise. This will substantially reduce the expenses associated with the convening of such meetings on an ad hoc basis, considerably improve administrative efficacy, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

Where the Interested Person Transactions relate to provision to and obtaining from Interested Persons of products or services as contemplated in paragraph 6.5 of the Letter to Shareholders, the FEOrchard Group will benefit from having access, where applicable, to competitive quotes from its Interested Persons and from unrelated third parties, and may also derive savings in terms of cost efficiencies and greater economies of scale in its transactions with Interested Persons. The provision of products and services to Interested Persons are also an additional source of revenue for the FEOrchard Group, provided that such products and services are provided on an arm's length basis and on commercial terms. Where Interested Person Transactions relate to treasury transactions, the FEOrchard Group will benefit from the competitive quotes received from its Interested Persons, thus leveraging on the financial strength and credit standing of its Interested Persons.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

8.1 Interests of Directors in Far East Organization

The Non-Executive Chairman of the Company, Mr Koh Boon Hwee, is currently also non-executive chairman of Yeo Hiap Seng Limited, FEO Hospitality Asset Management Pte. Ltd. and FEO Hospitality Trust Management Pte. Ltd.

Mr Lucas Chow Wing Keung, the CEO and Managing Director of the Company, is an executive director of Far East Organization.

Mdm Ng Siok Keow, an Executive Director of the Company, is an executive director of Far East Organization and a director of Far East Organisation Pte Ltd ("**FEOPL**") and also holds a direct interest in 3,195 shares of Yeo Hiap Seng Limited and a deemed interest in 15,978 shares of Yeo Hiap Seng Limited.

Mdm Tan Siok Hwee, an Executive Director of the Company, is an executive director of Far East Organization.

Mr Arthur Kiong Kim Hock, an Executive Director of the Company, is an executive director of Far East Organization.

Each of Mr Koh Boon Hwee, Mr Lucas Chow Wing Keung, Mdm Ng Siok Keow, Mdm Tan Siok Hwee and Mr Arthur Kiong Kim Hock is also a director and/or an executive of several members of Far East Organization. Accordingly, the said Directors will be abstaining from making any recommendation on the proposed Adoption of a Shareholders' Mandate for Interested Person Transactions to Shareholders.

Further, the abovementioned Directors will abstain, and will procure that their associates will abstain, from voting on Resolution 3 on the adoption of a Shareholders' Mandate for Interested Person Transactions at the EGM.

8.2 Interests of Directors in the Joint Ventures

Mr Lucas Chow Wing Keung is an Executive Director, the CEO and Managing Director of FEOrchard and a director of Hospitality HoldCo, Hospitality PropCo, Hospitality OpCo and FEHIPL.

Mr Arthur Kiong Kim Hock is an Executive Director of the Company and a director of Hospitality HoldCo, Hospitality PropCo, Hospitality OpCo and FEHIPL.

Mdm Ng Siok Keow is an Executive Director of the Company and a director of Hospitality OpCo.

Mdm Tan Siok Hwee is an Executive Director of the Company and a director of Hospitality OpCo.

Mdm Ee Choo Lin Diana is an Independent Director of the Company and a director of Hospitality HoldCo.

8.3 Interests of Directors in the Shares

The interests of Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

Name of Director	Direct Interest		Deemed Interest		Total no. of Shares held	%
	No. of Shares held	%	No. of Shares held	%		
Ng Siok Keow	14,469	0.004	77,038	0.020	91,507	0.024

8.4 Interests of substantial shareholders

As at the Latest Practicable Date, FEOPL holds an interest in 225,710,849 Shares, representing approximately 59.0% of the issued share capital of FEOrchard. FEOPL is therefore considered to be a controlling shareholder and a substantial shareholder of the Company.

The interests of the substantial shareholders in the Shares as recorded in the Register of substantial shareholders as at the Latest Practicable Date are set out below:

Name of Substantial Shareholder	Direct Interest		Deemed Interest		Total no. of Shares held	%
	No. of Shares held	%	No. of Shares held	%		
Far East Organisation Pte Ltd	225,710,849	59.01	–	–	225,710,849	59.01
The Estate of Khoo Teck Puat, deceased[(1)]	2,248,400	0.59	18,702,600	4.89	20,951,000	5.48
Tan Kim Choo[(2)]	224,659	0.06	225,710,849	59.01	225,935,508	59.07
The Estate of Ng Teng Fong, deceased[(3)]	–	–	225,710,849	59.01	225,710,849	59.01

Notes:

(1) The Estate of Khoo Teck Puat, deceased, is deemed to be interested in the Shares held by Daiwa (Malaya) Private Limited, Goodwood Park Hotel Limited, Hotel Holdings (Private) Limited, Industrial Syndicate (Private) Ltd, Kim Eng Securities Pte Ltd, Leo Investments Corpn S B and Luxor Hotel Limited.

(2) Mdm Tan Kim Choo is deemed to be interested in the Shares of the Company held by Far East Organisation Pte Ltd through her 50.0% shareholding in the issued share capital of FEOPL.

(3) The Estate of Ng Teng Fong, deceased is deemed to be interested in the Shares of the Company held by FEOPL through the estate's 50.0% shareholding in the issued share capital of FEOPL.

8.5 Save as disclosed in this paragraph 8 and based on information available to the Company as at the Latest Practicable Date, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Transactions.

9. RECOMMENDATIONS

9.1 On the Proposed Joint Venture with The Straits Trading Company Limited

Having regard to the rationale for the STC Joint Venture as set out in paragraph 7.1 of the Letter to Shareholders, the Board believes that the STC Joint Venture would be beneficial to, and is in the interests of FEOrchard and its Shareholders.

Accordingly, the Board recommends that Shareholders vote at the EGM in favour of Resolution 1 relating to the proposed STC Joint Venture.

9.2 On the Proposed Joint Venture with Toga Pty Ltd

Having regard to the rationale for the Toga Joint Venture as set out in paragraph 7.1 of the Letter to Shareholders, the Board believes that the Toga Joint Venture would be beneficial to, and is in the interests of FEOrchard and its Shareholders.

Accordingly, the Board recommends that Shareholders vote at the EGM in favour of Resolution 2 relating to the proposed Toga Joint Venture.

9.3 On the Proposed Adoption of a Shareholders' Mandate for Interested Person Transactions

After taking into consideration the factors likely to affect the economics of the adoption of a Shareholders' Mandate for Interested Person Transactions, including the opinion of the IFA (as set out in the IFA Letter in Appendix F to this Circular) and the rationale for the Shareholders' Mandate for Interested Person Transactions (as set out in paragraph 7 (*Rationale for and Key Benefits of the Transactions*) of the Letter to Shareholders), and after discussion with the management of the Company and the IFA, the Audit Committee, currently comprising Mr Cheng Hong Kok, Mr Heng Chiang Meng and Mdm Ee Choo Lin Diana (who are also the Independent Directors), is of the view that the adoption of a Shareholders' Mandate for Interested Person Transactions would not be prejudicial to the interests of FEOrchard or its minority Shareholders. Accordingly, the Audit Committee recommends that Shareholders vote at the EGM in favour of Resolution 3.

The Audit Committee advises the Shareholders, in deciding whether to vote in favour of the entry into the Adoption of a Shareholders' Mandate for Interested Person Transactions, to carefully consider the advice of the IFA and in particular, the various factors highlighted by the IFA in its advice. In giving the above recommendation, the Audit Committee has not had regard to the general or specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Audit Committee recommends that any individual Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

10. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 9 July 2013 at 2.30 p.m. at Antica 1, Level 2, Orchard Parade Hotel, 1 Tanglin Road, Singapore 247905, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of EGM, on pages N-1 to N-2 of this Circular. The purpose of this Circular is to provide Shareholders with relevant information about the resolutions.

Approval by way of an Ordinary Resolution is required in respect of each of Resolution 1 (*The Proposed Joint Venture with The Straits Trading Company Limited*), Resolution 2 (*The Proposed Joint Venture with Toga Pty Ltd*) and Resolution 3 (*The Proposed Adoption of a Shareholders' Mandate for Interested Person Transactions*).

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the Central Depository (Pte) Limited ("**CDP**") as at 48 hours before the EGM.

11. ABSTENTIONS FROM VOTING

Rule 919 of the Listing Manual prohibits interested persons and their associates from voting on a resolution in relation to a matter in respect of which such persons are interested in the EGM.

Given that members of Far East Organization are interested in the adoption of a Shareholders' Mandate for Interested Person Transactions, all persons who fall within the definition of "Far East Organization" set out in this Circular, which shall include FEOPL, have undertaken that (i) they will abstain, and will procure that their associates will abstain, from voting at the EGM on the adoption of a Shareholders' Mandate for Interested Person Transactions, and (ii) they will not, and will procure that their associates will not, accept appointments as proxies in relation to Resolution 3 on the adoption of a Shareholders' Mandate for Interested Person Transactions unless specific instructions as to voting are given.

The Directors who have interests in Far East Organization, as disclosed in paragraph 8.1 above, (a) will abstain, and will procure that their associates will abstain, from voting on Resolution 3 on the adoption of a Shareholders' Mandate for Interested Person Transactions at the EGM and (b) will not, and will procure that their associates will not, accept appointments as proxies in relation to Resolution 3 on the adoption of a Shareholders' Mandate for Interested Person Transactions unless specific instructions as to voting are given.

In addition, Mdm Ng Siok Keow, being (i) the immediate family of Mdm Tan Kim Choo and (ii) beneficiary of the Estate of Ng Teng Fong (Deceased), has undertaken that (a) she will abstain, and will procure that her associates will abstain, from voting at the EGM on Resolution 3 on the adoption of a Shareholders' Mandate for Interested Person Transactions, and (b) will not, and will procure that her associates will not, accept appointments as proxies in relation to Resolution 3 on the adoption of a Shareholders' Mandate for Interested Person Transactions unless specific instructions as to voting are given.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders will find enclosed with this Circular, the Notice and a Proxy Form.

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 2.30 p.m. on 7 July 2013. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM if he so wishes.

Persons who have an interest in the approval of any of the resolutions must decline to accept appointment as proxies unless the Shareholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Transactions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

14. RESPONSIBILITY STATEMENT OF THE FINANCIAL ADVISER

To the best of the Financial Adviser's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Transactions, the Company and its subsidiaries, and the Financial Adviser is not aware of any facts the omission of which would make any statement in this Circular misleading.

15. CONSENTS

15.1 IFA to the Audit Committee on the Adoption of a Shareholders' Mandate for Interested Person Transactions

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA Letter and all references thereto, in the form and context in which they are included in this Circular.

15.2 Independent Valuer for the Three Hotels

The Independent Valuer for the Three Hotels has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the summary valuation letter and all references thereto, in the form and context in which they are included in this Circular.

15.3 Independent Valuer for RHI

The Independent Valuer for RHI has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the valuation letter and all references thereto, in the form and context in which they are included in this Circular.

15.4 Independent Valuer for the FEOrchard Assets

The Independent Valuer for the FEOrchard Assets has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the valuation letter and all references thereto, in the form and context in which they are included in this Circular.

15.5 Independent Valuer for Toga Hotels

The Independent Valuer for Toga Hotels has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the summary valuation letter and all references thereto, in the form and context in which they are included in this Circular.

15.6 Independent Valuer for TAF Assets

The Independent Valuer for TAF Assets has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the summary valuation letter and all references thereto, in the form and context in which they are included in this Circular.

16. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Orchard Parade Hotel, 1 Tanglin Road #05-01, Singapore 247905, during normal business hours for a period of three months commencing from the date of this Circular:

(i) the memorandum and articles of association of the Company;

(ii) the audited consolidated financial statements of the Group for FY2012;

(iii) the Toga Subscription Agreement;

(iv) the STC SPAs;

(v) the FEOrchard BTA;

(vi) the Valuation Reports in respect of the Three Hotels;

(vii) the Valuation Report in respect of Toga Hotels;

(viii) the Valuation Letter in respect of RHI;

(ix) the Valuation Letter in respect of the FEOrchard Assets;

(x) the Summary Valuation Letter in respect of the TAF Assets;

(xi) the Joint Venture Implementation Agreement;

(xii) the IFA Letter; and

(xiii) the written consents of the IFA, the Independent Valuer for the Three Hotels, the Independent Valuer for Toga Hotels, the Independent Valuer for RHI, the Independent Valuer for the FEOrchard Assets, the Auditor to the Company and the Independent Valuer for TAF Assets.

Yours faithfully
For and on behalf of
the Board of Directors of
FAR EAST ORCHARD LIMITED

Mr Koh Boon Hwee
Non-Executive Chairman
24 June 2013

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Mr Koh Boon Hwee (Non-Executive Chairman) Mr Lucas Chow Wing Keung (Group Chief Executive Officer and Managing Director) Mdm Ng Siok Keow (Executive Director) Mdm Tan Siok Hwee (Executive Director) Mr Arthur Kiong Kim Hock (Executive Director) Mr Cheng Hong Kok (Independent Director) Mr Heng Chiang Meng (Independent Director) Mdm Ee Choo Lin Diana (Independent Director)
COMPANY SECRETARIES	:	Ms Madelyn Kwang Yeit Lam Mr Leow Chiap Seng
REGISTERED AND CORPORATE OFFICE	:	1 Tanglin Road #05-01 Orchard Parade Hotel Singapore 247905
SHARE REGISTRAR	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
LEGAL ADVISER TO THE COMPANY	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
FINANCIAL ADVISER TO THE COMPANY	:	DBS Bank Ltd. 12 Marina Boulevard Level 46 DBS Asia Central @ MBFC Tower 3 Singapore 018982
AUDITOR TO THE COMPANY	:	PricewaterhouseCoopers LLP 8 Cross Street #17-00 PWC Building Singapore 048424
INDEPENDENT FINANCIAL ADVISER TO THE AUDIT COMMITTEE ON THE PROPOSED ADOPTION OF A SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS	:	PrimePartners Corporate Finance Pte. Ltd. 20 Cecil Street #21-02 Equity Plaza Singapore 049705
INDEPENDENT VALUER FOR TAF ASSETS	:	Jones Lang LaSalle Hotels (NSW) Pty. Limited Level 26, 420 George Street Sydney NSW 2000, Australia
INDEPENDENT VALUER FOR THE FEORCHARD ASSETS	:	Deloitte & Touche Financial Advisory Services Pte Ltd 6 Shenton Way #32-00 Tower Two Singapore 068809
INDEPENDENT VALUER FOR THE THREE HOTELS	:	Colliers International Consultancy and Valuation Pty Limited Level 12 225 George Street Sydney NSW 2000 Australia

CORPORATE INFORMATION

INDEPENDENT VALUER FOR TOGA HOTELS	:	KPMG Corporate Finance Pte. Ltd. 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
INDEPENDENT VALUER FOR RHI	:	Deloitte & Touche Financial Advisory Services Pte Ltd 6 Shenton Way #32-00 Tower Two Singapore 068809

In this Circular, the following definitions apply throughout unless otherwise stated:

"**30.0% Deemed Disposal**"	:	The deemed disposal by FEOrchard of an effective 30.0% interest in the FEOrchard Assets to STC
"**70.0% Acquisition**"	:	The acquisition by the Company of a 70.0% interest (through holding and retaining 70.0% of the aggregate shareholding of Hospitality HoldCo) in the STC Assets
"**A$**"	:	The lawful currency for the time being of Australia
"**associate**"	:	(a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
"**Audit Committee**"	:	The audit committee of the Company currently comprising the Independent Directors, being Mr Cheng Hong Kok, Mr Heng Chiang Meng and Mdm Ee Choo Lin Diana
"**Board**"	:	The board of directors of FEOrchard
"**CBD**"	:	Central Business District
"**CDP**"	:	The Central Depository (Pte) Limited
"**CEO**"	:	Group chief executive officer of the Company
"**CFO**"	:	Chief financial officer of the Company
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore
"**controlling shareholder**"	:	Has the meaning ascribed to it in the Listing Manual
"**Defaulting Shareholder**"	:	The defaulting Hospitality HoldCo shareholder and its subsidiaries under certain events of default set out in the JVIA
"**Directors**"	:	The directors of the Company
"**EGM**"	:	The extraordinary general meeting of the Company to be convened on 9 July 2013, notice of which is given on pages N-1 to N-2 of this Circular

"**EPS**"	:	Earnings per Share
"**Events of Default**"	:	Under the JVIA, collectively, the Insolvency Related Events of Default and the Non-Insolvency Related Events of Default
"**Fair Value**"	:	The fair value of the Hospitality HoldCo Shares to be determined in accordance with the terms of the JVIA
"**Far East Organization**"	:	Any company where more than 50 per cent. of its issued share capital is collectively held or owned (directly or indirectly) by any one or more of the following (including their associates): (i) the estate of the late Mr Ng Teng Fong; (ii) Mdm Tan Kim Choo; (iii) the children, grandchildren, and future descendants and issues of the late Mr Ng Teng Fong; or (iv) any trust (discretionary or otherwise) where those listed in paragraphs (i) to (iii) above comprise the majority of the beneficiaries of such trust; and all future incorporated companies that meet the definition of Far East Organization
"**FATA**"	:	The Foreign Acquisitions and Takeovers Act (Cth) of Australia
"**FEHIPL**"	:	Far East Hospitality Investments (Australia) Pte. Ltd.
"**FEOPL**"	:	Far East Organisation Pte Ltd
"**FEOrchard**" or the "**Company**"	:	Far East Orchard Limited
"**FEOrchard Assets**"	:	Collectively, the (i) 25 hotel and serviced residence management agreements, comprising the 18 existing hotel and serviced residence management agreements entered into by Jelco and seven new and pipeline hotel and serviced residence management agreements to be entered into by Jelco; (ii) the Property Management Agreement; and (iii) all other assets related to conducting the hospitality management business associated with the items set out in paragraphs (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)
"**FEOrchard Assets Transfer**"	:	The transfer of the FEOrchard Assets from Jelco to Hospitality OpCo
"**FEOrchard BTA**"	:	The business transfer agreement dated 19 June 2013 entered into between Jelco, Hospitality HoldCo and Hospitality OpCo for the transfer of the FEOrchard Assets from Jelco to Hospitality OpCo
"**FEOrchard Call Option**"	:	The call option under the JVIA which the Non-Defaulting Shareholder has the right to exercise on the occurrence of certain events of default, in the event that the Non-Defaulting Shareholder is a member of the JVIA FEOrchard Group

"**FEOrchard Capital Contribution**"	:	A cash amount of S$21.0 million contributed by FEOrchard into Hospitality HoldCo, being 70.0% of the initial funding for Hospitality HoldCo's working capital
"**FEOrchard Cash Contribution**"	:	A cash amount of S$76.2 million contributed by FEOrchard into Hospitality HoldCo, which will be paid by Hospitality HoldCo to STC in part satisfaction of the consideration for the STC Assets
"**FEOrchard Consideration**"	:	The S$236.2 million to be paid by Hospitality HoldCo to FEOrchard in consideration for the JVIA FEOrchard Assets
"**FEOrchard Group**"	:	The Company and its subsidiaries (excluding any entity whose securities are listed on the SGX-ST or an approved stock exchange and its subsidiaries)
"**Final Completion**"	:	Completion under the FEOrchard BTA and the STC SPAs
"**Financial Adviser**"	:	DBS Bank Ltd.
"**FV Expert**"	:	Under the JVIA, means an accountancy firm of international standing as agreed between the Hospitality HoldCo Shareholders or as appointed by the President of the Singapore Institute of Surveyors and Valuers upon request by any Hospitality HoldCo Shareholder, as the case may be
"**FY**"	:	Financial year ending 31 December
"**FY2012**"	:	Financial year ended 31 December 2012
"**Group**"	:	FEOrchard and its subsidiaries
"**Hospitality HoldCo**"	:	Far East Hospitality Holdings Pte. Ltd.
"**Hospitality HoldCo Shareholder**"	:	Each of FEOrchard and STC and together, the "Hospitality HoldCo Shareholders"
"**Hospitality HoldCo Shares**"	:	The shares in Hospitality HoldCo
"**Hospitality OpCo**"	:	Far East Hospitality Management (S) Pte. Ltd., being the wholly-owned subsidiary of Hospitality HoldCo to which the FEOrchard Assets will be transferred
"**Hospitality PropCo**"	:	Far East Hospitality Properties (Australia) Pte. Ltd., being the wholly-owned subsidiary of Hospitality HoldCo acquiring the Three Hotels
"**Hospitality Related Agreements**"	:	The hospitality management agreements, the technical services agreements and property management agreements for the hotels and serviced residences that are owned by Far East Organization
"**IFA Letter**"	:	The letter dated 24 June 2013 from the IFA to the Audit Committee
"**Independent Directors**"	:	The independent directors of the Company, currently being Mr Cheng Hong Kok, Mr Heng Chiang Meng and Mdm Ee Choo Lin Diana
"**Independent Financial Adviser**" or "**IFA**"	:	The independent financial adviser to the Audit Committee in relation to the Interested Person Transactions, being PrimePartners Corporate Finance Pte. Ltd.

"**Independent Valuer for the FEOrchard Assets**"	:	Deloitte & Touche Financial Advisory Services Pte Ltd
"**Independent Valuer for the Three Hotels**"	:	Colliers International Consultancy and Valuation Pty Limited
"**Independent Valuer for RHI**"	:	Deloitte & Touche Financial Advisory Services Pte Ltd
"**Independent Valuer for TAF Assets**"	:	Jones Lang LaSalle Hotels (NSW) Pty Limited
"**Independent Valuer for Toga Hotels**"	:	KPMG Corporate Finance Pte. Ltd.
"**Initial Subscription Amount**"	:	A$124.0 million, being the initial amount payable by FEHIPL to the Trustee for the Subscription Securities on Subscription Completion under the Toga Subscription Agreement
"**Insolvency Related Event of Default**"	:	Under the JVIA, any of the following: (i) 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; (ii) 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; (iii) 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 (iv) 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
"**Interest Transfer**"	:	The transfer of FEOrchard's entire shareholding interest in FEHIPL to Hospitality HoldCo prior to Subscription Completion for S$1.00, subject to (i) approval being obtained from Shareholders at the EGM for the STC Joint Venture and Toga Joint Venture, (ii) the approval of the Hospitality HoldCo Shareholders for the Interest Transfer and (iii) the receipt by FEOrchard of all necessary regulatory approvals for the Interest Transfer
"**Interested Persons**"	:	In the context of the proposed adoption of a Shareholders' Mandate for Interested Person Transactions, means Far East Organization

"**interested person**"	:	In the context of the Listing Manual, means: (i) a director, chief executive officer or controlling shareholder of a listed company; or (ii) an associate of such director, chief executive officer or controlling shareholder
"**Interested Person Transactions**"	:	In the context of the proposed adoption of a Shareholders' Mandate for Interested Person Transactions, means the Hospitality Related Agreements and the Support Services Transactions
"**Investment Committee**"	:	The investment committee of the Trustee Board
"**IPT Mandate**"	:	The new general mandate from Shareholders approving the Interested Person Transactions
"**Jelco**"	:	Jelco Properties Pte Ltd, a wholly-owned subsidiary of FEOrchard
"**Joint Ventures**"	:	The joint ventures between (i) FEOrchard and STC under the JVIA and (ii) FEOrchard and Toga Pty Ltd under the Toga JVA
"**Joint Venture Consolidated Entities**"	:	The five operating entities which together constitute Toga Hotels, being (i) Value Lodging Pty Ltd, (ii) Vibe Hotel Services Pty Ltd, (iii) Medina Property Services Pty Ltd (and its wholly-owned subsidiary, Toga Hospitality NZ Limited), (iv) Adina Denmark ApS and (v) Adina Germany GmbH & Co. KG
"**Joint Venture Entities**"	:	Trust SPV, the Trustee, Toga Management, Property Trust, Toga Hotel Property Holdings Pty Limited and their respective affiliates from time to time
"**JVIA**"	:	The conditional joint venture implementation agreement entered into between FEOrchard, STC and Hospitality HoldCo
"**JVIA Conditions Precedent**"	:	The conditions precedent under the terms of the JVIA
"**JVIA FEOrchard Assets**"	:	Collectively, the FEOrchard Assets and the FEOrchard Cash Contribution
"**JVIA FEOrchard Group**"	:	FEOrchard and its subsidiaries, excluding any entity whose securities are listed on a stock exchange and its subsidiaries
"**Latest Practicable Date**"	:	The latest practicable date prior to the printing of this Circular, being 18 June 2013
"**Listing Manual**"	:	The Listing Manual of the SGX-ST
"**Non-Defaulting Shareholder**"	:	The non-defaulting Hospitality HoldCo shareholder under certain events of default set out in the JVIA
"**Non-Insolvency Related Event of Default**"	:	Under the JVIA, any of the following: (i) the Defaulting Shareholder disposes, or proposes to dispose, of any Hospitality HoldCo Shares in breach of the JVIA;

(ii) 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 Hospitality HoldCo Shareholder; or

(iii) a change in Control occurs in respect of the Defaulting Shareholder.

For this purpose, "Control" means, in respect of a party, holding directly or indirectly:

(a) shares in that party conferring more than 50.0% of the voting or economic interests in that party;

(b) the power to control the appointment or dismissal of the majority of that party's directors; or

(c) the capacity to control the financial and operating policies or management of that party; and

in respect of an asset, holding directly or indirectly:

(d) more than 50.0% of the interest in such asset;

(e) having Control of the entity which owns such asset, or if there is more than one entity which own such asset, having the power to control the decision making process in relation to such asset; or

(f) the capacity to control the financial and operating policies or management of such asset

"**Ordinary Resolution**" : A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Shareholders convened in accordance with the Company's memorandum and articles of association

"**Property Management Agreement**" : The property management agreement entered into by DBS Trustee Limited (as trustee of Far East Hospitality Real Estate Investment Trust), FEO Hospitality Asset Management Pte. Ltd. (as manager of Far East Hospitality Real Estate Investment Trust) and Jelco

"**Property Sub Trust**" : Toga Hotel Property Investments Unit Trust, a sub-trust of Trust SPV, and wholly-owned by Property Trust

"**Property Trust**" : Toga Hotel Property Holdings Unit Trust and wholly-owned by Trust SPV

"**Review Committee**" : The review committee of the Company comprising the executive directors, the CFO and the CEO

"**RHI**" : Rendezvous Hotels International Private Limited

"**RHP Vendor**" : Sword Properties Pty Ltd (as trustee for Sword Unit Trust), being the vendor of Rendezvous Hotel Perth

"**RSHP and RGHM Vendor**"	:	Rendezvous Hotels Management Pty Ltd, being the vendor of Rendezvous Studio Hotel Perth Central and Rendezvous Grand Hotel Melbourne
"**Rule 1006**"	:	Rule 1006 of the Listing Manual
"**Securities**"	:	Securities in Trust SPV
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	The shareholders of FEOrchard
"**Shareholding Proportion**"	:	The 70.0% and 30.0% shareholding of the total issued share capital in Hospitality HoldCo by FEOrchard and STC respectively
"**Shares**"	:	Ordinary shares in the share capital of the Company
"**SPL**"	:	Sword Private Limited
"**STB**"	:	Singapore Tourism Board
"**STC**"	:	The Straits Trading Company Limited
"**STC Assets**"	:	Collectively, (i) the Three Hotels and (ii) 100.0% of the issued share capital of RHI
"**STC Assets Acquisition**"	:	The acquisition of the STC Assets by Hospitality HoldCo from STC and by Hospitality PropCo from RHP Vendor and RSHP and RGHM Vendor
"**STC Capital Contribution**"	:	A cash amount of S$9.0 million contributed by STC into Hospitality HoldCo, being 30.0% of the initial funding for Hospitality HoldCo's working capital
"**STC Consideration**"	:	The S$177.4 million to be paid by Hospitality HoldCo to STC in consideration for the STC Assets
"**STC Group**"	:	STC and its subsidiaries, excluding any entity whose securities are listed on a stock exchange and its subsidiaries
"**STC Hotels SPA**"	:	The sale and purchase agreement between Hospitality HoldCo, SPL, RSHP and RGHM Vendor, RHP Vendor and Hospitality PropCo for the acquisition by Hospitality PropCo of the Three Hotels
"**STC Joint Venture**"	:	The joint venture between FEOrchard and STC under the JVIA
"**STC Put Option**"	:	The put option under the JVIA which the Non-Defaulting Shareholder has a right to exercise on the occurrence of certain events of default, in the event that the Non-Defaulting Shareholder is a member of the STC Group
"**STC RHI SPA**"	:	The sale and purchase agreement dated 19 June 2013 between Hospitality HoldCo and STC for the acquisition of 100.0% of the issued share capital of RHI
"**STC SPAs**"	:	Collectively, the STC Hotels SPA and the STC RHI SPA

"**Subscription Completion**"	:	Completion of the Toga Subscription in accordance with the Toga Subscription Agreement
"**Subscription Price**"	:	A$225.0 million, being the aggregate consideration payable by FEHIPL for the Subscription Securities
"**Subscription Securities**"	:	The 225,000,000 new Securities of Trust SPV to be subscribed for by FEHIPL under the Toga Subscription Agreement, which will on issue, represent 50.0% of the issued Securities
"**Support Services Transactions**"	:	Transactions relating to the receipt of accounting and management advisory, finance and treasury, tax, internal audit, human resource, corporate affairs, information technology and computer-related services, engineering, housekeeping, marketing communications, project management, property development, sales and marketing, arrears management and lease administration services in the normal course of business of the FEOrchard Group
"**TAF Assets**"	:	The five real estate assets held by Toga Accommodation Fund, being (i) Adina Apartment Hotel Sydney (formerly known as Medina Grand Harbourside), (ii) Adina Apartment Hotel Adelaide Treasury (formerly known as Medina Grand Adelaide Treasury), (iii) Adina Apartment Hotel Brisbane (formerly known as Medina Executive Brisbane), (iv) Vibe Hotel Sydney and (v) Travelodge Mirambeena Resort Darwin
"**TAF Option Agreement**"	:	The option agreement entered into between Property Sub Trust and Toga Accommodation Fund pursuant to which Property Sub Trust has an option to purchase the TAF Assets
"**Three Hotels**"	:	Rendezvous Studio Hotel Perth Central, Rendezvous Grand Hotel Melbourne and Rendezvous Hotel Perth 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 the hotels)
"**Toga**"	:	Toga Pty Ltd
"**Toga Accommodation Fund**"	:	Collectively, Toga Accommodation Fund Trust 1 (ARSN 116 870 967), Toga Accommodation Fund Trust 2 (ARSN 116 871 053), Toga Accommodation Fund Trust 3 (ARSN 116 871 160) and Tourism and Leisure Trust (ARSN 078 307 712)
"**Toga Group**"	:	The Toga group of companies
"**Toga Hotels**"	:	The hotel management arm of the Toga Group, comprising the Joint Venture Consolidated Entities
"**Toga Investments**"	:	Toga Hospitality Investments Pty Limited.
"**Toga Joint Venture**"	:	The joint venture between FEOrchard and Toga Pty Ltd under the Toga JVA
"**Toga JVA**"	:	The joint venture agreement to be entered into between FEHIPL, Toga Investments, Toga Management and the Trustee
"**Toga Management**"	:	Toga Hotel Management Holdings Pty Limited

"**Toga Subscription**"	:	The proposed subscription by FEHIPL for the Subscription Securities, pursuant to the Toga Subscription Agreement
"**Toga Subscription Agreement**"	:	The subscription and redemption agreement dated 18 April 2013 between FEOrchard, FEHIPL, Toga, Toga Investments, Toga Management and the Trustee (in its capacity as trustee of Trust SPV), pursuant to which FEHIPL will subscribe for the Subscription Securities
"**Toga Transaction Documents**"	:	The constitution of Trust SPV, the Toga JVA and the Toga Subscription Agreement
"**Transactions**"	:	The Proposed Joint Venture with The Straits Trading Company Limited, the Proposed Joint Venture with Toga Pty Ltd and the Proposed Adoption of a Shareholders' Mandate for Interested Person Transactions
"**Trust SPV**"	:	Toga Hotel Holdings Unit Trust
"**Trust SPV Assets**"	:	The assets to be initially owned by Trust SPV, comprising (i) Toga Hotels and (ii) the TAF Assets
"**Trustee**"	:	Toga Hotel Holdings Pty Limited (in its capacity as trustee of Trust SPV), being the issuer of the Subscription Securities
"**Trustee Board**"	:	The board of the Trustee
"**S$**", "**$**" and "**cents**"	:	The lawful currency for the time being of the Republic of Singapore

The terms "**Depositor**" and "**Depository Agent**" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**").

The terms "**subsidiary**" and "**substantial shareholder**" shall have the meanings ascribed to them in Sections 5 and 81 of the Companies Act respectively.

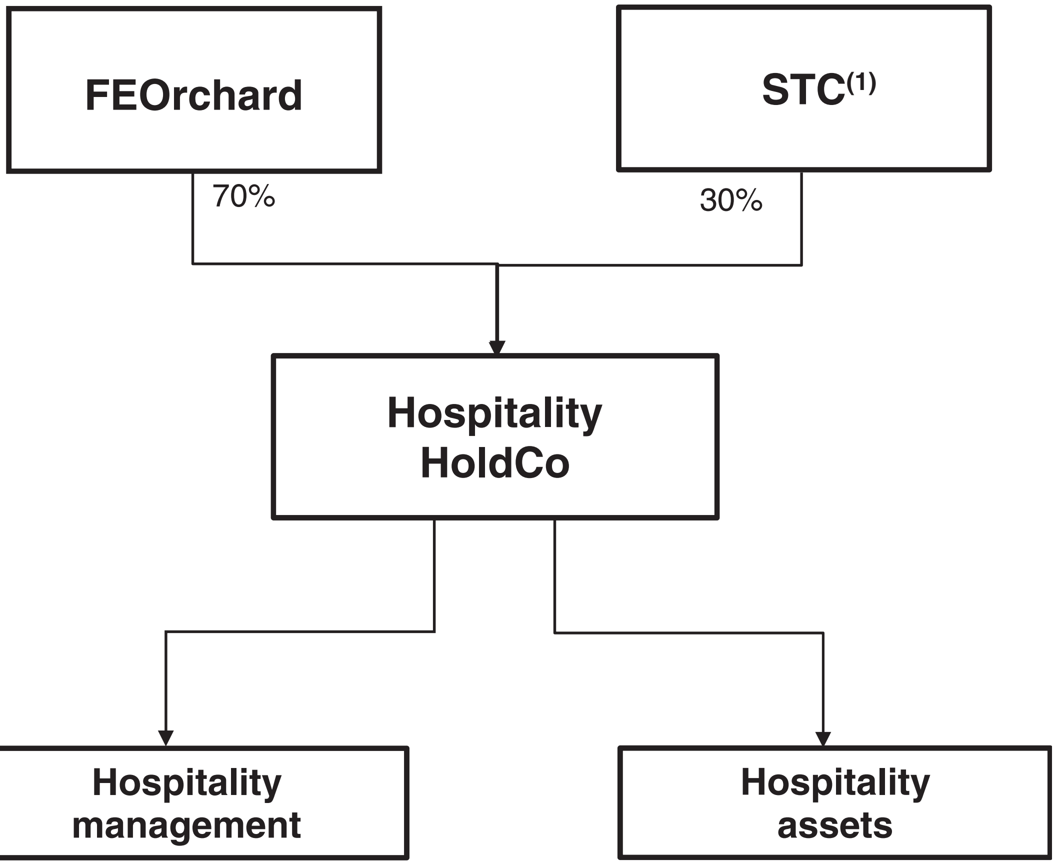
Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those words such as "seek", "expect", "anticipate", "estimate", "believe", "intent", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions, or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements.

Proposed Structure of the STC Joint Venture



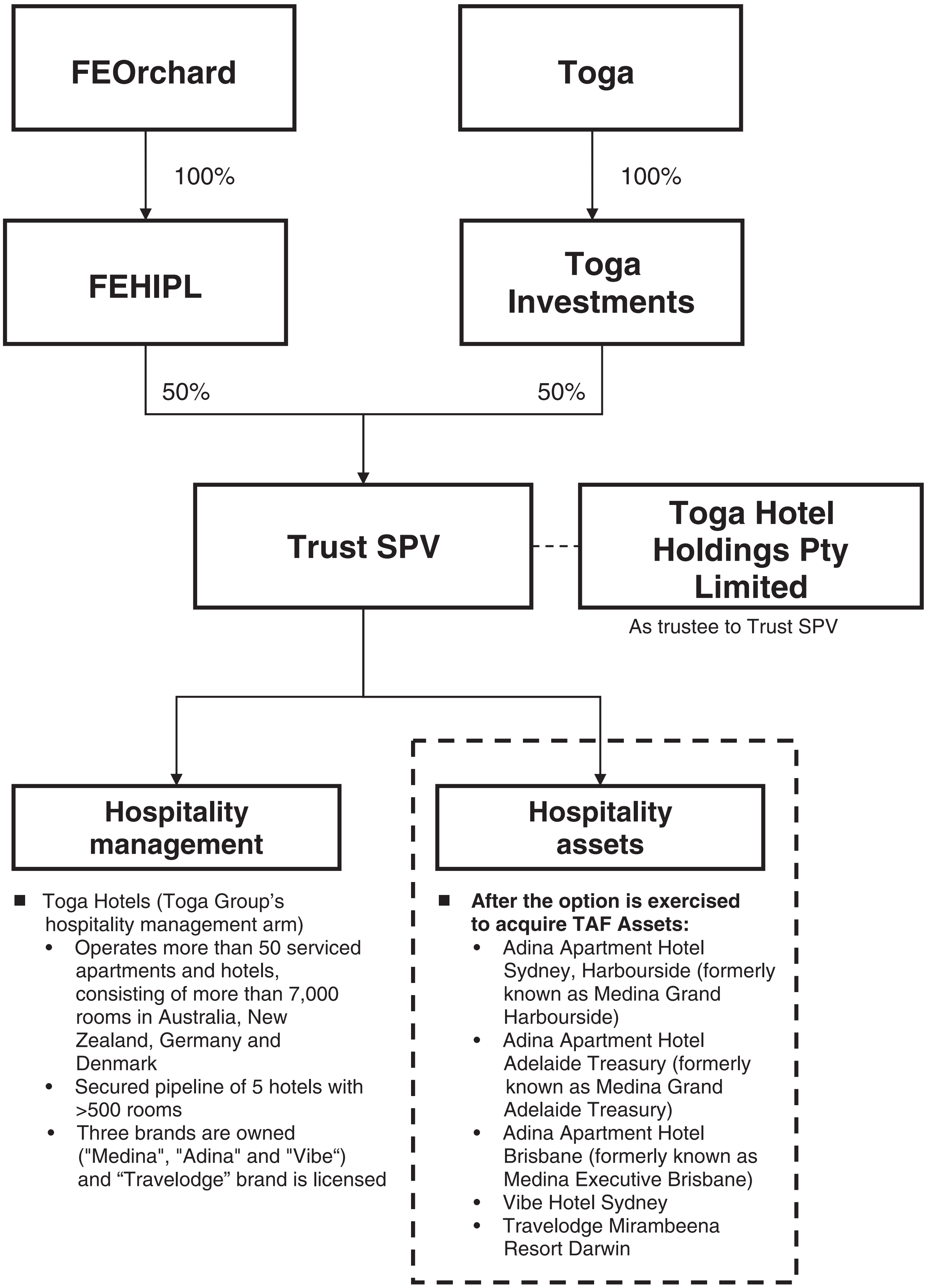
- FEOrchard's 25 hotel and serviced residence management agreements, consisting of:
  - 18 existing hotel and serviced residences management agreements
  - 7 pipeline hotel and serviced residences management agreements
- FEOrchard Property Management Agreement
- RHI, STC's wholly-owned subsidiary, which operates 13 hotels through lease and/or management agreements

- STC's Three Hotels:
  - Rendezvous Hotel Perth (To be rebranded as Rendezvous Grand Hotel Perth)
  - Rendezvous Studio Hotel Perth Central
  - Rendezvous Grand Hotel Melbourne

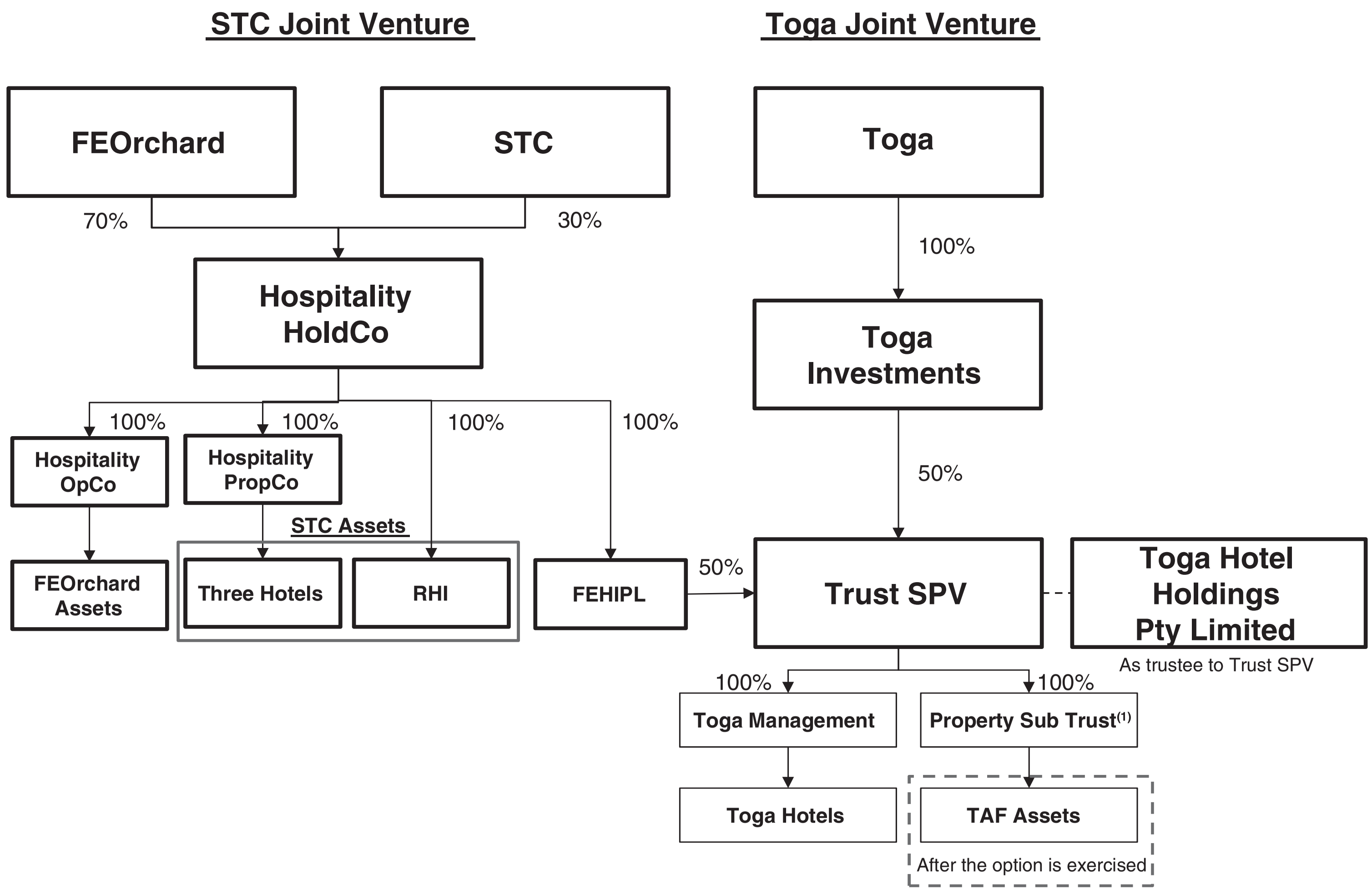
STC Assets

(1) Through its wholly-owned subsidiary, SPL

Proposed Structure of the Toga Joint Venture



Proposed Structure of the Joint Ventures assuming that the Interest Transfer has taken place



(1) Wholly-owned by Property Trust, which in turn is 100% owned by Trust SPV

APPENDIX B
FEORCHARD'S BUSINESSES BEFORE AND AFTER THE JOINT VENTURES

Illustration of FEOrchard's Businesses before the Joint Ventures

The existing businesses of Group before the Joint Ventures are set out in the diagram below.

Property

Property Development
- euHabitat
- SBF Center
- 7 & 11 Bassein Road
- Land Parcel at Fernvale Close[2]

Property Investment
- Office units in Tanglin Shopping Centre
- Medical suites in Novena Medical Center
- Medical suites in Novena Specialist Center

Hospitality

Hospitality Assets
- Orchard Parade Hotel[1]
- Village Hotel Albert Court [1]
- Village Residence Clarke Quay[1]
- Plaza Atrium, Kuala Lumpur, Malaysia

Hospitality Management Business

Hotels
- Village Hotel Albert Court
- Village Hotel Changi
- Village Hotel Bugis
- Village Hotel Katong
- Oasia Hotel Singapore
- Orchard Parade Hotel
- The Elizabeth Hotel
- The Quincy Hotel
- Amoy Hotel (New)
- Outpost Hotel (New)
- Oasia Downtown Hotel (New)
- Quincy Bali (New)

Serviced Residences
- Village Residence Clarke Quay
- Village Residence Hougang
- Village Residence Robertson Quay
- Village Residence West Coast
- Regency House
- Far East Plaza Residences
- Leonie View Residences
- Orchard Park Suites
- Orchard Scotts Residences
- Sri Tiara Residences
- Oasia Residences Kuala Lumpur (New)
- Oasia West Residences (New)
- Quincy Bintan (New)

Investment

- 33.0% stake in FEO Asset Management Pte Ltd
- 3.0% stake in FEO Hospitality Trust Management Pte Ltd

1. Leasehold interests (50-year for Orchard Parade Hotel, 75-year for Village Hotel Albert Court and 80-year for Village Residence Clarke Quay) sold to Far East Hospitality Trust and leased back to the Group for an initial period of 20 years and an extendable term of another 20 years at the option of the Group. The Group has reversionary interests of the properties at the expiry of the 50-year, 75-year and 80-year leases.

2. Land Parcel at Fernvale Close awarded by Housing & Development Board on 14 June 2013 to a tripartite joint venture comprising Frasers Centrepoint, FEOrchard and Sekisui House.

APPENDIX B
FEORCHARD'S BUSINESSES BEFORE AND AFTER THE JOINT VENTURES

Illustration of FEOrchard's Businesses after the Joint Ventures

The businesses of FEOrchard Group immediately after the STC Joint Venture and the Toga Joint Venture are set out in the diagram below.

Property

Property Development
- euHabitat
- SBF Center
- 7 & 11 Bassein Road
- Land Parcel at Fernvale Close[3]

Property Investment
- Office units in Tanglin Shopping Centre
- Medical suites in Novena Medical Center
- Medical suites in Novena Specialist Center

Hospitality

Hospitality Assets
- Orchard Parade Hotel[1]
- Village Hotel Albert Court [1]
- Village Residence Clarke Quay[1]
- Plaza Atrium, Kuala Lumpur, Malaysia

70/30 STC JOINT VENTURE

FEOrchard Assets

Hotels
- Village Hotel Albert Court
- Village Hotel Changi
- Village Hotel Bugis
- Village Hotel Katong
- Oasia Hotel Singapore
- Orchard Parade Hotel
- The Elizabeth Hotel
- The Quincy Hotel
- Amoy Hotel (New)
- Outpost Hotel (New)
- Oasia Downtown Hotel (New)
- Quincy Bali (New)

Serviced Residences
- Village Residence Clarke Quay
- Village Residence Hougang
- Village Residence Robertson Quay
- Village Residence West Coast
- Regency House
- Far East Plaza Residences
- Leonie View Residences
- Orchard Park Suites
- Orchard Scotts Residences
- Sri Tiara Residences
- Oasia Residences Kuala Lumpur (New)
- Oasia West Residences (New)
- Quincy Bintan (New)

STC Assets

Hospitality Assets - Three Hotels
- Rendezvous Hotel Perth
- Rendezvous Studio Hotel Perth Central
- Rendezvous Grand Hotel Melbourne

Hospitality Management - RHI
- RHI, STC's wholly owned subsidiary, which operates 13 hotels through lease and/or management agree

35.0% stake in FEOrchard – Toga Trust SPV Assets[2]

Hospitality Management
- Toga Hotels

Hospitality Assets – TAF Assets (after the option is exercised)
- Adina Apartment Hotel Sydney
- Adina Apartment Hotel Adelaide Treasury
- Adina Apartment Hotel Brisbane
- Vibe Hotel Sydney
- Travelodge Mirambeena Resort Darwin

Investment

- 33.0% stake in FEO Asset Management Pte Ltd
- 3.0% stake in FEO Hospitality Trust Management Pte Ltd

1. Leasehold interests (50-year for Orchard Parade Hotel, 75-year for Village Hotel Albert Court and 80-year for Village Residence Clarke Quay) sold to Far East Hospitality Trust and leased back to the Group for an initial period of 20 years and an extendable term of another 20 years at the option of the Group. The Group has reversionary interests of the properties at the expiry of the 50-year, 75-year and 80-year leases.
2. Assuming that the Interest Transfer has taken place.
3. See footnote (2) on page B-1.

APPENDIX C
INFORMATION ON THE STC ASSETS

1. RENDEZVOUS STUDIO HOTEL PERTH CENTRAL

1.1 *Description*

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 ("**CBD**"), 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 convenient amenities and services such as a business centre, 24-hour reception, restaurant and bar, secure parking, and gymnasium.

1.2 *Selected Information*

Address / Location	24 Mount St. Perth WA 6000
Tenure	Freehold strata title interest
Description	Hotel
Approximate site area (sq m)	1,973
Number of rooms	103

2. RENDEZVOUS GRAND HOTEL MELBOURNE

2.1 *Description*

Rendezvous Grand Hotel Melbourne is one of Australia's finest historic hotels. Built in 1913, it has 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 nine floors with 340 rooms and suites. The hotel is located in the heart of the CBD on Flinders Street overlooking the Yarra River, within walking distance of many of Melbourne's top attractions making it 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.

2.2 *Selected Information*

Address / Location	328 Flinders St. Melbourne VIC 3000
Tenure	Freehold interest
Description	Hotel
Approximate site area (sq m)	1,999
Number of rooms	340

3. RENDEZVOUS HOTEL PERTH (TO BE REBRANDED AS RENDEZVOUS GRAND HOTEL PERTH)

3.1 *Description*

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 in the second half of 2013. Upon completion, the hotel will be rebranded as Rendezvous Grand Hotel Perth and will boast a new café, 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.

3.2 ***Selected Information***

Address / Location	The Esplanade Scarborough WA 6019
Tenure	Freehold interest
Description	Hotel
Approximate site area (sq m)	11,467
Number of rooms	336

4. RENDEZVOUS HOTELS INTERNATIONAL PRIVATE LIMITED

4.1 ***Description of Rendezvous Hotels International Private Limit*****ed**

Rendezvous Hotels International Private Limited is a wholly-owned subsidiary of STC. RHI operates a network of 13 hotels strategically located in key destinations across the 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 manage 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.

APPENDIX D
INFORMATION ON THE FEORCHARD ASSETS

1. 25 HOTEL AND SERVICED RESIDENCE MANAGEMENT AGREEMENTS

The 25 hotel and serviced residence management agreements to be transferred to Hospitality OpCo by Jelco comprise 18 existing hotel and serviced residence management agreements entered into by Jelco and 7 new and pipeline hotel and serviced residence management agreements to be entered into by Jelco.

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) Village Hotel Albert Court;

(b) Village Hotel Changi;

(c) Village Hotel Bugis;

(d) Village Hotel Katong;

(e) Oasia Hotel Singapore;

(f) Orchard Parade Hotel;

(g) The Elizabeth Hotel;

(h) The Quincy 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) Village Residence Clarke Quay;

(b) Village Residence Hougang;

(c) Village Residence Robertson Quay;

(d) Village Residence West Coast;

(e) Regency House;

(f) Far East Plaza Residences;

(g) Leonie View Residences;

(h) Orchard Park Suites;

(i) Orchard Scotts Residences;

(j) Sri Tiara Residences;

(k) Oasia Residences Kuala Lumpur (New);

(l) Oasia West Residences (New); and

(m) Quincy Bintan (New).

2. PROPERTY MANAGEMENT AGREEMENT

The property management agreement to be transferred to Hospitality OpCo 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), FEO Hospitality Asset Management Pte. Ltd. (as the manager of Far East Hospitality Real Estate Investment Trust) and Jelco.

APPENDIX E
INFORMATION ON THE TRUST SPV ASSETS

1. TOGA HOTELS

Description of Toga Hotels

Toga Hotels is one of the leading accommodation providers in Australia. Toga Hotels opened the first Medina Serviced Apartment in Sydney in 1982. It currently operates more than 50 serviced apartments and hotels, consisting of more than 7,000 apartments and hotel rooms across Australia, New Zealand, Germany and Denmark, and employs over 1,500 staff across these countries. The hotels and apartment hotels are operated by Toga Hotels under various wholly-owned and licenced brands, being the wholly-owned "Medina Serviced Apartments", "Adina Apartment Hotels", "Vibe Hotels" brands and the licensed "Travelodge Hotels" brands.

Toga Hotels comprises of the Joint Venture Consolidated Entities, being:

(a) Value Lodging Pty Ltd;

(b) Vibe Hotel Services Pty Ltd;

(c) Medina Property Services Pty Ltd and its wholly-owned subsidiary, Toga Hospitality NZ Limited;

(d) Adina Denmark ApS; and

(e) Adina Germany GmbH & Co. KG.

2. THE TAF ASSETS

(i) Adina Apartment Hotel Sydney, Harbourside (formerly known as Medina Grand Harbourside

Description

Adina Apartment Hotel Sydney, Harbourside is a 4.5 star rated apartment hotel well situated within the western corridor of the Sydney CBD. The hotel offers guests panoramic views of Sydney city and Darling Harbour from its 113 studio and one bedroom self-contained apartments. The complex is located adjacent to the Sydney Aquarium and within close proximity to Darling Harbour, Town Hall, King Street and Cockle Bay Wharves, Queen Victoria Building and the financial and retail entertainment precincts of the Sydney CBD. It has many convenient amenities and facilities such as retail shops, a restaurant, conference facilities, swimming pool and gymnasium.

Selected Information

Address / Location	55 Shelley Street King Street Wharf Sydney NSW 2000
Tenure	Stratum leasehold tenure of 99 years expiring 13 August 2099
Description	Apartment Hotel
Approximate site area (sq m)	3,058
Number of rooms	113

(ii) Adina Apartment Hotel Adelaide Treasury (formerly known as Medina Grand Adelaide Treasury)

Description

Adina Apartment Hotel Adelaide Treasury is a 4.5 star apartment hotel comprising a total of 79 serviced apartments, five function areas, restaurant and bar, pool spa and sauna, gymnasium and central courtyard. The property is contained within the historic Adelaide Treasury building, which was extensively renovated and converted to a modern serviced apartment complex in 2002. Adina Apartment Hotel Adelaide Treasury occupies a prime position within the heart of the Adelaide CBD, situated on the north-eastern corner of Flinders and King Williams Streets overlooking Victoria Square. Adelaide's retail precinct of Rundle Mall, the Adelaide Sky City Casino, Parliament Houses, Government House and the Adelaide Convention Centre and Exhibition Hall are all within close proximity.

Selected Information

Address / Location	2 Flinders Street Adelaide SA 5000
Tenure	Leasehold tenure of 99 years expiring 26 April 2100
Description	Apartment Hotel
Approximate site area (sq m)	4,154
Number of rooms	79

(iii) Adina Apartment Hotel Brisbane (formerly known as Medina Executive Brisbane)

Description

Adina Apartment Hotel Brisbane is a 4.5 star apartment hotel comprising 159 rooms, a restaurant, lounge/bar, meeting rooms, swimming pool, tennis court and gymnasium. The one and two bedroom apartments all have a lounge, kitchen, separate bedrooms and laundry facilities. The complex is prominently situated on the northern fringe of the Brisbane CBD overlooking the Brisbane River, Kangaroo Point and inner city. Situated alongside the northern end of the iconic Story Bridge, the property is a short walk from Brisbane's central office precinct and riverfront restaurants.

Selected Information

Address / Location	15 Ivory Lane Brisbane QLD 4000
Tenure	Freehold with sub-lease to Merdina Property Services Pty Limited until 30 January 2022 with rolling 10 year options exercisable by the operator thereafter
Description	Apartment Hotel
Approximate site area (sq m)	2,693
Number of rooms	159

(iv) Vibe Hotel Sydney

Description

Vibe Hotel Sydney is a 4.0 star full service hotel situated in the southern precinct of Sydney's CBD at the corner of Elizabeth Street and Goulburn Street. The property is well positioned in close proximity to Sydney's major retail precinct, and has convenient access to public transport with Sydney Central Railway Station and Railway Square located approximately 550 meters to the south of the property, providing bus, rail and light rail transport services. Its facilities include a restaurant, café and bar, gymnasium, rooftop swimming pool and five function rooms.

Selected Information

Address / Location	111 Goulburn Street Sydney NSW 2000
Tenure	Freehold interest held by Trust Company of Australia Limited, sub-lease to Trust Company Limited expiring in 19 December 2020 with 10 year option thereafter, sub-lease to Medina Property Services Pty Limited expiring in 18 December 2020 with rolling 10 year options exercisable by the sub-lessee thereafter
Description	Hotel
Approximate site area (sq m)	1,164
Number of rooms	191

(v) Travelodge Mirambeena Resort Darwin

Description

Travelodge Mirambeena Resort Darwin is situated on 1.31 hectares of land in the Darwin city centre. It is a modern full service 4.0 star hotel located in the Darwin CBD, well serviced by the nearby retail and restaurant precinct. The hotel offers 192 hotel rooms and 32 self-contained townhouses, pool, spa and gymasium facilities, conference rooms and a café and bar. Darwin is the major commercial centre servicing the Northern Territory and is a hub to a wide range of Australia's booming industries including mining, offshore oil and gas production, pastoral, tourism and tropical horticulture.

Selected Information

Address / Location	64 Cavenagh Street Darwin NT 0800
Tenure	Freehold interest held by Trust Company Limited and operated by Medina Property Services Pty Limited under a 15 year sub-lease expiring on 7 November 2021 with rolling 10 year options exercisable by the sub-lessee thereafter
Description	Hotel
Approximate site area (sq m)	13,100
Number of rooms	224

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
20 Cecil Street
#21-02 Equity Plaza
Singapore 049705

24 June 2013

To: The audit committee of Far East Orchard Limited (the "**Audit Committee**")

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE TO THE AUDIT COMMITTEE IN RESPECT OF THE PROPOSED ADOPTION OF A SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

Far East Orchard Limited (the "**Company**", and together with its subsidiaries, the "**FEOrchard Group**") engages in a diversified range of activities with interests in property development, hospitality real estate development and management, and healthcare real estate.

It is envisaged that in the Company's ordinary course of business, transactions between Far East Organization (as defined herein) and the FEOrchard Group are likely to occur from time to time. Such transactions would include, but are not limited to, the provisions of services in the ordinary course of business of the FEOrchard Group to Far East Organization or the obtaining of goods and services from them for day-to-day operational needs.

As Far East Organisation Pte Ltd, a member of Far East Organization, is a controlling shareholder with 59.01% direct interest in the Company, Far East Organization is considered an Interested Person for the purposes of Chapter 9 of the Listing Manual. As such, the Company is seeking the approval from shareholders of the Company ("**Shareholders**") for the adoption of a new general mandate so as to enable the Company, subsidiaries of the Company (excluding subsidiaries listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") or an approved exchange and its subsidiaries) or associated companies of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange and its subsidiaries) over which the Company or the FEOrchard Group and its interested persons has or have control, to enter into such recurrent transactions with the Interested Persons which are necessary for the day-to-day operations of the FEOrchard Group, provided that such Interested Persons Transactions (as defined herein) are made on normal commercial terms (the "**IPT Mandate**"). Shareholders should note that this is a new mandate and the Company does not have any pre-existing general mandate for recurring interested person transactions.

PrimePartners Corporate Finance Pte. Ltd. (**"PPCF"**) has, in accordance with Chapter 9 of the Listing Manual, been appointed as the independent financial adviser (**"IFA"**) to advise the Audit Committee, which also comprises all the independent directors of the Company (the "**Independent Directors**") as at the date of the Circular, in respect of the IPT Mandate by providing an opinion on whether the review procedures for determining the transaction prices of the Interested Person Transactions pursuant to the IPT Mandate are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

This letter has been prepared to be incorporated as Appendix F of the circular dated 24 June 2013 ("**Circular**") to the Shareholders which provides, *inter alia*, details of the IPT Mandate and the opinion of the Audit Committee thereon. Unless otherwise defined herein, all terms in the Circular shall have the same meaning in this letter.

2. TERMS OF REFERENCE

We were neither a party to the negotiations entered into by the Company in relation to the transactions contemplated under the IPT Mandate nor were we involved in the deliberations leading up to the decision of the directors of the Company to seek approval for the IPT Mandate. We do not, by this letter, warrant the merits of the IPT Mandate other than to form an opinion, for the purposes of Chapter 9 of the Listing Manual, on whether the review procedures set up by the Company to determine prices of transactions pursuant to the IPT Mandate are adequate to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. We have not conducted a comprehensive review of the business, operations or financial condition of the Company or the FEOrchard Group.

For the purpose of arriving at our opinion in respect of the IPT Mandate, we have, as the IFA advising the Audit Committee, taken into account the current review procedures set up by the Company for determining transaction prices for the transactions but have not evaluated and have not been requested to comment on the strategic or commercial merits or risks of the IPT Mandate or the prospects or earnings potential of the Company or the FEOrchard Group, and such evaluation shall remain the sole responsibility of the Directors.

We were also not required or authorised to obtain, and we have not obtained, any quotation or transacted prices from third parties for products or services similar to those which are to be covered by the IPT Mandate, and therefore are not able to, and will not compare the transactions to similar transactions with third parties.

In the course of our evaluation of the IPT Mandate, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company. We have also relied on information provided and representations made by the Directors and the Company's management. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made reasonable enquiries and exercised our judgment on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information.

We have relied upon the Company's representations that, after making all reasonable inquiries and to the best of the Company's knowledge, information and belief, all material information in connection with the IPT Mandate and the Company has been disclosed to us, that such information is true, complete and accurate in all material aspects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company stated in the Circular to be inaccurate, incomplete or misleading in any material aspect. The Directors collectively and individually accept responsibility accordingly.

Our opinion, as set out in this letter, is based upon the market, economic, political, industry, monetary and other applicable conditions subsisting on, and the information made available to us as of the Latest Practicable Date prior to the issue of this letter. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

In arriving at our opinion, we have not had regard to the specific investment objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Audit Committee to recommend that any individual Shareholder who may require specific advice in relation to his or her investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than our letter set out in Appendix F). Accordingly, we take no responsibility for and state no views, express or implied, on the contents of the Circular (other than our letter as set out in Appendix F).

Our opinion in respect of the IPT Mandate as set out in paragraph 10 of this Letter should be considered in the context of the entirety of this letter and the Circular.

3. RATIONALE FOR AND BENEFITS OF THE IPT MANDATE

The full text of the rationale for and benefits of the IPT Mandate can be found in paragraph 7.2 of the Circular and has been reproduced in italics below.

"It is envisaged that in the ordinary course of their businesses, transactions between the FEOrchard Group and the Interested Persons are likely to occur with some degree of frequency and may arise at any time. Thus, the IPT Mandate is intended to facilitate transactions in the normal course of business falling within categories of transactions (as set out in paragraph 6.5 of the Letter to Shareholders) with certain classes of interested persons (as set out in paragraph 6.4 of the Letter to Shareholders) provided that such transactions are made on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

The adoption of the IPT Mandate will enhance the ability of the companies in the FEOrchard Group to pursue business opportunities which are time-sensitive in nature and will eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential Interested Person Transactions arise. This will substantially reduce the expenses associated with the convening of such meetings on an ad hoc basis, considerably improve administrative efficacy, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

Where the Interested Person Transactions relate to provision to and obtaining from Interested Persons of products or services as contemplated in paragraph 6.5 of the Letter to Shareholders, the FEOrchard Group will benefit from having access, where applicable, to competitive quotes from its Interested Persons and from unrelated third parties, and may also derive savings in terms of cost efficiencies and greater economies of scale in its transactions with Interested Persons. The provision of products and services to Interested Persons are also an additional source of revenue for the FEOrchard Group, provided that such products and services are provided on an arm's length basis and on commercial terms. Where Interested Person Transactions relate to treasury transactions, the FEOrchard Group will benefit from the competitive quotes received from its Interested Persons, thus leveraging on the financial strength and credit standing of its Interested Persons."

4. SCOPE OF THE IPT MANDATE

The IPT Mandate will cover the Interested Person Transactions, the further details of which are set out in paragraph 6 below.

The IPT Mandate will not cover any Interested Person Transaction which has a value below S$100,000 as the threshold and aggregation requirements of Chapter 9 of the Listing Manual do not apply to such transactions.

Transactions with interested persons (including the Interested Persons, as defined in paragraph 5 of this Letter) which do not come within the ambit of the IPT Mandate will be subject to applicable provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

5. CLASSES OF INTERESTED PERSONS

The IPT Mandate will apply to the Interested Person Transactions (as described in paragraph 6 of this Letter) which are carried out between any company within the FEOrchard Group and Far East Organization. Far East Organization comprises any company where more than 50 per cent. of its issued share capital is collectively held or owned (directly or indirectly) by any one or more of the following (including their associates):

(a) the estate of the late Mr Ng Teng Fong;

(b) Mdm Tan Kim Choo;

(c) the children, grandchildren, and future descendants and issues of the late Mr Ng Teng Fong; or

(d) any trust (discretionary or otherwise) where those listed in paragraphs (a) to (c) above comprise the majority of the beneficiaries of such trust;

and shall also include all future incorporated companies that meet the definition of Far East Organization (each, an "**Interested Person**").

6. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The types of transactions with Interested Persons (as described in paragraph 5 above) to which the IPT Mandate applies and the benefits to be derived therefrom are set out below:

(a) Support Services Transactions

These transactions relate to the receipt of accounting and management advisory, finance and treasury, tax, internal audit, human resource, corporate affairs, information technology and computer-related services, engineering, housekeeping, marketing communications, project management, property development, sales and marketing, arrears management and lease administration services in the normal course of business of the FEOrchard Group (the "**Support Services Transactions**").

By having access to such services, the FEOrchard Group will derive operational and financial leverage through savings in terms of reduced overheads and greater economies of scale. In addition, the FEOrchard Group will be able to obtain expertise in the areas of investment risk review, governmental relations and business development through its Interested Persons. The ability to tap on such expertise and experience, especially in relation to matters which are highly confidential, commercially sensitive or involve historical data, is particularly important to the FEOrchard Group's ability to respond in a timely manner to take advantage of opportunities as and when they arise.

(b) Hospitality Related Agreements

Transactions in this category comprise the hospitality management agreements, the technical services agreements and property management agreements for the hotels and serviced residences that are owned by Far East Organization (the "**Hospitality Related Agreements**").

Through the transactions, the FEOrchard Group will be able to grow its current businesses and enhance its portfolio of hotel management agreements. The FEOrchard Group will also derive synergies, cost savings and management know-how, which will allow the FEOrchard Group to further its abilities and skills.

(together, the "**Interested Person Transactions**").

These Interested Person Transactions comprise recurrent transactions of a revenue or trading nature or those necessary for the FEOrchard Group's day-to-day operations, but not in respect of the purchase and sale of assets, undertakings or businesses.

7. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

7.1 To ensure that the Interested Person Transactions are undertaken at arm's length, on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, the following procedures will be implemented for the review and approval of Interested Person Transactions under the IPT Mandate:

(a) General

(i) Regardless of value, all Interested Person Transactions (save for any Interested Person Transaction which has a value below S$100,000 which will not be covered by the IPT Mandate) will be reviewed by a committee comprising the executive directors, the chief financial officer ("**CFO**") and group chief executive officer ("**CEO**") of the Company (collectively the "**Review Committee**") and recommended to the Audit Committee for approval.

(ii) All Interested Person Transactions must be consistent with the usual practices and policies of the FEOrchard Group, and will be reviewed on a quarterly basis by the Audit Committee.

(iii) To assist the Audit Committee in its review, the FEOrchard Group will maintain a Register of Interested Person Transactions (including any Interested Person Transaction below the value of S$100,000) in which relevant particulars of all Interested Person Transactions will be recorded. The Register of Interested Person Transactions will be reviewed by the CFO and by the Audit Committee on a quarterly basis.

(iv) The Audit Committee shall review the operation of the review procedures on a periodic basis, with the authority to delegate to individuals within the Company as it deems appropriate.

(v) If any member of the Review Committee has an interest in an Interested Person Transaction to be reviewed or is related to any of the Interested Persons, such member of the Review Committee will abstain from any decision-making in respect of that transaction and the review of that transaction will be undertaken by the remaining members of the Review Committee. If a member of the Audit Committee has an interest in an Interested Person Transaction to be reviewed by the Audit Committee, he will abstain from any decision-making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

(vi) Any member of the Review Committee or the Audit Committee may, as he deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

(vii) If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the established review procedures are inadequate or inappropriate to ensure that the Interested Person Transactions will be on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, or in the event of any amendment to Chapter 9 of the Listing Manual, it will in consultation with the Board, take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct the Company to obtain the approval of Shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons.

(b) Support Services Transactions

(i) The Review Committee shall evaluate quotations that will be obtained from the Interested Person and at least one other unrelated third party in respect of the services or products to be obtained by any company within the FEOrchard Group from the Interested Person and recommend to the Audit Committee for approval.

(ii) The Interested Person Transactions shall not be approved unless such transactions are entered into at rates/prices of the service or product providers which are no less favourable than those extended by the Interested Person to unrelated third parties (including where applicable, preferential rates/prices/discounts accorded to corporate customers or bulk purchases), or on terms similar to the service or product providers' usual commercial terms, or otherwise in accordance with other applicable industry norms.

(iii) In the event that it is not possible to obtain quotations from unrelated third parties (for example, when third party quotations are not available on the market in respect of the same package of services or products which the Interested Person offers to the FEOrchard Group) or to determine whether the terms of the Interested Person Transaction with the Interested Person are more or less favourable than the aggregate terms quoted by unrelated third parties:

(A) The Review Committee will evaluate and weigh the benefits of, and rationale for, transacting with the Interested Person to determine whether the terms offered by the Interested Person are fair and reasonable and recommend to the Audit Committee for approval.

(B) In its evaluation, (i) the Review Committee will include considerations of the efficiencies and flexibilities derived by the FEOrchard Group in transacting with the Interested Person compared with transacting with unrelated third parties and (ii) the Audit Committee will evaluate the recommendation of the Review Committee in respect of the Interested Person Transaction before deciding whether to approve or reject the Interested Person Transaction.

(c) Hospitality Related Agreements

(i) The Review Committee shall evaluate all contracts entered into or transactions with the Interested Persons based on the prevailing market rates or prices of the services, on terms which are no more favourable to the Interested Person than usual commercial terms extended to unrelated third parties for the same or substantially similar services and recommend to the Audit Committee for approval.

(ii) In the event that the prevailing market rates or prices of such services are not available, the Review Committee will consider whether FEOrchard Group's pricing for such services to be provided to the Interested Persons is in accordance with the FEOrchard Group's usual business practices and pricing policies, in line with similar type of contract or transaction with unrelated third parties. The Review Committee will consider, amongst others, the following factors:

(A) scope of services;

(B) payment terms;

(C) contractual compliance;

(D) duration of the contract; and

(E) prevailing industry norms,

and recommend to the Audit Committee for approval.

The Audit Committee will evaluate the recommendation from the Review Committee in respect of the Interested Person Transaction before deciding to approve or reject the Interested Person Transaction.

9. VALIDITY PERIOD OF THE IPT MANDATE

If approval is obtained from Shareholders, the IPT Mandate will take effect from the date of passing of the ordinary resolution at the extraordinary general meeting of the Company ("**EGM**") to be held on 9 July 2013 until the next annual general meeting of the Company ("**AGM**"). Thereafter, it is intended that approval from Shareholders for subsequent renewals of the IPT Mandate will be sought at each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Interested Persons.

10. OPINION

In arriving at our opinion in respect of the IPT Mandate, we have considered, *inter alia*, the review procedures set up by the Company, the role of the Audit Committee in enforcing the review procedures for Interested Person Transactions pursuant to the IPT Mandate and the rationale for and benefits of the IPT Mandate.

Having regard to the considerations set out in this letter and the information available to us as at the Latest Practicable Date, we are of the opinion that the review procedures set up by the Company for determining the transaction prices of the Interested Person Transactions as set out in the Circular are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. Accordingly, we advise the Audit Committee to recommend that the minority Shareholders vote in favour of the IPT Mandate.

This letter is addressed to the Audit Committee for their benefit and for the purposes of their consideration of the IPT Mandate. The recommendation made by the Audit Committee to the Shareholders in relation to the IPT Mandate shall remain the sole responsibility of the Audit Committee.

Whilst a copy of this letter may be reproduced in Appendix F of the Circular and for any matter in relation to the IPT Mandate, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PPCF in each specific case except for the purposes of the EGM to be held on 9 July 2013 and the IPT Mandate. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly,
For and on behalf of
PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

MARK LIEW
MANAGING DIRECTOR,
CORPORATE FINANCE

ANDREW LEO
ASSOCIATE DIRECTOR,
CORPORATE FINANCE

Valuation Report

Rendezvous Grand Hotel
The Esplanade, Scarbourough
Western Australia 6019

Under instructions from
Far East Orchard Limited

31 May 2013 Ref: HTV1064

Property Overview

Brief Description

The Rendezvous Grand Hotel Perth is a 336 room hotel of a 4.5 star AAA standard situated in a 19 storey building with a 15 level guest room tower over basement parking and a 3 level podium. The property is currently undergoing a major refurbishment at an advised cost of approximately $59 million dollars. However the majority of the hotel refurbishment has now been completed with an advised completion date for the outstanding works being the end of May 2013. The outstanding hotel works largely comprise the completion of some new boardrooms being constructed on the mezzanine level above the lobby. In respect of the retail podium this was still undergoing major redevelopment at the time of inspection with an advised hand over date to the new anticipated retail tenants of August 15th 2013.

Front Elevation

Rear Elevation

Refurbished Club Room

The hotel refurbishment to date has included the stripping back of all the guest rooms to a shell condition and completely refurbished including bathrooms (with the exception of 90 Superior Rooms). A new restaurant has been created described as the Straits Café directly off the lobby area with a capacity for approximately 230 persons and a new lobby bar has been created with a capacity for 150 persons. A new Executive Lounge has also been created described as the Plaza Lounge which is located on level 25 and services the top four levels described as the Club Rooms. The hotel's meeting facilities have been rejuvenated which include 16 meeting rooms with 2 ballrooms and can accommodate from 10-680 guests. Leisure facilities include a gymnasium (which has been relocated), lagoon pool and 2 tennis courts. The hotel cash flow also includes joint venture income in the Dome Restaurant located in the Podium on the Plaza Level.

Further facilities accounted for outside the hotel cash flow include the Vanilla Spa, two surf shop retail tenancies, ice cream shop and fish and chip shop, former nightclub and bar area. These areas are located within the podium which is undergoing a major refurbishment and reconfiguration and will comprise approximately 12 tenancies.

The retail component located within the ground floor podium level will be completely reconfigured and refurbished. On completion, this section will incorporate 12 new tenancies, plus existing day spa with tenancy sizes ranging from 51m² to 1,367m² (subject to survey). Overall tenancy mix targeted is weighted towards food and beverage operators.

The property is owned by Sword Properties Pty Ltd and managed by Rendezvous Hotels International Private Limited.

This valuation is of the freehold interest on an 'As If Complete' basis of the hotel tower, hotel food and beverage facilities, hotel meeting facilities and retail component is on the assumption that the current hotel refurbishment is completed to an appropriate 4.5 star AAA standard and the retail component finished to a standard commensurate with its target market

We have also provided an 'As Is' valuation which is the value of the property based on its physical condition as at the valuation date. This essentially takes into account the further work required to complete the refurbishment of the hotel tower and the retail podium.

No. of Rooms:	336	**Owner:**	Sword Properties Pty Limited
Star Rating:	4.5	**Manager:**	Rendezvous Hotels International Private Limited
Year of Construction:	1986	**Operating Group:**	Rendezvous Hotels

Refurbished: At the date of valuation we were advised that $34.58 million has been spent on the hotel tower with an estimated $355.3 thousand to still be spent and $7.6 million spent so far on the Podium with a further $10.7 million still to be spent. It is estimated that $2.56 million has been spent on operating equipment and fixtures, water proofing, repairing work M & D Compliance and Repairing works with a further $3,055,904 further estimated expenditure. Therefore at the date of valuation the estimated further expenditure is $14,214,083 including a $100,000 contingency allowance.

We have also been provided with a copy of a Building Services and Structural Inspection Report carried out by Donnelley Simpson Cleary Consulting Engineers which states that the Electrical, Mechanical, Hydraulic and Fire, Lifts and Structural aspects of the building are generally in good condition given its age and the current significant refurbishment being carried out which includes plant and services. We confirm we have relied upon this information. The report does identify possible costs that should be budgeted for over the next five years and we note these would be covered by the Furniture Fixtures and Equipment allowance deducted over the cash flow forecast

Site area : 1.14 hectares

Instructing Party

Vincent Yik
Far East Orchard Limited
I Tanglin Road
05-01 Orchard Parade Hotel
Singapore 247905

Purpose of Report :	Acquisition Purposes Only
Interest Valued :	Freehold interest as if complete
Basis of Valuation :	Market Value as a Going Concern
Date of Valuation :	31 May 2013
Dates of Inspection :	15th,20th and 21st May 2013.

Management Agreement

Date	1st January 2008
Initial Term	5 years
Options:	5 + 5 years
Fees:	Assumed Base Fee of 2% of Gross Operating Revenue and Incentive Fee at 7% of Gross Operating profit with GOP calculated before the deduction of the Base Management Fee.
Furniture Fittings and Equipment Allowance:	Assumed at 3% of revenue

Performance & Risk Review

Market

- The market for hotel investments continues to be dominated by overseas purchasers who have shown a preference for State Capital locations rather than Regional. Overseas purchasers have included owner operators as well as investors prepared to acquire hotels subject to incumbent operator agreements. Domestic Institutions continue to be primarily sellers in the current market.
- Hotels have performed well over the last three years as demonstrated by the IPD Hotel Index generating combined capital and income growth over the last three year at an annual average of 13%.
- Perth is the fourth busiest airport in Australia and in the year to June 2012 handled approximately 12 million passengers of which 3.5 million were International. The strong growth in passenger movements is demonstrated by the fact that since 1998 international arrival numbers have increased by an average of 6.7% per annum while domestic numbers have increased by 7.6%.
- The ABS has recently changed the statistical groups it reports on which makes comparison to historical data more difficult. However, for the 12 months to December 2012, Perth City Total Star market demonstrated a 1.1% occupancy increase to a historic peak of 85% and average rooms rates (ARR) grew by 9.3% to $199.20. More recent data for the first three months of 2013 produced by the STR (different statistical set to the ABS) showed a fall in occupancy by 5.7% to 82.7% and only modest growth in ARR by 1.4% to $217.74. This suggests the hotel market in Perth has started to soften on the back of the decline in the Resources Market.
- Activity in the retail market has been dominated by the neighbourhood sub class. The appeal of neighbourhood centres from an investment perspective lies in their ability to provide steady rental income through long term leases, underpinned by the large supermarket tenants, predominately Coles and Woolworths. The price point also remains the key driver of investment returns, with generally strong interest in centres sub-$30 million.

Asset

- At the date of inspection the hotel was in the closing stages of a major refurbishment however the retail podium was still undergoing significant construction activity with the disruption having an impact on the ability of the hotel to secure wholesale business which is likely to continue until all construction work has been completed on site. However the hotel clearly presents in a significantly improved state post refurbishment. Furthermore we understand the proposed reconfiguration of the ground floor retail tenancies should provide the opportunity for a significant source of non hotel income to be generated in the future.
- The hotel is prominently located at the beachside suburb of Scarborough which is situated approximately 14 kilometres north west of the Perth CBD.
- The hotel has significant onsite security parking.
- The property has a large range of meeting rooms including two ballrooms.
- The hotel has good leisure facilities including a lagoon pool, two tennis courts and a gymnasium.

Cash Flow

- We have been provided with historic trading information which demonstrates the hotel achieved 55.3% occupancy only in 2009 however this increased to 66.6% in 2010 and 75.1% in 2011. In 2012 this fell to 59% due to a significant number of rooms being closed for refurbishment and for the first three months of 2013 with all rooms available once more occupancy has increased to 76%.
- Average room rates between 2009 and 2011 showed limited growth achieving between $156 and $166 but increased significantly in 2012 to $195.92 due to the refurbishment and growth in the market. For the first three months of 2013 the room rate has been $195.81 which is behind the budget of $213 and is a result of continuing noise and disruption from construction at the site and also a softening in the market from a decline in demand from the Resources Market.
- Food and beverage revenue has ranged between $8.5 and $9.5 million dollars between 2009 and 2011 but has fallen significantly in 2012 to $5.3 million due to the considerable disruption from the refurbishment of the hotel. The operator has projected a revenue of $7.5 million in 2013 which is below historic revenue and significantly behind the budget of $10.5 million with recovery tied into the performance of the

hotel's extensive conference facilities including its two ballrooms.

- The assumed tenancy profile for the proposed retail redevelopment reflects relatively long weighted lease duration of 12.54 years by income and 10.60 years. This staggered profile should assist in reducing income volatility in respect to lease expiry. Further, we note the forward review structures provide an element of transparency with regards to forecasting future secured income streams.
- The Tenancy schedule provided by RHG indicates five tenants currently contributing $30,250 per month in base rent in aggregate. Lease Start Dates range from 1999 to 2007. It is inconclusive if these payments are currently being received and/or if any arrears have been accumulated.

Management

- Rendezvous Hotels have until recently operated under two brands being Rendezvous Hotels and Resorts International which is a business class hotel brand and the Marque collection of hotels which includes a range of hotel styles incorporating both city hotels and resort locations. However the Marque brand has now been consolidated into the Rendezvous Brand with the aim of helping to promote the Rendezvous name.
- Rendezvous Hospitality Group (RHG) operates in ten cities across Asia Pacific with a total of 13 hotels operated under the Rendezvous Grand Hotels, Rendezvous Hotels and Rendezvous Studio Hotels brands and is the hospitality arm of the Straits Trading Company Limited one of Singapore's oldest publicly listed companies.
- We recommend the property management functions of the retail podium to be outsourced to an agency experienced in the management of retail complex of similar scale and tenancy mix to the subject.

Key Assumptions and Comments

In the preparation of this valuation report we have made a variety of key assumptions and important comments. In this regard we advise that this entire report, including appendices, must be read and understood by the nominated parties to whom reliance is extended in order that the various assumptions and comments are understood in the context of the adopted valuation. Should the parties to this report have any concerns or queries regarding the contents or key assumptions made in the preparation of this valuation, those issues should be promptly directed to the nominated Valuer for comment and review. A selection of the Key Assumptions and Important Comments are as follows:-

The 'As If Complete' valuation assumes that the refurbishment and reconfiguration of the property will be completed to an appropriate high quality and using good quality materials with the hotel tower refurbished to a 4.5 star standard and that the podium works carried out to a high quality commensurate with the hotel tower and that the proposed retail reconfiguration will be complimentary to the hotel. Furthermore we have not made any capital deductions for completion of the refurbishment of the hotel. If these assumptions are subsequently proven to be incorrect we reserve the right to review this valuation. It is pointed out that the Land Valuers Licensing Act requires, where a valuation is to be undertaken on a proposed development an 'As Is' valuation is to be included in the valuation report. The 'As Is' scenario needs to include an appropriate capital deduction for the cost of unfinished works such as completing the room refurbishment and retail areas. We have been provided with a summary costing only of the development and despite requesting more detailed information this has not been forthcoming and we have had to rely on this information. The costing provided does include a contingency allowance for both the hotel tower and the podium and identifies a further capital expenditure of $14,214,083 in 2013 to complete the development. We confirm we have relied upon this information and should subsequently prove to be incorrect we reserve the right to review this valuation. Our approach to the 'As Is' value of the property has therefore been to calculate the 'As If Complete' value and from this value deduct the identified 2013 further capital expenditure to complete the proposed refurbishment. Furthermore we did note that remediation was being carried out to rectify concrete cancer in the building at the date of inspection and have assumed that this will have been successfully concluded in our 'As If Complete' Valuation and we have made no capital deduction for this expense. Should this assumption prove subsequently to be incorrect we also reserve the right to review this valuation

(i) All information provided by the Instructing Party and Property Manager is correct and current and there are no other encumbrances or notations except those shown on Title or noted within this valuation report.
(ii) The property is not flood liable or within a landslip designated area.
(iii) Appropriate planning permission has been granted by the relevant statutory authorities in relation to the existing improvements on site.
(iv) All fire and electrical services meet the Building Code of Australia requirements.

(v) There are no GST or arrears liabilities over the subject property unless identified.

Key Assumptions and Comments (Continued)

(vi) Unless specified otherwise within this report, the DCF valuation analysis assumes that all tenancies expire as at the respective lease expiry dates. Accordingly, our DCF valuation analysis does not assume the take up of the respective lease option periods (where applicable), which would generally comprise a variety of unique rental review structures (including but not limited to effective market reviews) and variations to tenancy make good obligations, that may not necessarily be reflective of current market lease terms. Rather, our DCF valuation analysis assumes that post the respective lease expiry dates there will be a period of rental void (downtime), subsequent to which a new lease (speculative lease) will commence on market terms. Despite this assumption, our DCF valuation analysis does adopt a retention probability profile for both the application of downtime and tenant incentives. However, these retention assumptions are on the basis of a new lease to the existing tenant(s) on new market terms only. The basis of adopted retention may have a material impact upon valuation, accordingly, should the parties to which this report is addressed require a different assumption to that outlined above and adopted herein, this request for alternative valuation advice should be promptly initiated and instructed for application by the Valuer.

(vii) Further to the above comments, our valuation analysis herein assumes varying tenancy renewal probability assumptions, which at a future date may or may not prove to be correct. Accordingly, the parties reliant upon this valuation should be fully aware that the impact of a tenant to renew at market terms or depart at lease expiry can have a material impact upon valuation. Accordingly, as tenancy occupation positions become certain, it is our strong recommendation that this valuation should be referred back to the Valuer for review, comment and update.

(viii) In accordance with the Australian Property Institute Valuers Limited (APIV), **this valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.**

Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on valuation.

However, in the context of the above the APIV reiterates that it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.

(ix) Investment return based real estate such as the subject property is a dynamic investment medium to which point in time capital value pricing has the ability to vary widely over time, being highly dependent on the prevailing and future net cash flow certainty and strength in light of the corresponding market conditions. Accordingly, and of paramount importance for first mortgage security purposes, due consideration must be given to the dynamic nature of this style of investment. On the basis of the aforementioned comments, it is our strong recommendation that valuation updates for this property be initiated and formally instructed by the reliant parties at appropriate regular intervals.

(x) We note the recent changes to the Managed Investments Trust (MIT) scheme and the doubling of the Withholding Tax (from 7.50% to 15.00%, however with notable concessions for new high ESD credentialed buildings, i.e. 5 Star Green Star and 5½ Star target NABERS Energy ratings), making foreign investment into Australia less attractive. This additional taxation impost places pressure on the key investment hurdle rates for this profile of purchaser, which ultimately has the impact of reducing capital values.. It is still too early to assess the impact of these recent changes on the commercial office market, with few major transactions being concluded in accordance with these changes. Accordingly, it is our strong recommendation that this valuation be updated by subsequent independent formal valuations at regular intervals to appropriately assess this potential impact.

(xi) A looming Federal election may see some potential purchasers sit on the side lines until there is an appropriate level of certainty about the future direction of Australia, and furthermore the concern regarding further short term policy and taxation changes by the current government (see comments regarding MIT above) that may impact in an adverse manner on their ability to achieve appropriate investment returns. Accordingly, it is our strong recommendation that this valuation be updated by subsequent independent formal valuations at regular intervals to appropriately assess this potential impact.

(xii) The introduction of the Federal Carbon Tax from 1 July 2012 will increase the price of a broad spectrum of goods and services. It is too early to assess the real impact of this new tax, however from a real estate investment cash flow perspective it is likely that building operating costs will rise, with the cost of electricity being the most obvious component to see initial price hikes. Increasing operating costs will impact the property cash flow in two key ways, firstly, if the current leases are of a fully gross nature there will be a direct negative impact on the net cash flow position to the building owner. Alternatively, if the current leases are of a net or increases over base recovery structure, this will have a greater initial impact on the tenant, through a higher overall occupancy cost position. Although the building owner may be initially quarantined from early price increases associated with the Carbon Tax, the overall occupancy cost position of tenants is likely to see rental growth prospects reduced, or even the potential for a reduction in face rentals. In this latter regard, any potential would be crystallised at either an open market review or upon new lease negotiations. In light of the potential impacts upon cash flow and hence capital value, it is our strong recommendation that this valuation be updated by subsequent independent formal valuations at regular intervals to appropriately assess this potential impact.

Key Assumptions and Comments (Continued)

(xiii) Our assessment assumes continued experienced management to ensure the hotel trades to its full potential. Hotel cash flows are operator dependent and susceptible to economic changes accordingly regular review of the trading levels should be undertaken. Should actual trading levels deteriorate this report should be returned for review.

(xiv) The assessment reflects the valuers view of the market conditions existing at the date of the report and does not report to predict the market conditions and the value of the actual completion of the improvements due to the time lag. Accordingly, the 'As If Complete' valuation must be confirmed by further inspection by the valuer, initiated and instructed by the reliant party on completion of the development. The right is reserved to review and if necessary vary the valuation of this report if there are any changes in relation to the project itself or to the property market and its conditions and prices.

(xv) Our As If Complete valuation of the hotel is as a going concern and is inclusive of all the fixtures fittings and equipment necessary to operate as a hotel business on a walk in walk out basis. Accordingly we have assumed that all the FF&E is unencumbered and will be part of the sale of the subject hotel if placed in the market.

(xvi) We have been advised to adopt the various retail areas as outlined in the Annexure B Combined Matrix Landlord works, dated15 April 2013, should the parties who intend to rely on this report become aware of any circumstances which are in possible conflict with the information on which we have relied, we recommend that they refer the report back to us for revision and possible amendment..

(xvii) We have been provided a draft outgoings budget and have made assumptions with respect to various industry benchmarks. We recommend a review of the valuation be undertaken once a formal outgoings budget has been formulated, as it is noted that an increase in the adopted outgoings will likely result in a variation to the adopted net income which may have a material impact on the valuation.

(xviii) We have assumed all necessary approvals relating to the liquor licensing have been obtained.

(xix) The various building works in process are constructed and completed in a workmanlike manner using good quality materials.

(xx) We reserve the right to review and in appropriate circumstances revise our valuation report should any of the above key assumptions and important comments result in matters that will have a material impact on valuation.

(xxi) We are not aware of any notices currently issued against the property and we have made no enquiries in this regard. This valuation has been undertaken on the assumption that the buildings comply in all material respects with any restrictive covenants affecting the site and have been built and are occupied and being operated, in all material respects, in full compliance with all requirements of the law, including all zoning, land-use classification, building, planning, fire and health by-laws (including asbestos), rules, regulations, orders and codes of all authorities, and that there are no outstanding requisitions. Although the building appears structurally sound this valuation report does not purport to be a structural survey of the improvements thereon, and if certification is required, an engineer's report is recommended.

(xxii) The property is not listed or considered to have historical significance by the National Trust or the Western Australian Heritage Council. For the purposes of this valuation, it is assumed the property is unaffected.

(xxiii) The improvements appeared to lie within the lot's boundaries, but we have not sighted a survey of the property and are therefore unable to ascertain whether there is any encroachment over the boundaries.

(xxiv) A visual site inspection has not revealed any obvious asbestos contamination. Nevertheless, we are not experts in the detection or quantification of asbestos problems and, accordingly, have not carried out a detailed investigation. Therefore, this valuation is made on the assumption that there are no actual or potential asbestos contamination issues affecting the subject property. Should a subsequent investigation undertaken by a suitably qualified expert show that the site is contaminated we reserve the right to amend our valuation.

(xxv) A visual site inspection has not revealed any obvious pollution or contamination. Nevertheless, we are not experts in the detection or quantification of environmental problems and, accordingly, have not carried out a detailed environmental investigation. Therefore, this valuation is made on the assumption that there are no actual or potential contamination issues affecting the subject property. Should a subsequent investigation undertaken by a suitably qualified environmental expert show that the site is contaminated we reserve the right to amend our valuation.

(xxvi) The value and utility of land can be adversely affected by the presence of aboriginal sacred sites and/or sites of aboriginal heritage significance. We have made no investigations in this regard, as aboriginal requirements can only be determined by the appointment of an appropriate expert. Under these circumstances we cannot warrant that there are no such sites on the land if subsequently determined that the realty is so affected, we reserve the right to review the situation.

(xxvii) The land comprises topsoils, which appear to be relatively free draining, however, as no geo-technical investigations have been either undertaken or commissioned, we are unable to report on the underlying nature of the site.

(xxviii) The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date. This information includes the current expectations as to property values and income that may not prove to be accurate.

(xxix) That clear title and all intellectual material would pass to any intending purchaser without timing or cost penalty.

(xxx) There are no encumbrances, caveats, easements or rights of way, other than those shown on the Certificates of Title.

(xxxi) The Title and property is free of mortgages, charges and/or financial liens.

Qualifications And Warning

CICV has been engaged by Far East Orchard Limited to provide a valuation of The Rendezvous Grand Hotel (including the retail podium), The Esplanade, and Scarborough, Western Australia.

- Far East Orchard Limited wishes to include our valuation in the Circular to shareholders of Far East Orchard Limited (Circular) and have requested CICV to consent to the inclusion of this Report. CICV consents to the inclusion of this Report in the Circular, being named in the Circular and have not withdrawn our consent at the date of this report, subject to the condition that Far East Orchard Limited include this Qualification and Warning: -
- The Report has been prepared for Far East Orchard Limited only and for the specific purposes outlined within the Instruction section of this Report and cannot be relied upon by third parties.
- This is a summary of the Valuation Report of the subject property, The Rendezvous Grand Hotel (including the retail podium), The Esplanade, Scarborough, Western Australia dated 31 May 2013 and has not been prepared for the purpose of assessing the property as an investment opportunity.
- CICV has not been involved in the preparation of the Circular nor has the Report had regard to the other material contained in the Circular. The Report and its content do not take into account any matters concerning the investment opportunity contained in the Circular.
- CICV makes no representation or recommendation to a Recipient in relation to the valuation of the property or the investment opportunity contained in the Circular.
- Recipients must seek their own advice in relation to the contents of the Circular.
- We draw your attention to the fact that the market value adopted herein is subject to the issues outlined above, and should be closely monitored in light of future events. Furthermore, it is our recommendation that regular valuation updates be initiated and instructed by the party wishing to rely upon this valuation.

CICV has prepared this Report on the basis of, and limited to, the financial and other information (including market information and third party information) referred to in the Report and contained in the Valuation Report. We have assumed that the third party information is accurate, reliable and complete and confirm that we have not tested information in that respect.

Liability Disclaimer

- In the case of advice provided in this Report and our valuation which is of a projected nature, we must emphasise that specific assumptions have been made by us which appear realistic based upon current market perceptions. It follows that any one of our associated assumptions set out in the text of this summary may be proved incorrect during the course of time and no responsibility can be accepted by us in this event.
- This Report has been prepared subject to the conditions referred to in our Qualification & Warning. Neither CICV nor any of its Directors makes any representation in relation to the Circular nor accepts responsibility for any information or representation made in the Circular, apart from this Report.
- CICV has prepared this Report which appears in the Circular. CICV was involved only in the preparation of this summary and the valuation referred to herein, and specifically disclaim any liability to any person in the event of any omission from, or false or misleading statement included in the Circular, other than in respect of the valuation and this summary. We confirm that this summary may be used in the Circular.
- The valuation is current as at the date of the valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period as a result of general market movements or factors specific to the particular property. We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.
- CICV confirms that it does not have a pecuniary interest that would conflict with its valuation of the property.
- CICV is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Such an opinion can only be provided by a person who holds an appropriate Financial Services Licence. CICV does not, nor does the Valuer, hold an Australian Financial Services Licence and is not operating under such a licence in providing its opinion as to the value of the properties detailed in this report.

Valuation Criteria – 'As If Complete' Hotel Component Only

Initial Yield Approach (First Years projected income)

First Years Income	$6,061,627
Capitalisation Rate	9%
Value	$67,351,409

Discounted Cash Flow Inputs		Discounted Cash Flow Outputs	
Cash Flow Term	5 years	**NPV of Cash Flows**	$71,508,725
Discount Rate	11.00%	**Less Acquisition Costs**	$3,727,061
Terminal Yield	9.5%	**Net Present Value**	$67,781,663

Valuation Conclusions

Adopted Value	**$67,500,000**
Passing Yield :	2.37%
Initial Yield :	8.98%
Direct Comparison :	$200,893 per room

Valuation Criteria – 'As If Complete' Retail Component Only

Financial Details

Gross Income	Passing	$2,255,973	(including percentage rent, other income & sundry income)	
	Passing (fully leased)	$2,551,473	(including percentage rent, other income & sundry income)	
	Market	$2,551,473	(including percentage rent, other income & sundry income)	
Outgoing Expenses	**Statutory**	**Operating**	**Non Recoverable**	**Total**
	$79,137	$288,025	$35,000	**$402,162**
	$19.35/m²	$70.44/m²	$8.56/m²	**$98.35/m²**
Net Income	Passing	$1,853,810	(excluding vacancy allowance of $14,270)	
	Passing (fully leased)	$2,149,310	(excluding vacancy allowance of $14,270)	
	Market (fully leased)	$2,149,310	(excluding vacancy allowance of $14,270)	

Capitalisation Approach

Adopted Capitalisation Rate	**9.00%**
Passing Initial Yield (including vacancy allowance)	8.18%
Passing Initial Yield (excluding vacancy allowance)	8.24%
Passing Initial Yield (fully leased)	9.55%
Equivalent Market Yield (including vacancy allowance)	8.93%
Equivalent Market Yield (excluding vacancy allowance)	8.99%
Total Rental Reversions	$0
Rounded Value	**$22,250,000**

Discounted Cash Flow Approach

Adopted Discount Rate		**10.25%**		
Terminal Yield		**9.25%**	0.25% (variance to core cap rate)	
IRR (10 years)	Including CAPEX	10.50%		
	Excluding CAPEX	10.57%		
Average Compound 10 Year Rental Growth Rate		Years 1-10	Years 1-5	Years 5-10
	Mini-Majors	2.80%	2.53%	3.06%
	Specialties	2.80%	2.53%	3.06%
General Capital Expenditure Allowance (12 months)		$0	(Equivalent to $5.00/m² of GLA)	
Budgeted Capital Expenditure (12 months)		$0		
Total Adopted Capital Expenditure (inflated)		$128,868		
NPV of Total 10 yr Capital Expenditure		$63,377	Discounted @ 10.25%	
Current Vacancy Rate		14.18%		
Weighted Lease Duration		All Tenants		
	By Income	12.54 years		
	By Area	10.60 years		
Rounded Value		**$22,750,000**		

Valuation Conclusions ‘As If Complete’

Adopted Market Value (100% Interest)	**$22,500,000**
Rate / m² of Gross Lettable Area	$5,503/m²
Adopted Capitalisation Rate	9.00%
Adopted Discount Rate	10.25%

‘As Is’ Valuation Conclusion

As If Complete Value of hotel and retail components	**$90,000,000**
Less identified 2013 construction Costs	**$14,214,083**
As Is Value of hotel and retail components on a residual basis	$75,785,917
Rounded up to	$75,800,000

Valuation

<u>'As If Complete' Hotel</u>

$67,500,000 – GST Exclusive (Hotel only)

(SIXTY SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS)

<u>'As If Complete' Retail</u>

$22,500,000 – GST Exclusive (Retail only)

(TWENTY TWO MILLION FIVE HUNDRED THOUSAND DOLLARS)

<u>'As Is' Hotel and Retail</u>

$75,800,000 – GST Exclusive (Hotel and Retail)

SEVENTY FIVE MILLION EIGHT HUNDRED THOUSAND DOLLARS)

Colliers International Consultancy and Valuation Pty Limited

MICHAEL D THOMSON MA MRICS AAPI	**JASON CH'NG AAPI**
National Director – Hotels & Leisure	**Valuer – Valuation & Advisory Services**
Certified Practising Valuer	**Certified Practising Valuer**
Registered Real Estate Valuer No. 43662 (WA)	**Registered Real Estate Valuer No. 44545 (WA)**

The hotel component of this report has been verified by Chris Milou Associate Director and the retail component by John Del Dosso Director Valuation and Advisory Services.

NOTE: This Executive Summary must be read in conjunction with the attached report and the details contained therein.

Colliers International Consultancy & Valuation offers a range of valuation services in the following specialist areas:

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CONTACT DETAILS
MOB 61 412 053 598
DIR 02 9257 0245
FAX 02 9347 0745
michael.thomson@colliers.com
Colliers International Consultancy and Valuation Pty Limited
ABN 88 076 848 112
Level 12, 225 George Street
Sydney NSW 2000

www.colliers.com.au

Colliers INTERNATIONAL

Valuation Report

Rendezvous Studio Hotel Perth Central
24 Mount Street
Perth, WA 6000

Under instructions from
Far East Orchard Limited

31 May 2013 Ref: HTV1066

Rendezvous Studio Hotel Perth Central, 24 Mount Street, Perth, WA, 6000
Executive Summary

Property Overview

Brief Description

The Rendezvous Studio Hotel Perth Central previously known as the Marque Hotel comprises 103 guestrooms of an approximate 4 Star AAA Standard located on Mount Street in the Perth CBD. The property has been subject to a significant recent refurbishment at an advised cost of approximately six million dollars which commenced in August 2011 and was completed in June 2012. This included refurbishing the guest rooms and the ground floor restaurant and bar areas, some lift modernisation works, the upgrade of the property's building management systems, mechanical controls upgrade, new internal and external signage and some structural repair service works. Subsequent to the refurbishment the hotel was rebranded the Rendezvous Studio Hotel Perth Central. In its current configuration it includes 53 Superior Rooms, 37 Deluxe, 8 Premium Deluxe and 5 two bedroom apartments, a gym and sauna, ground floor restaurant, bar and 5 meeting rooms.

The valuation is of the freehold strata title interest in one line and subject to a management agreement to Rendezvous Hotels as the operators.

No. of Rooms:	103	**Owner:**	Rendezvous Hotels Management Pty Limited
Star Rating:	4.0	**Manager:**	Rendezvous Hotels International Private Limited
Year of Construction:	1985	**Operating Group:**	Rendezvous Hotels

Refurbished: We understand that all 103 guest rooms were refurbished in 2011 and 2012 which included new furniture, removal of former kitchenettes and upgrade of the bathrooms although the original baths and toilets were kept. Double glazing was installed in the windows facing the Freeway and Mount Street. Furthermore, the ground floor area was refurbished and former Managers Office was removed to expand the lobby area and a services upgrade was carried out.

Site area : Ground Floor identified 1,194m² on the strata plan no site plan provided.

Instructing Party

Vincent Yik	**Purpose of Report :**	Acquisition Purposes Only
Far East Orchard Limited	**Interest Valued :**	Freehold strata title interest in one line
I Tanglin Road	**Basis of Valuation :**	Market Value as a Going Concern
# 05-01 Orchard Parade Hotel	**Date of Valuation :**	31 May 2013
Singapore 247905	**Date of Inspection :**	21 May 2013

Rendezvous Studio Hotel Perth Central, 24 Mount Street, Perth, WA, 6000
Executive Summary

Management Agreement

Date	May 16th 2008
Initial Term	5 years
Options:	5 + 5 years
Fees:	Management Fee of 2% of Gross Operating Revenue and Incentive Fee at 7% of Gross Operating.
Furniture Fittings and Equipment Allowance:	Not identified however the owner is responsible for the major repairs, maintenance and renovations of the hotel.
Ability to sell with Vacant Possession:	The owner can sell the hotel with vacant possession but it is subject to a compensation formula to the Operator.

Performance & Risk Review

Market

- The market for hotel investments continues to be dominated by overseas purchasers who have shown a preference for State Capital locations rather than Regional. Overseas purchasers have included owner operators as well as investors prepared to acquire hotels subject to incumbent operator agreements. Domestic Institutions continue to be primarily sellers in the current market.
- Hotels have performed well over the last three years as demonstrated by the IPD Hotel Index generating combined capital and income growth over the last three year at an annual average of 13%.
- Perth is the fourth busiest airport in Australia and in the year to June 2012 handled approximately 12 million passengers of which 3.5 million were International. The strong growth in passenger movements is demonstrated by the fact that since 1998 international arrival numbers have increased by an average of 6.7% per annum while domestic numbers have increased by 7.6%.
- The ABS has recently changed the statistical groups it reports on which makes comparison to historical data more difficult. However, for the 12 months to December 2012, Perth City Total Star market demonstrated a 1.1% occupancy increase to a historic peak of 85% and average rooms rates (ARR) grew by 9.3% to $199.20. More recent data for the first three months of 2013 produced by the STR (different statistical set to the ABS) showed a fall in occupancy by 5.7% to 82.7% and only modest growth in ARR by 1.4% to $217.74. This suggests the hotel market in Perth has started to soften on the back of the decline in the Resources Market..

Asset

- The hotel has been the subject of a significant refurbishment at an advised cost of $6,028,756 which included refurbishing all the guest rooms and upgrading the ground floor area together with new structural and service repairs, lift modernisation works, new internal and external signage and building management systems and mechanical controls upgrade. We have been provided with a copy of a Building Services and Structural Inspection Report carried out by Donnelley Simpson Cleary Consulting Engineers which states that the Electrical, Mechanical, Hydraulic and Fire, Lifts and Structural aspects of the building are generally in good condition given its age although some recommendations are made for improvement and upgrades. We confirm we have relied upon this information. The report does identify possible costs that should be budgeted for over the next five years and we note these would largely be covered by the Furniture Fixtures and Equipment allowance deducted over the cash flow forecast.
- The hotel is located in close proximity to St Georges Terrace and the Perth CBD however it is situated in a cul-de-sac and therefore has a limited profile from passing traffic.
- The hotel has only minimal on site car parking spaces of approximately 26 vehicles.

Rendezvous Studio Hotel Perth Central, 24 Mount Street, Perth, WA, 6000
Executive Summary

- The hotel has the advantage of its restaurant and bar facilities being situated on the ground floor which therefore should have the ability of being able to attract some external business and the Conference rooms for the size of the property are reasonable.

Cash Flow

- We have been provided with historic trading information which demonstrates that occupancy has been relatively stable at between 74% and 76% over the last 3 years but projected to increase significantly to 81.5% in the 2013 calendar year post refurbishment and further to 85.3% in 2014. Clearly historically the hotel has traded at an occupancy below the overall market but subject to the recent significant refurbishment the hotel believes that it can trade at closer to the average occupancy being generated in the market.
- In respect of the average room rate the hotel achieved strong growth in 2011 by 16.3% to $159.65 and a further 17.1% in 2012 to $187 and the 2013 forecast is growth of 11.3% to $208.18 although we note this has softened from the original 2013 budget of $219.77. The current forecast is therefore behind the original budget and is a reaction to the softening demand drivers in the market.
- We strongly recommend that the trading performance of the hotel is reviewed regularly to ensure the hotel trading levels are being maintained.

Management

- Rendezvous Hotels have until recently operated under two brands being Rendezvous Hotels and Resorts International which is a business class hotel brand and the Marque collection of hotels which includes a range of hotel styles incorporating both city hotels and resort locations. However the Marque brand has now been consolidated into the Rendezvous Brand with the aim of helping to promote the Rendezvous name.
- Rendezvous Hospitality Group (RHG) operates in ten cities across Asia Pacific with a total of 13 hotels operated under the Rendezvous Grand Hotels, Rendezvous Hotels and Rendezvous Studio Hotels brands and is the hospitality arm of the Straits Trading Company Limited one of Singapore's oldest publicly listed companies.
- The current owner of the hotel purchased the property in February 2008 for a reported price of $25.1 million with vacant possession which by our calculations reflected a passing yield of 6% and projected initial yield of 6.64% with the hotel being considered to be a typical 3 star property at the time of purchase. Clearly with a six million dollar refurbishment and repositioning of the hotel to a 4 star property it is envisaged that the trading performance should be enhanced.

Key Assumptions and Comments

In the preparation of this valuation report we have made a variety of key assumptions and important comments. In this regard we advise that this entire report, including appendices, must be read and understood by the nominated parties to whom reliance is extended in order that the various assumptions and comments are understood in the context of the adopted valuation. Should the parties to this report have any concerns or queries regarding the contents or key assumptions made in the preparation of this valuation, those issues should be promptly directed to the nominated Valuer for comment and review. A selection of the Key Assumptions and Important Comments are as follows:-

(i) All information provided by the Instructing Party and Property Manager is correct and current.
(ii) There are no other encumbrances or notations except those shown on Title or noted within this valuation report.
(iii) The property is not flood liable or within a landslip designated area.
(iv) Appropriate planning permission has been granted by the relevant statutory authorities in relation to the existing improvements on site.
(v) All fire and electrical services meet the Building Code of Australia requirements.
(vi) There are no GST or arrears liabilities over the subject property unless identified.

Rendezvous Studio Hotel Perth Central, 24 Mount Street, Perth, WA, 6000
Executive Summary

(vii) In accordance with the Australian Property Institute Valuers Limited (APIV), **this valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.**

Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on valuation.

However, in the context of the above the APIV reiterates that it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.

(viii) Investment return based real estate such as the subject property is a dynamic investment medium to which point in time capital value pricing has the ability to vary widely over time, being highly dependent on the prevailing and future net cash flow certainty and strength in light of the corresponding market conditions. Accordingly, and of paramount importance for first mortgage security purposes, due consideration must be given to the dynamic nature of this style of investment. On the basis of the aforementioned comments, it is our strong recommendation that valuation updates for this property be initiated and formally instructed by the reliant parties at appropriate regular intervals.

(ix) Our assessment assumes continued experienced management to ensure the hotel trades to its full potential. Hotel cash flows are operator dependent and susceptible to economic changes accordingly regular review of the trading levels should be undertaken. Should actual trading levels deteriorate this report should be returned for review.

(x) A looming Federal election may see some potential purchasers sit on the side lines until there is an appropriate level of certainty about the future direction of Australia, and furthermore the concern regarding further short term policy and taxation changes by the current government (see comments regarding MIT above) that may impact in an adverse manner on their ability to achieve appropriate investment returns. Accordingly, it is our strong recommendation that this valuation be updated by subsequent independent formal valuations at regular intervals to appropriately assess this potential impact.

(xi) The introduction of the Federal Carbon Tax from 1 July 2012 will increase the price of a broad spectrum of goods and services. It is too early to assess the real impact of this new tax, however from a real estate investment cash flow perspective it is likely that building operating costs will rise, with the cost of electricity being the most obvious component to see initial price hikes. Increasing operating costs will impact the property cash flow in two key ways, firstly, if the current leases are of a fully gross nature there will be a direct negative impact on the net cash flow position to the building owner. Alternatively, if the current leases are of a net or increases over base recovery structure, this will have a greater initial impact on the tenant, through a higher overall occupancy cost position. Although the building owner may be initially quarantined from early price increases associated with the Carbon Tax, the overall occupancy cost position of tenants is likely to see rental growth prospects reduced, or even the potential for a reduction in face rentals. In this latter regard, any potential would be crystallised at either an open market review or upon new lease negotiations. In light of the potential impacts upon cash flow and hence capital value, it is our strong recommendation that this valuation be updated by subsequent independent formal valuations at regular intervals to appropriately assess this potential impact.

(xii) The events of early 2008 including the initial sub-prime fallout in the United States and subsequent Global Financial Crisis (GFC) created uncertain times for both the equities and property markets in Australia which softened considerably during this period. This change in markets impacted to varying degrees upon a variety of participants. Whilst a degree of uncertainty still remains within these markets, the magnitude would appear to be less than that evident throughout 2008 and the majority of 2009. Improving levels of investor confidence and general market activity within Australian property markets were evidenced throughout 2010 and until early to mid-2011. Since this time the concerns regarding European sovereign debt crises appear to have re-introduced a layer of general market conservatism into domestic markets, somewhat setting back the momentum that appeared to be gaining throughout late 2010 and early 2011. We note that investment returns for good quality assets with secure cash flows generally stabilised over 2010, with a degree of yield compression evident for certain assets. We have seen this trend continue to date, although reinforce that healthy levels of demand are only evident for quality stock. In contrast, we note poorer quality assets continue to be priced by the shallower market on an opportunistic basis, and thereby remain at risk of a prolonged period of softer investment fundamentals.

We draw your attention to the fact that the market value adopted herein is subject to the issues outlined above, and should be closely monitored in light of future events. Furthermore, it is our strong recommendation that regular valuation updates be initiated and instructed by the party wishing to rely upon this valuation.

(xiii) We reserve the right to review and in appropriate circumstances revise our valuation report should any of the above key assumptions and important comments result in matters that will have a material impact on valuation.

Rendezvous Studio Hotel Perth Central, 24 Mount Street, Perth, WA, 6000
Executive Summary

Qualifications And Warning

CICV has been engaged by Far East Orchard Limited to provide a valuation of The Rendezvous Studio Hotel Perth, 24, Mount Street, Perth, Western Australia.

Far East Orchard Limited wishes to include our valuation in the Circular to shareholders of Far East Orchard Limited (Circular) and have requested CICV to consent to the inclusion of this Report. CICV consents to the inclusion of this Report in the Circular, being named in the Circular and have not withdrawn our consent at the date of this report, subject to the condition that Far East Orchard Limited include this Qualification and Warning: -

i. The Report has been prepared for Far East Orchard Limited only and for the specific purposes outlined within the Instruction section of this Report and cannot be relied upon by third parties.

ii. This is a summary of the Valuation Report of the subject property, The Rendezvous Studio Hotel Perth, 24, Mount Street, Perth, Western Australia dated 31 May 2013 and has not been prepared for the purpose of assessing the property as an investment opportunity.

iii. CICV has not been involved in the preparation of the Circular nor has the Report had regard to the other material contained in the Circular. The Report and its content do not take into account any matters concerning the investment opportunity contained in the Circular.

iv. CICV makes no representation or recommendation to a Recipient in relation to the valuation of the property or the investment opportunity contained in the Circular.

v. Recipients must seek their own advice in relation to the contents of the Circular.

vii. We draw your attention to the fact that the market value adopted herein is subject to the issues outlined above, and should be closely monitored in light of future events. Furthermore, it is our recommendation that regular valuation updates be initiated and instructed by the party wishing to rely upon this valuation. We note all the strata lots are held by the same owner and we have assumed the property could be sold in one line which is the basis of our valuation.

CICV has prepared this Report on the basis of, and limited to, the financial and other information (including market information and third party information) referred to in the Report and contained in the Valuation Report. We have assumed that the third party information is accurate, reliable and complete and confirm that we have not tested information in that respect.

Liability Disclaimer

In the case of advice provided in this Report and our valuation which is of a projected nature, we must emphasise that specific assumptions have been made by us which appear realistic based upon current market perceptions. It follows that any one of our associated assumptions set out in the text of this summary may be proved incorrect during the course of time and no responsibility can be accepted by us in this event.

This Report has been prepared subject to the conditions referred to in our Qualification & Warning. Neither CICV nor any of its Directors makes any representation in relation to the Circular nor accepts responsibility for any information or representation made in the Circular, apart from this Report.

CICV has prepared this Report which appears in the Circular. CICV was involved only in the preparation of this summary and the valuation referred to herein, and specifically disclaim any liability to any person in the event of any omission from, or false or misleading statement included in the Circular, other than in respect of the valuation and this summary. We confirm that this summary may be used in the Circular.

The valuation is current as at the date of the valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period as a result of general market movements or factors specific to the particular property. We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

CICV confirms that it does not have a pecuniary interest that would conflict with its valuation of the property.

CICV is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Such an opinion can only be provided by a person who holds an appropriate Financial Services Licence. CICV does not, nor does the Valuer, hold an Australian Financial Services Licence and is not operating under such a licence in providing its opinion as to the value of the properties detailed in this report.

Rendezvous Studio Hotel Perth Central, 24 Mount Street, Perth, WA, 6000
Executive Summary

Valuation Criteria – Freehold Subject to Current Management Agreement

Initial Yield Approach (first years projected income)

First Years Income	$1,960,168
Capitalisation Rate	9.00%
Value	$21,779,643

Discounted Cash Flow Inputs		**Discounted Cash Flow Outputs**	
Cash Flow Term	5 years	**NPV of Cash Flows**	$24,401,918
Discount Rate	11.00%	**Less Acquisition Costs**	$1,170,396
Terminal Yield	9.50%	**Net Present Value**	$23,231,522

Valuation Conclusions

Adopted Value	**$22,500,000**
Passing Yield :	5.34%
Initial Yield :	8.71%
Direct Comparison :	$218,447 per room

Valuation

$22,500,000 – GST Exclusive

(TWENTY TWO MILLION FIVE HUNDRED THOUSAND DOLLARS)

Colliers International Consultancy and Valuation Pty Limited

MICHAEL D THOMSON MA MRICS AAPI

National Director – Hotels & Leisure

Certified Practising Valuer

Registered Real Estate Valuer No. 43662 (WA)

This report has been verified by Tony West, Director, Consultancy and Valuation Pty Limited

NOTE: This Executive Summary must be read in conjunction with the attached report and the details contained therein.

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CONTACT DETAILS
MOB 61 412 053 598
DIR 02 9257 0245
FAX 02 9347 0745
michael.thomson@colliers.com
Colliers International Consultancy and Valuation Pty Limited
ABN 88 076 848 112
Level 12, 225 George Street
Sydney NSW 2000

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Colliers INTERNATIONAL

Valuation Report

Rendezvous Grand Hotel
328 Flinders Street
Melbourne, Victoria

Under instructions from
Far East Orchard Limited

31 May 2013 Ref: HTV1065

Rendezvous Grand Hotel, Flinders Street Melbourne
Executive Summary (continued)

Property Overview

Brief Description

The Rendezvous Grand Hotel Melbourne is a 340 room 4.5 Star hotel located on Flinders Street close to the Flinders Street Railway Station. The hotel comprises the amalgamation of two historic buildings, being the Commercial Travellers Association Building and Commerce House with the former being the older building and dating from 1913 and both converted to the current hotel configuration in February 1998.

The facilities of the hotel include a basement restaurant, eleven conference and function rooms, ballroom and a fitness centre. There is limited car parking on site for approximately three vehicles. Recent changes to the property include the total refurbishment of the 128 Deluxe Rooms at an advised cost of $3,325m between April and August 2012 and the creation of a new ground floor bar which opened in May 2012 and has released the former first floor bar area to be converted to additional function space. New carpeting has been installed in the public areas and in the first quarter of 2013 the 27 Club Rooms and 8 Suites have been refurbished at at an advised cost of $971,079. The remaining room category being the 177 Commerce Rooms were taken back to shell condition in 2007 and totally refurbished including bathrooms.

The property was purchased by Rendezvous Hotels (Australia) Pty Limited as the former lessee and is now owned and managed by the group.

This valuation is of the freehold interest in the property, subject to the assumed Management Agreement to Rendezvous Hotels as operator.

No. of Rooms:	340	**Owner:**	Rendezvous Hotels Management Pty Limited
Star Rating:	4.5	**Manager:**	Rendezvous Hotels International Private Limited (Assumed)
Year of Construction:	1998	**Operating Group:**	Rendezvous Hotels
Refurbished:	177 rooms were refurbished in 2007,128 in 2012 plus the creation of a new ground floor bar		
Site area :	1,999m²		

Instructing Party

Vincent Yik	**Purpose of Report :**	Acquisition Purposes Only
Far East Orchard Limited	**Interest Valued :**	Freehold interest, subject to assumed Management Agreement
I Tanglin Road	**Basis of Valuation :**	Market Value as a Going Concern
# 05-01 Orchard Parade Hotel	**Date of Valuation :**	31 May 2013
Singapore 247905	**Date of Inspection :**	17 May 2013

Rendezvous Grand Hotel, Flinders Street Melbourne
Executive Summary (continued)

Management Agreement (Assumed)

Initial Term Remaining:	5 years
Options:	5 + 5 years
Fees:	Base Fee of 2% of Revenue and Incentive Fee at 7% of Gross Operating Profit (GOP) with GOP calculated before the deduction of the Base Management Fee
Furniture Fittings and Equipment Allowance:	3% of Revenue

Performance & Risk Review

Market

- The market for hotel investments continues to be dominated by overseas purchasers who have shown a preference for State Capital locations rather than regional. Overseas purchasers have included owner operators as well as investors prepared to acquire hotels subject to incumbent operator agreements. Domestic Institutions continue to be primarily sellers in the current market.
- Hotels have performed well over the last three years as demonstrated by the IPD Hotel Index generating combined capital and income growth at an annual average of 13%.
- The ABS has recently changed the statistical groups it reports on which makes comparison to historic data more difficult however for the 12 months to December 2012 the Melbourne City Total Star Market demonstrated slight growth by 0.4% from 79.1% to 79.4% and over the same period average room rates increased marginally by 0.6% to $173.34. More recently the Smith Travel Research Statistics (STR) show an increase for the three months to March 2013 of 2.7% from 81.6% to 83.8% and average rate growth by 3.3% to $196.64 resulting in RevPAR growth of 6.1%. It should be noted that the STR Statistics cover a sample of 77 properties and is therefore a different statistical group to the ABS which covers 131 properties.

Asset

- The hotel refurbished 177 out of a total of 340 rooms in September 2007. Recent changes to the property include the total refurbishment of the 128 Deluxe Rooms at an advised cost of $3.325m between April and August 2012 and the creation of a new ground floor bar which opened in May 2012 and has released the former first floor bar area to be converted to additional function space. New carpeting has been installed in the public areas and the 27 Club Rooms and 8 Suites were refurbished in the first quarter of 2013 at an advised cost of $971,079.
- The hotel is centrally located on Flinders Street and therefore has good access to the Melbourne CBD together with a good public transport access as the hotel is adjacent to Flinders Street Railway Station.
- The hotel has only minimal on site car parking spaces with a capacity for approximately three vehicles.
- The hotel has various heritage aspects including the Grand Vestibule and a character facade.
- The hotel has a range of conference and meeting facilities ranging from a 244 sq. metre Ballroom to smaller 13 sq. metre Boardrooms.
- The hotel comprises two integrated historic buildings with aging plant and equipment which has the potential to require major capital expenditure compared to a new hotel property. However we have been provided with a copy of a Building Services and Structural Inspection Report carried out by Donnelley Simpson Cleary Consulting Engineers which states that the Electrical, Mechanical, Hydraulic and Fire, Lifts and Structural aspects of the building are generally in good condition given its age and we confirm we have relied upon this information. The report does identify possible costs that should be budgeted for over the next five years and we note these are significantly below the Furniture Fixtures and Equipment allowance deducted over the cash flow forecast.

Rendezvous Grand Hotel, Flinders Street Melbourne
Executive Summary (continued)

Cash Flow

- We have been provided with historic trading information which demonstrates deterioration between 2009 and 2011 with average rates falling from $152.99 to $132.13, conversely occupancy improved from 70% to 85.3% demonstrating the strategy of the hotel to pursue cheaper volume business such as Singapore Airlines. We understand this was due to Global Financial Crisis and increase in competitor supply together with an ageing room product as reflected in the Deluxe Rooms prior to refurbishment.
- It was budgeted that subsequent to the refurbishment of its 128 rooms and refurbishment of the Club Rooms and Suites that the hotel should be able to achieve strong growth in its room rate for the 2013 calendar year increasing to $154.46. However in 2013 the forecast by the hotel is for relatively modest room rate growth to $144.66 which is significantly behind the original budget conversely the occupancy is forecast at 86.1% in comparison to a budget at 80.0% and therefore the outcome is the new forecast RevPAR is similar to the original budget at $124.55.
- We strongly recommend that the lending party review the trading performance of the hotel regularly to ensure the hotel trading levels are being maintained.

Management

- Rendezvous Hotels have until recently operated under two brands being Rendezvous Hotels and Resorts International which is a business class hotel brand and the Marque collection of hotels which includes a range of hotel styles incorporating both city hotels and resort locations. However the Marque brand has now been consolidated into the Rendezvous Brand with the aim of helping to promote the Rendezvous name.
- Rendezvous Hospitality Group (RHG) operates in ten cities across Asia Pacific with a total of 13 hotels operated under the Rendezvous Grand Hotels, Rendezvous Hotels and Rendezvous Studio Hotels brands and is the hospitality arm of the Straits Trading Company Limited one of Singapore's oldest publicly listed companies.
- The former Lessee recently purchased the hotel in July 2012 with vacant possession and we understand it will now be operated under a typical Management Agreement. At the date of writing the report a Management Agreement has not been provided however we have been provided with projections showing Management Fees at 2% of revenue and 7% of Gross Operating Profit and we have based our valuation on this fee structure. Should this subsequently prove to be incorrect we reserve the right to review this valuation. In addition we have deducted a Fixtures Fittings and Equipment allowance based on 3% of total revenue which is an industry practice.

Key Assumptions and Comments

In the preparation of this valuation report we have made a variety of key assumptions and important comments. In this regard we advise that this entire report, including appendices, must be read and understood by the nominated parties to whom reliance is extended in order that the various assumptions and comments are understood in the context of the adopted valuation. Should the parties to this report have any concerns or queries regarding the contents or key assumptions made in the preparation of this valuation, those issues should be promptly directed to the nominated Valuer for comment and review. A selection of the Key Assumptions and Important Comments are as follows:-

(i) All information provided by the Instructing Party and Property Manager is correct and current.

(ii) There are no other encumbrances or notations except those shown on Title or noted within this valuation report.

(iii) The property is not flood liable or within a landslip designated area.

(iv) Appropriate planning permission has been granted by the relevant statutory authorities in relation to the existing improvements on site.

(v) All fire and electrical services meet the Building Code of Australia requirements.

(vi) There are no GST or arrears liabilities over the subject property unless identified.

(vii) In accordance with the Australian Property Institute Valuers Limited (APIV), **this valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.**

Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on valuation.

However, in the context of the above the APIV reiterates that it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.

Rendezvous Grand Hotel, Flinders Street Melbourne
Executive Summary (continued)

(viii) Investment return based real estate such as the subject property is a dynamic investment medium to which point in time capital value pricing has the ability to vary widely over time, being highly dependent on the prevailing and future net cash flow certainty and strength in light of the corresponding market conditions. Accordingly, and of paramount importance for first mortgage security purposes, due consideration must be given to the dynamic nature of this style of investment. On the basis of the aforementioned comments, it is our strong recommendation that valuation updates for this property be initiated and formally instructed by the reliant parties at appropriate regular intervals.

(ix) A looming Federal election may see some potential purchasers sit on the side lines until there is an appropriate level of certainty about the future direction of Australia, and furthermore the concern regarding further short term policy and taxation changes by the current government (see comments regarding MIT above) that may impact in an adverse manner on their ability to achieve appropriate investment returns. Accordingly, it is our strong recommendation that this valuation be updated by subsequent independent formal valuations at regular intervals to appropriately assess this potential impact.

(x) The introduction of the Federal Carbon Tax from 1 July 2012 will increase the price of a broad spectrum of goods and services. It is too early to assess the real impact of this new tax, however from a real estate investment cash flow perspective it is likely that building operating costs will rise, with the cost of electricity being the most obvious component to see initial price hikes. Increasing operating costs will impact the property cash flow in two key ways, firstly, if the current leases are of a fully gross nature there will be a direct negative impact on the net cash flow position to the building owner. Alternatively, if the current leases are of a net or increases over base recovery structure, this will have a greater initial impact on the tenant, through a higher overall occupancy cost position. Although the building owner may be initially quarantined from early price increases associated with the Carbon Tax, the overall occupancy cost position of tenants is likely to see rental growth prospects reduced, or even the potential for a reduction in face rentals. In this latter regard, any potential would be crystallised at either an open market review or upon new lease negotiations. In light of the potential impacts upon cash flow and hence capital value, it is our strong recommendation that this valuation be updated by subsequent independent formal valuations at regular intervals to appropriately assess this potential impact.

(xi) The events of early 2008 including the initial sub-prime fallout in the United States and subsequent Global Financial Crisis (GFC) created uncertain times for both the equities and property markets in Australia which softened considerably during this period. This change in markets impacted to varying degrees upon a variety of participants. Whilst a degree of uncertainty still remains within these markets, the magnitude would appear to be less than that evident throughout 2008 and the majority of 2009. Improving levels of investor confidence and general market activity within Australian property markets were evidenced throughout 2010 and until early to mid-2011. Since this time the concerns regarding European sovereign debt crises appear to have re-introduced a layer of general market conservatism into domestic markets, somewhat setting back the momentum that appeared to be gaining throughout late 2010 and early 2011. We note that investment returns for good quality assets with secure cash flows generally stabilised over 2010, with a degree of yield compression evident for certain assets. We have seen this trend continue to date, although reinforce that healthy levels of demand are only evident for quality stock. In contrast, we note poorer quality assets a continue to be priced by the shallower market on an opportunistic basis, and thereby remain at risk of a prolonged period of softer investment fundamentals.

We draw your attention to the fact that the market value adopted herein is subject to the issues outlined above, and should be closely monitored in light of future events. Furthermore, it is our strong recommendation that regular valuation updates be initiated and instructed by the party wishing to rely upon this valuation.

We reserve the right to review and in appropriate circumstances revise our valuation report should any of the above key assumptions and important comments result in matters that will have a material impact on valuation

QUALIFICATIONS AND WARNING

CICV has been engaged by Far East Orchard Limited to provide a valuation of The Rendezvous Grand Hotel, 328, Flinders Street, Melbourne, Victoria Australia.

Far East Orchard Limited wishes to include our valuation in the Circular and have requested CICV to consent to the inclusion of this Report. CICV consents to the inclusion of this Report in the Circular, being named in the Circular and have not withdrawn our consent at the date of this report, subject to the condition that Far East Orchard Limited include this Qualification and Warning: -

i. The Report has been prepared for Far East Orchard Limited only and for the specific purposes outlined within the Instruction section of this Report and cannot be relied upon by third parties.

ii. This is a summary of the Valuation Report of the subject property, The Rendezvous Grand Hotel, 328, Flinders Street, Melbourne, Victoria Australia. dated 31 May 2013 and has not been prepared for the purpose of assessing the property as an investment opportunity.

iii. CICV has not been involved in the preparation of the Circular nor has the Report had regard to the other material contained in the Circular. The Report and its content do not take into account any matters concerning the investment opportunity contained in the Circular.

Rendezvous Grand Hotel, Flinders Street Melbourne
Executive Summary (continued)

iv. CICV makes no representation or recommendation to a Recipient in relation to the valuation of the property or the investment opportunity contained in the Circular.

v. Recipients must seek their own advice in relation to the investment opportunity contained in the Circular..

vii. We draw your attention to the fact that the market value adopted herein is subject to the issues outlined above, and should be closely monitored in light of future events. Furthermore, it is our recommendation that regular valuation updates be initiated and instructed by the party wishing to rely upon this valuation.

CICV has prepared this Report on the basis of, and limited to, the financial and other information (including market information and third party information) referred to in the Report and contained in the Valuation Report. We have assumed that the third party information is accurate, reliable and complete and confirm that we have not tested information in that respect.

LIABILITY DISCLAIMER

In the case of advice provided in this Report and our valuation which is of a projected nature, we must emphasise that specific assumptions have been made by us which appear realistic based upon current market perceptions. It follows that any one of our associated assumptions set out in the text of this summary may be proved incorrect during the course of time and no responsibility can be accepted by us in this event.

This Report has been prepared subject to the conditions referred to in our Qualification & Warning. Neither CICV nor any of its Directors makes any representation in relation to the Circular nor accepts responsibility for any information or representation made in the Circular, apart from this Report.

CICV has prepared this Report which appears in the Circular. CICV was involved only in the preparation of this summary and the valuation referred to herein, and specifically disclaim any liability to any person in the event of any omission from, or false or misleading statement included in the Circular, other than in respect of the valuation and this summary. We confirm that this summary may be used in the Circular.

The valuation is current as at the date of the valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period as a result of general market movements or factors specific to the particular property. We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

CICV confirms that it does not have a pecuniary interest that would conflict with its valuation of the property.

CICV is not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Such an opinion can only be provided by a person who holds an appropriate Financial Services Licence. CICV does not, nor does the Valuer, hold an Australian Financial Services Licence and is not operating under such a licence in providing its opinion as to the value of the properties detailed in this report.

Rendezvous Grand Hotel, Flinders Street Melbourne
Executive Summary (continued)

Valuation Criteria – Freehold Subject to Management Agreement

Initial Yield Approach (first years projected income)

First Years Income	$5,504,822
Capitalisation Rate	8.5%
Value	$64,762,616

Discounted Cash Flow Inputs		**Discounted Cash Flow Outputs**	
Cash Flow Term	5 years	**NPV of Cash Flows**	$65,460,903
Discount Rate	11.00%	**Less Acquisition Costs**	$3,375,233
Terminal Yield	9.00%	**Net Present Value**	$62,085,670

Valuation Conclusions

Adopted Value	**$63,000,000**
Passing Yield :	6.40%
Initial Yield (after capex) :	8.74%
Direct Comparison :	$185,294 per room

Valuation

$63,000,000 – GST Exclusive

(SIXTY THREE MILLION DOLLARS)

Colliers International Consultancy and Valuation Pty Limited

MICHAEL D THOMSON MA MRICS AAPI

National Director – Hotels & Leisure

Certified Practising Valuer

Registered Real Estate Valuer No. 3916 (NSW)

This report has been verified by Jim Macey National Director Hotels and Leisure

NOTE: This Executive Summary must be read in conjunction with the attached report and the details contained therein.

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CONTACT DETAILS
MOB 61 412 053 598
DIR 02 9257 0245
FAX 02 9347 0745
michael.thomson@colliers.com
Colliers International Consultancy and Valuation Pty Limited
ABN 88 076 848 112
Level 12, 225 George Street
Sydney NSW 2000

www.colliers.com.au

KPMG Corporate Finance Pte Ltd
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet kpmg.com.sg

The Board of Directors
Far East Orchard Limited
1 Tanglin Road #05-01
Orchard Parade Hotel
Singapore 247905

24 June 2013

Dear Sirs,

Independent Summary Letter

1. Introduction

KPMG Corporate Finance Pte. Ltd. ("**KPMG CF**" or "**we**") has been appointed by the Board of Directors (the "**Board**") of Far East Orchard Limited ("**FEOrchard**") to undertake an independent valuation of the hotel management business of Toga Group ("**Toga Hotels**"). In connection with a proposed joint venture between FEOrchard and Toga Hospitality Investments Pty Limited (the "**Toga Joint Venture**"), a joint venture entity ("**Trust SPV**") is expected to be established to hold Toga Hotels. FEOrchard will be subscribing for new securities in the Trust SPV, and this subscription represents 50% of the issued securities in the Trust SPV (the **"Toga Subscription"**).

Unless otherwise stated, words and expressions defined in the circular for purpose of obtaining shareholders' approval for the Toga Joint Venture (the "**Circular**") have the same meaning in this letter.

This letter has been prepared for the Board for the purpose of incorporation as an appendix to the Circular and is a summary of the information contained in our Valuation Report dated 18 April 2013 (the "**Valuation Report**"). Accordingly, this letter should be read in conjunction with the full text of the Valuation Report.

2. Terms of Reference

Scope

The objective of this letter is to provide a summary of the Valuation Report which gives an independent view of the fair value of 100% equity of Toga Hotels assessed as at 31 December 2012 (the "**Valuation Date**") on the basis that Toga Hotels owned the following hotel management agreements ("**HMAs**"):

i) An existing portfolio of 50 HMAs (the "**Existing Portfolio**"); and

ii) A secured pipeline of 7 additional HMAs (the "**Secured Pipeline**").

We are not expressing an opinion on the commercial merits and structure of the Toga Subscription, and accordingly this letter and the Valuation Report do not purport to contain all the information that may be necessary or desirable to fully evaluate the commercial or investment merits relating to this Toga Subscription. Our work is not addressed to and should not be construed as investment advice, recommendation or any form of opinion to the shareholders of FEOrchard.

We have not conducted a comprehensive review of the business, operational or financial condition of Toga Hotels, and accordingly this letter and the Valuation Report do not make any representation or warranty, express or implied, in this regard.

The scope of our engagement does not require us to express, and we do not express, a view on future prospects of Toga Hotels. We are therefore not expressing any views on a future price of Toga Hotels and a future trading price of FEOrchard.

Our opinion is based on prevailing market, economic, regulatory, industry and other conditions as at the Valuation Date. Such conditions can change over relatively short periods of time. Any subsequent changes in these conditions may have an impact upon the value, either positively or negatively. Neither KPMG CF nor any of our affiliates worldwide are responsible for updating our conclusions set out in this letter or the Valuation Report because of events or transactions occurring subsequent to the date of the Valuation Report.

Our terms of reference do not require us to provide advice on legal, regulatory, accounting, property or taxation matters and where specialist advice has been obtained by Toga Group and made available to us, we have considered and relied upon such advice where appropriate.

Our work is not of the same nature as an audit, and does not constitute an audit. We are not therefore issuing an audit opinion and no assurance is expressed.

The Board has been separately advised by their own legal adviser in the preparation of the Circular other than this letter and the Valuation Report. We have had no role or involvement and have not provided any advice whatsoever in the preparation, review and verification of the Circular other than this letter and the Valuation Report. Accordingly, we assume no responsibility for, and express no views, whether express or implied, on the contents of the Circular except for this letter and the Valuation Report.

Use of our letter and the Valuation Report

This letter and the Valuation Report are addressed to the Board for their benefit in connection with and for the purposes of their consideration of the Toga Joint Venture. All recommendations made by the Board in relation to the Toga Joint Venture shall remain the responsibility of the Board.

In rendering our advice and giving our opinion, we did not have regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any shareholder or any specific group of shareholders. As different shareholders would have different investment profiles and objectives, we advise the Board to recommend that any individual shareholder or group of shareholders who may require specific advice in relation to their investment portfolio(s) consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

This letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter. Save for the inclusion of this letter in the Circular to shareholders to seek their approval for the Toga Joint Venture, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner except with the prior written consent of KPMG CF in each specific case.

Reliance on information and representation

In preparing this letter and the Valuation Report, we have placed reliance on information and representations made to us by the management of the Toga Group (the "**Management**") and its professional advisors, and other publicly available information. We do not accept any responsibility for such information and have not independently verified any of the information or representations provided to us. Accordingly, we do not make any representation, or warranty, expressed or implied, as to the accuracy, reasonableness or completeness of such information or representations.

We have satisfied ourselves, so far as possible, that the information presented in this letter and the Valuation Report is consistent with other information which was made available to us in the course of our work in accordance with the terms of reference. We have not, however, sought to establish the reliability of the sources by reference to other evidence and do not assume any responsibility to do so.

In no circumstances shall KPMG CF be liable, other than in the event of our bad faith or wilful default, for any loss or damage of whatsoever nature arising from information material to our work being withheld or concealed from us or misrepresented to us by the Management, employees, or agents or any person of whom we may have made inquiries of during the course of our work.

3. Valuation Methodology

We have assessed the fair value of Toga Hotels on a stand-alone and going concern basis as at the Valuation Date by applying a sum-of-parts analysis of the Existing Portfolio and the Secured Pipeline, using the comparable companies ("**CoCos**") methodology under the market approach and the Discounted Cash Flow ("**DCF**") methodology under the income approach.

The CoCos methodology under the market approach has been applied to value the Existing Portfolio based on the maintainable earnings before interest, taxes, depreciation and amortisation for FY2012 of Toga Hotels that incorporated normalization adjustments and adjustments for discontinued HMAs.

The Existing Portfolio has also been valued by applying the DCF methodology under the income approach. In applying the DCF methodology, we have discounted the projected free cash flows of each HMA's business of the Existing Portfolio at appropriate discount rates having considered the relevant risk factors.

The free cash flows of the Existing Portfolio have been projected for the period FY2013 to FY2014. A terminal value was attributed to the cash flows given as HMAs are assumed to be renewed or replaced on similar terms.

The Secured Pipeline has been valued using the DCF methodology under the income approach. We have discounted the projected free cash flows of each of the HMAs' businesses of the Secured Pipeline at appropriate discount rates having considered the relevant risk factors. The free cash flows of the Secured Pipeline have been projected for the period FY2013 to FY2018. As with the Existing Portfolio, a terminal value was likewise attributed to the cash flows.

The estimated value is based upon the concept of fair value, i.e. the value as assumed in a hypothetical transaction between a knowledgeable and willing buyer and seller and does not consider the particular circumstances of the buyer and seller. Accordingly, the final price agreed between the buyer and seller may be significantly different from the value arrived at.

We do not assume any responsibility to undertake an assessment on any other concept, approach or methodology.

In assessing the fair value of Toga Hotels, we considered, *inter alia*, the following:

a. The information memorandum dated August 2012, the financial model dated 21 August 2012, the Vendor Due Diligence Report dated 9 November 2012, the Vendor Due Diligence Report Trading Update Reports dated 22 February 2013 and 18 March 2013, the financial projections for the Secured Pipeline dated 22 February 2013;

b. Relevant information made available to us in the digital data room during discussions with the management of Toga Hotels as well as its advisors;

c. As at the Valuation Date, Toga Hotels has an economic interest in the Existing Portfolio of 50 HMAs and the Secured Pipeline of 7 HMAs;

d. Our assessment of the terminal growth rates and discount rates applicable to the HMAs in the Existing Portfolio and the Secured Pipeline;

e. The valuation multiples of the CoCos which we view as operating in a broadly comparable industry to Toga Hotels. We note that CoCos in the business of hotel management operate in different geographical markets and may have products and services that are different from those of Toga Hotels. Accordingly, these differences may have an impact on, *inter alia*, financial performance, operating and financial leverage, growth rates, risk profile, future prospects and other relevant criteria;

f. Our estimate of the maintainable earnings before interest, taxes, depreciation and amortisation of Toga Hotels incorporates normalization adjustments and adjustments for discontinued HMAs;

g. We note that the free cash flows of these HMAs' business are projected in their respective local currencies; our assessment of the fair values of the respective HMAs' businesses is in local currency and are subsequently converted using spot exchange rates. Spot exchange rates from Bloomberg as at the Valuation Date were applied to estimate the value in Australian Dollars ("**A$**") for HMAs' businesses in Germany, New Zealand and Denmark; and

h. The application of control and size premiums.

Our valuation is based on various assumptions with respect to Toga Hotels, including its respective present and future financial condition, business strategies and the environment in which it will operate in the future. These assumptions are based on the information that we have been provided by the Management, and reflect current expectations and views regarding future events, and therefore necessarily involve known and unknown risks and uncertainties. Specifically, we based our analysis on, *inter alia*, the following key assumptions and management representations:

a. The information provided fairly reflects the financial and operating positions of Toga Hotels;

b. Toga Hotels achieves the financial projections provided to us for the HMAs of the Existing Portfolio and the Secured Pipeline;

c. Toga Hotels will be able to renew or replace all of the HMAs, except for the HMAs explicitly indicated to us as discontinued, with other HMAs on the similar financial and commercial terms going forward;

d. Our estimate of the maintainable earnings before interest, taxes, depreciation and amortisation of Toga Hotels is sustainable going forward;

e. Toga Hotels continues to operate as a going-concern and grows at the terminal growth rate that follows inflation thereafter in perpetuity.

Based on the information, assumptions and representations, we have estimated the fair value of 100% equity of Toga Hotels to be as presented below:

Valuation Summary		
A$ mil	**Low**	**High**
Estimated fair value of 100% equity of Toga Hotels	230.3	256.4

In undertaking our independent valuation we have prepared a sensitivity analysis to estimate the range of equity values for Toga Hotels based on a ±0.5% change in cost of capital. The cost of capital applied is summarised in the following table.

Summary of cost of capital applied		
Country	**Existing Portfolio**	**Secured Pipeline**
Australia	11.0%	12.0%
New Zealand	11.0%	NA
Germany	9.0%	NA
Denmark	9.0%	NA

Far East Orchard Limited
Independent Summary Letter
24 June 2013

4. Conclusion

We have estimated the fair value of 100% equity of Toga Hotels by applying the CoCos and DCF methodologies.

Accordingly, we are of the view that the 100% equity value range for Toga Hotels is between A$230.3 million and A$256.4 million.

Yours faithfully,

KPMG Corporate Finance Pte. Ltd.

Satyanarayan R

Satyanarayan Ramamurthy

Executive Director

Deloitte.

Deloitte & Touche Financial
Advisory Services Pte Ltd Co.
Reg. No. 200205727K
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809

Tel: +65 6224 8288
Fax: +65 6538 6166
www.deloitte.com

20 June 2013

The Board of Directors
Far East Orchard Limited
1 Tanglin Road #05-01
Orchard Parade Hotel
Singapore 247905

Dear Sirs,

Unless otherwise defined or the context otherwise requires, all terms defined in the announcement to shareholders of Far East Orchard Limited to be dated on or about 20 June 2013 (the "Announcement") shall have the same meaning herein.

1. Introduction

Deloitte & Touche Financial Advisory Services Pte Ltd ("Deloitte") has been engaged by Far East Orchard Limited ("FEOrchard" or the "Company") to provide valuation advisory services to estimate the range of indicative fair values of a 100% interest in Rendezvous Hotels International Limited ("RHI") owned by The Straits Trading Company Limited ("STC") as at 31 December 2012, on a desk-top basis (the "RHI Valuation").

We have used the fair value standard for our work, presuming the application of existing use framework. Fair value is defined for this purpose as follows:

" ...the indicative price at which an asset would change hands, on an arm's length basis, between a willing buyer and willing seller, neither being under a compulsion to act and each having reasonable knowledge of all relevant facts... ".

This letter has been prepared for inclusion in the circular (the "Circular") to be issued to shareholders of the Company to be dated on or about 24 June 2013. This letter is addressed to the Board of Directors ("Directors") of FEOrchard (the "Board") for their benefit in connection with and for the purposes of their consideration of the STC Joint Venture. Other than for this intended purpose, this letter cannot be used or relied upon for any other purpose .

In concluding on our indicative range of fair values, we have not had regard to the investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any shareholder. As different shareholders have different investment profiles and objectives, we recommend such shareholder who may require specific advice to consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

2. Terms of Reference

We understand that FEOrchard, STC and Far East Hospitality Holdings Pte. Ltd. ("Hospitality HoldCo") have entered into a conditional joint venture implementation agreement (the "JVIA") for a proposed joint venture (the "STC Joint Venture"). Under the terms of the JVIA, STC shall, inter alia, contribute RHI into the Hospitality HoldCo. As FEOrchard will hold and retain 70% of the aggregate shareholding of Hospitality HoldCo, FEOrchard will effectively acquire 70% of RHI on final completion under JVIA.

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We have been instructed to perform the RHI Valuation on a 100% interest basis and that RHI, as defined in the Announcement and based on the terms of the STC RHI SPA, had been effected as at 31 December 2012, i.e. RHI had the following agreements (the "Agreements"), assets and liabilities contributed to Hospitality HoldCo as at 31 December 2012:

(i) The hospitality management agreements ("HMA") with the 4 hotels (the "4 Managed Hospitality Assets");

(ii) The management/lease agreements ("MLA") for 9 hospitality assets (the "9 Leased Hospitality Assets");

(iii) Fixed assets balance of S$14.4 million (the "Fixed Assets"), including surplus assets of S$3.9 million (the "Surplus Assets");

(iv) Provision for onerous contracts balance of S$15.5 million (the "Provision");

(v) Nil net working capital balance (the "Nil NWC"); and

(vi) Cash balance of S$11.0m (the "Cash Rebate").

The RHI Valuation is to assist FEOrchard's internal decision-making process relating to the STC Joint Venture. For the avoidance of doubt, the decision as to the final price at which the proposed transaction is done rests solely with FEOrchard.

Our estimate of the range of indicative fair values of the RHI will not form a basis of the price at which the RHI is to be transacted. This letter and the data on which this letter is prepared is not intended to form the basis of any transaction decision in relation to the STC Joint Venture and does not contain all the information that is necessary to fully evaluate the STC Joint Venture.

Other than our engagement as set out above and the FEOrchard Assets Valuation, Deloitte has had no involvement in any other aspect pertaining to the STC Joint Venture including, without limitation, the negotiations, the deliberations or the decision by the respective parties to enter into the STC Joint Venture. We do not, by this letter or otherwise, advise, recommend, evaluate, comment or form any judgment or opinion on the legal, commercial or financial rationale, merits or risks in relation to the STC Joint Venture or the relative merits of the STC Joint Venture as compared to any alternative transaction previously considered by FEOrchard or that otherwise may be available to FEOrchard in the future or on the future growth prospects or earnings potential of RHI. Such advice, recommendation, evaluations, comments, judgment or opinion are and remain the sole responsibility of the Board and its advisors engaged for the purpose.

This letter does not constitute and cannot be construed as an advice, a recommendation or any form of judgment or opinion to any person in connection with the STC Joint Venture.

The management of FEOrchard confirmed to us that, to the best of their knowledge and belief, the information contained in this letter and the data on which this letter is prepared constitute a full and true disclosure of all relevant and material facts on RHI and there is no other information or fact, the omission of which would cause any of the information disclosed to us or relied by us or any information contained herein and in the data on which this letter is prepared to be untrue, incomplete or misleading in any material respect.

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In connection with our engagement to perform the RHI Valuation, we held discussions with the management of FEOrchard and placed reliance on the (i) financial forecasts of RHI (the "Projections") and other information provided to us by FEOrchard which is the sole responsibility of FEOrchard; and (ii) historical financials (the "Historical Financials") provided by STC which is the sole responsibility of STC. Our scope of work excludes, *inter alia*, (i) providing a view on the reasonableness of the Historical Financials, Projections or any other prospective information, (ii) undertaking any independent market study for the industry in which RHI is operates its business in, (iii) the validity, rights, obligations and completeness of the licences and operating permits and approvals required to operate RHI, and (iv) the validity, rights, obligations and completeness of the agreements between RHI and, related parties or third parties, including the Agreements. In addition, we examined certain publicly available information which we consider to be pertinent to our engagement. We have not independently verified such information, whether written or verbal, and accordingly, we cannot and do not warrant, opine or accept any responsibility for the accuracy, completeness or adequacy of such information including, without limitation, the Historical Financials and the Projections we received from FEOrchard and/or STC, as the case may be. We have not carried out any work which constitutes an audit in accordance with generally accepted auditing standards including any in-depth investigation into the business and affairs of RHI and its subsidiaries, if any. In performing our engagement herein, we relied upon and have assumed that all information provided to us is true, accurate, not misleading and complete in all respects as at the date hereof and that all information which is or may be relevant to our engagement has been duly provided to us and drawn to our attention by the management of FEOrchard. We do not express any opinion on and we do not take any responsibility for or in relation to and have further assumed that all bases and assumptions, statements of fact, beliefs, opinions and intentions made by the management of FEOrchard in preparing the Historical Financials and the Projections of RHI. We also do not represent that the reasonableness and achievability of the Projections have been reasonably made after due and careful enquiry.

Our estimate of the range of indicative fair values of RHI was based on generally accepted valuation procedures and practices that rely on the use of assumptions and the consideration of uncertainties not all of which can be easily quantified or ascertained. The final analysis leading to our estimate of the range of indicative fair values of RHI presents an independent assessment based on our best professional judgment and experience predicated on all relevant and available references and resources. You should note that there would usually be differences between the Projections on which our RHI Valuation was based and the actual results, because events and circumstances frequently do not occur as expected, and those differences may be material and will accordingly, affect our estimate of the range of indicative fair values of RHI. You should also note that by its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is therefore, no indisputable single value. Whilst we consider our estimate of the range of indicative fair values of RHI to be both reasonable and defensible based on our scope and the information available to us, others may place a different value on RHI.

Our estimate of the range of indicative fair values of RHI is based on the market, economic, industry and other conditions prevailing at the time when the RHI Valuation was conducted and the information made available to us by the management of FEOrchard. We assume no responsibility to update, revise or reaffirm our evaluation or assumptions in light of any subsequent events or circumstances that may affect our estimate of the range of indicative fair values of RHI or any factors or assumptions contained herein.

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3. Valuation Approach

We performed the RHI Valuation based on the Income Approach. The Income Approach uses the Discounted Cash Flow ("DCF") method. The Market Approach is not appropriate given RHI's current and expected financial performance.

In undertaking the RHI Valuation, we considered, *inter alia*, the following:

a. The Historical Financials, the Projections and supporting information as provided by STC and/or FEOrchard, as the case may be. The Projections for the 4 Managed Hospitality Assets and the 9 Leased Hospitality Assets cover the financial years ending 31 December 2013 up to 31 December 2015 and subsequent renewal, where applicable;

b. Relevant information provided by STC and FEOrchard which includes, *inter alia*, the Historical Financials, Projections, the STC RHI SPA and draft copy of the Circular;

c. The hotel property of 1 of the 9 Leased Hospitality Assets will be contributed into the Hospitality HoldCo and the valuation of this hotel property is on the basis that it is a managed hospitality asset managed by RHI;

d. Discussions and correspondences with the management of FEOrchard as well as its advisors;

e. The RHI Valuation is performed on the basis that RHI, as described in the Announcement and based on the terms of the STC RHI SPA, have been contributed to Hospitality HoldCo as at 31 December 2012;

f. Pooling of tax losses is available for RHI and its subsidiaries which are within the same tax jurisdiction; and

g. Our assessment of the terminal growth rates, where applicable, and discount rates applicable to RHI.

4. Key assumptions

The estimated range of indicative fair values is based on the following key assumptions and management representations:

a. The information provided fairly reflects the financial and operating positions of RHI;

b. RHI achieves the Projections;

c. The Projections are based on the Agreements with the 4 Managed Hospitality Assets and the 8 of the 9 Leased Hospitality Assets.

d. As the valuation of the hotel property (to be contributed to Hospitality HoldCo) of the remaining 1 Leased Hospitality Asset is on the basis that it is managed by RHI, the Projections of this 1 Leased Hospitality Asset reflects that of a HMA. Furthermore, RHI will be able to enter into and replace the HMA for this 1 Leased Hospitality Asset on similar financial and commercial terms going forward.

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e. RHI will be able to replace HMAs for 2 of the 4 Managed Hospitality Assets, with other HMAs on similar financial and commercial terms going forward;

f. The Agreements with the other 2 of the 4 Managed Hospitality Assets and 8 of the 9 Leased Hospitality Assets (excluding the 1 Leased Hospitality Asset in [d.] above) will not be replaced upon their respective expiry dates;

g. The MLAs with the 8 of the 9 Leased Hospitality Assets will not be terminated before their respective expiry dates;

h. RHI continues to operate as a going-concern and have sufficient liquidity to achieve the Projections;

i. The agreements between RHI and, related parties or third parties, including the Agreements, are on an arms-length basis and are maintained going forward;

j. As at the Valuation Date, RHI is assumed to have the following assets and liabilities: the Fixed Assets, the Surplus Assets, the Provision, the Nil NWC and the Cash Rebate;

k. Book value of Surplus Assets of S$3.9m approximates its fair value at the Valuation Date;

l. Fixed assets owned by RHI in the 1 Leased Hospitality Asset in [d.] above generates no lease or rental income for RHI and is therefore not considered a surplus asset from the perspective of RHI. Furthermore, these fixed assets were considered in the valuation of the hospitality asset of the 1 Leased Hospitality Asset in [d.] above;

m. Pooling of tax losses is available for RHI and its subsidiaries which are within the same tax jurisdiction;

n. There will be no material changes, after the date of this RHI Valuation, in the market conditions under which RHI operates;

o. There are no other undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business, nor any litigation pending or threatened, which would have a material impact on RHI;

p. There are no other surplus assets not disclosed to us, which would have a material impact on the value of RHI; and

q. The other assumptions used in the RHI Valuation hold true.

Please refer to Section 5 of the Circular to shareholders to be dated on or about 24 June 2013 for the "Risk Factors in relation to the Joint Ventures".

5. Base Case Estimated Range of Indicative Fair Values

Based on our terms of reference, valuation approach and key assumptions above, we estimated the range of indicative fair values of 100% of RHI to be as follows:

S$'million	Low	High
Estimated range of indicative fair values of RHI	-0.2	4.0

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6. Sensitivity Analysis

We considered sensitivities of 1% fluctuations in the following business assumptions (the "Sensitivities"):

a. Projected revenues (profitability margins remain unchanged);

b. Projected costs (revenues remain unchanged); and

c. Terminal growth rate, discount rate and guideline pricing multiples.

Please note that we are not required and we are not commenting or suggesting the likelihood of the occurrence of any or all of the Sensitivities.

The following table illustrates the potential impact of each of the above Sensitivities on our estimate of the range of indicative fair values of RHI:

Estimated range of indicative fair values of RHI	Fluctuation of -1%		Fluctuation of +1%	
S$'million	Low	High	Low	High
Projected revenues	-3.4	0.6	3.1	7.3
Projected costs	3.3	7.5	-3.6	0.5
Terminal growth rate, discount rate*, guideline pricing multiples	-0.3	3.8	-0.1	4.2

* For discount rates, a fluctuation of -1% means a 1% increase in discount rates and vice-versa.

7. Conclusion

Based upon and subject to the foregoing and other information used in the preparation of this letter, we have estimated the range of indicative fair values of RHI to be **nil to S$4.0 million**.

Our estimation of the range of indicative fair values of RHI should be considered in the context of the entirety of this letter. Save for the purposes of the Circular to be dispatched to the shareholders, public inspection and/or the special general meeting of shareholders to be convened by FEOrchard in connection with the STC Joint Venture, this letter may not be reproduced, disseminated or quoted for any other purpose without Deloitte's prior written consent. This letter is governed by, and should be construed in accordance with, the laws of Singapore, and are strictly limited to the matters stated therein and do not apply by implication to any other matter.

Yours faithfully,
DELOITTE & TOUCHE FINANCIAL ADVISORY SERVICES PTE LTD

Andrew Ooi
Executive Director

Deloitte.

Deloitte & Touche Financial Advisory Services Pte Ltd
Co. Reg. No.200205727K
6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809

Tel: +65 6224 8288
Fax: +65 6538 6166
www.deloitte.com

20 June 2013

The Board of Directors
Far East Orchard Limited
1 Tanglin Road #05-01
Orchard Parade Hotel
Singapore 247905

Dear Sirs,

Unless otherwise defined or the context otherwise requires, all terms defined in the announcement to shareholders of Far East Orchard Limited to be dated on or about 20 June 2013 (the "Announcement") shall have the same meaning herein.

1. Introduction

Deloitte & Touche Financial Advisory Services Pte Ltd ("Deloitte") has been engaged by Far East Orchard Limited ("FEOrchard" or the "Company") to provide valuation advisory services to estimate the range of indicative fair values of a 100% interest in the hospitality management business (the "FEOrchard Assets") of FEOrchard as at 31 December 2012, on a desk-top basis (the "FEOrchard Assets Valuation"). The FEOrchard Assets consists of:

1. 25 hotel and serviced residence management agreements, compnsmg 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 Jelco;

n. one property management agreement entered into by Jelco; and

iii. all other assets related to conducting the hospitality management 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 as stated in the FEOrchard business transfer agreement ("FEOrchard BTA")).

We have used the fair value standard for our work, presuming the application of existing use framework. Fair value is defined for this purpose as follows:

" ... the indicative price at which an asset would change hands, on an arm's length basis, between a willing buyer and willing seller, neither being under a compulsion to act and each having reasonable knowledge of all relevant facts ... ".

This letter has been prepared for inclusion in the circular (the "Circular") to be issued to shareholders of the Company to be dated on or about 24 June 2013. This letter is addressed to the Board of Directors ("Directors") of FEOrchard (the "Board") for their benefit in connection with and for the purposes of their consideration of the STC Joint Venture. Other than for this intended purpose, this letter cannot be used or relied upon for any other purpose.

In concluding on our indicative range of fair values, we have not had regard to the investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any shareholder. As different shareholders have different investment profiles and objectives, we recommend such shareholder who may require specific advice to consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

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2. Terms of Reference

We understand that FEOrchard, The Straits Trading Company Limited ("STC") and Far East Hospitality Holdings Pte. Ltd. ("Hospitality HoldCo") have entered into a conditional joint venture implementation agreement (the "JVIA") for a proposed joint venture (the "STC Joint Venture"). Under the terms of the JVIA, FEOrchard shall, inter alia, contribute the FEOrchard Assets to Hospitality HoldCo.

We have been instructed to perform the FEOrchard Assets Valuation on the basis that the FEOrchard Assets, as defined in the Announcement and based on the terms of the FEOrchard BTA, had been effected as at 31 December 2012, i.e. the FEOrchard Assets had the following agreements (the "Management Agreements") contributed into Hospitality HoldCo as at 31 December 2012:

(i) The Hospitality Management Agreements with the 8 hotels and 10 serviced residences as set out in the FEOrchard BTA (the "18 Managed Hospitality Properties");

(ii) The Property Management Agreement with 8 of the above 18 Managed Hospitality Properties as set out in the FEOrchard BTA (the "8 Office/ Retail Properties"); and

(iii) The Hospitality Management Agreements with the seven new and pipeline hotel and serviced residences as set out in the FEOrchard BTA (the "7 Pipeline Managed Hospitality Properties").

The FEOrchard Assets Valuation is to assist FEOrchard's internal decision-making process relating to the STC Joint Venture. For the avoidance of doubt, the decision as to the final price at which the proposed transaction is done rests solely with FEOrchard.

Our estimate of the range of indicative fair values of the FEOrchard Assets will not form a basis of the price at which the FEOrchard Assets is to be transacted. This letter and the data on which this letter is prepared is not intended to form the basis of any transaction decision in relation to the STC Joint Venture and does not contain all the information that is necessary to fully evaluate the STC Joint Venture.

Other than our engagement as set out above and the RHI Valuation, Deloitte has had no involvement in any other aspect pertaining to the STC Joint Venture including, without limitation, the negotiations, the deliberations or the decision by the respective parties to enter into the STC Joint Venture. We do not, by this letter or otherwise, advise, recommend, evaluate, comment or form any judgment or opinion on the legal, commercial or financial rationale, merits or risks in relation to the STC Joint Venture or the relative merits of the STC Joint Venture as compared to any alternative transaction previously considered by FEOrchard or that otherwise may be available to FEOrchard in the future or on the future growth prospects or earnings potential of the FEOrchard Assets. Such advice, recommendation, evaluations, comments, judgment or opinion are and remain the sole responsibility of the Board and its advisors engaged for the purpose.

This letter does not constitute and cannot be construed as an advice, a recommendation or any form of judgment or opinion to any person in connection with the STC Joint Venture.

The management of FEOrchard confirmed to us that, to the best of their knowledge and belief, the information contained in this letter and the data on which this letter is prepared constitute a full and true disclosure of all relevant and material facts on the FEOrchard Assets and there is no other information or fact, the omission of which would cause any of the information disclosed to us or relied by us or any information contained herein and in the data on which this letter is prepared to be untrue, incomplete or misleading in any material respect.

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In connection with our engagement to perform the FEOrchard Assets Valuation, we held discussions with the management of FEOrchard and placed reliance on the pro-forma financials (the "Pro-formas"), financial forecasts (the "Projections") and other information provided to us by FEOrchard which is the sole responsibility of FEOrchard. Our scope of work excludes, *inter alia*, (i) providing a view on the reasonableness of the Pro-formas, Projections or any other prospective information, (ii) undertaking any independent market study for the industry in which the FEOrchard Assets operate in, (iii) the validity, rights, obligations and completeness of the licences and operating permits and approvals required to operate the FEOrchard Assets, and (iv) the validity, rights, obligations and completeness of the agreements between the FEOrchard Assets and FEOrchard, Far East Organisation Pte. Ltd. ("FEO"), companies controlled by FEOrchard, companies controlled by FEO and/or third parties, including the Management Agreements. In addition, we examined certain publicly available information which we consider to be pertinent to our engagement. We have not independently verified such information, whether written or verbal, and accordingly, we cannot and do not warrant, opine or accept any responsibility for the accuracy, completeness or adequacy of such information including, without limitation, the Pro-formas and the Projections we received from FEOrchard. We have not carried out any work which constitutes an audit in accordance with generally accepted auditing standards including any in-depth investigation into the business and affairs of the FEOrchard Assets. In performing our engagement herein, we relied upon and have assumed that all information provided to us is true, accurate, not misleading and complete in all respects as at the date hereof and that all information which is or may be relevant to our engagement has been duly provided to us and drawn to our attention by the management of FEOrchard. We do not express any opinion on and we do not take any responsibility for or in relation to and have further assumed that all bases and assumptions, statements of fact, beliefs, opinions and intentions made by the management of FEOrchard in preparing the Pro-formas and the Projections of the FEOrchard Assets. We also do not represent that the reasonableness and achievability of the Projections have been reasonably made after due and careful enquiry.

Our estimate of the range of indicative fair values of the FEOrchard Assets was based on generally accepted valuation procedures and practices that rely on the use of assumptions and the consideration of uncertainties not all of which can be easily quantified or ascertained. The final analysis leading to our estimate of the range of indicative fair values of the FEOrchard Assets presents an independent assessment based on our best professional judgment and experience predicated on all relevant and available references and resources. You should note that there would usually be differences between the Projections on which our FEOrchard Assets Valuation was based and the actual results, because events and circumstances frequently do not occur as expected, and those differences may be material and will accordingly, affect our estimate of the range of indicative fair values of the FEOrchard Assets. You should also note that by its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is therefore, no indisputable single value. Whilst we consider our estimate of the range of indicative fair values of the FEOrchard Assets to be both reasonable and defensible based on our scope and the information available to us, others may place a different value on the FEOrchard Assets.

Our estimate of the range of indicative fair values of the FEOrchard Assets is based on the market, economic, industry and other conditions prevailing at the time when the FEOrchard Assets Valuation was conducted and the information made available to us by the management of FEOrchard. We assume no responsibility to update, revise or reaffirm our evaluation or assumptions in light of any subsequent events or circumstances that may affect our estimate of the range of indicative fair values of the FEOrchard Assets or any factors or assumptions contained herein.

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3. Valuation Approach

We performed the FEOrchard Assets Valuation based on the Income Approach and Market Approach. The Income Approach uses the Discounted Cash Flow ("DCF") method while the Market Approach uses the Guideline Public Company Method ("GPCM').

In undertaking the FEOrchard Assets Valuation, we considered, *inter alia*, the following:

a. The Pro-formas, Projections and supporting information as provided by FEOrchard. The Projections for the 18 Managed Hospitality Properties cover the 3 years ending 31 December 2013 up to 31 December 2015 and subsequent renewal, where applicable. Pro-formas and Projections for the 7 Pipeline Managed Hospitality Properties cover the financial years ending 31 December 2013 up to 31 December 2015 and subsequent renewal, where applicable

b. Relevant information provided by FEOrchard which includes, *inter alia*, the Pro-formas, Projections, the FEOrchard BTA and draft copy of the Circular;

c. Discussions and correspondences with the management of FEOrchard as well as its advisors;

d. As at the Valuation Date, the FEOrchard Assets, as described in the Announcement and based on the terms of the FEOrchard BTA, i.e. the Management Agreements with the 18 Managed Hospitality Properties, the 8 Office/ Retail Properties and the 7 Pipeline Managed Hospitality Properties, have not been contributed to Hospitality HoldCo yet;

e. The FEOrchard Assets Valuation is performed on the basis that the FEOrchard Assets, as described in the Announcement and based on the terms of the FEOrchard BTA, i.e. the Management Agreements with the 18 Managed Hospitality Properties, the 8 Office/ Retail Properties and the 7 Pipeline Managed Hospitality Properties, had been contributed to Hospitality HoldCo as at 31 December 2012;

f. Our assessment of the terminal growth rates, where applicable, and discount rates applicable to the FEOrchard Assets;

g. Guideline pricing multiples of publicly listed companies operating in the hotel industry which we view as broadly comparable to the FEOrchard Assets. We highlight that we have not identified any publicly listed company which is truly comparable to the FEOrchard Assets in terms of the composition of its business activities, geographical spread, size of operations, asset base, track record, financial performance, operating and financial leverage, market capitalisation, risk profile, liquidity, future prospects and other relevant criteria;

h. Estimating the maintainable earnings of the FEOrchard Assets based on normalised and sustainable earnings; and

i. Application of control premia and size discount in our valuation.

4. Key assumptions

The estimated range of indicative fair values is based on the following key assumptions and management representations:

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a. The information provided fairly reflects the financial and operating positions of the FEOrchard Assets;

b. The Pro-formas fairly reflect the financials of the FEOrchard Assets if it had existed as at 31 December 2012;

c. The FEOrchard Assets achieves the Projections;

d. The Projections are based on the Management Agreements with the 18 Managed Hospitality Properties, the 8 Office/ Retail Properties and the 7 Pipeline Managed Hospitality Properties;

e. The FEOrchard Assets will be able to replace the majority of the Management Agreements on similar financial and commercial terms going forward;

f. The estimate of the maintainable earnings of the FEOrchard Assets is sustainable going forward;

g. The FEOrchard Assets continues to operate as a going-concern and have sufficient liquidity to achieve the Projections and grow at the terminal growth rate thereafter to perpetuity;

h. The agreements between the FEOrchard Assets and FEOrchard, FEO, companies controlled by FEOrchard, companies controlled by FEO, and/or third parties, including the Management Agreements and the FEOrchard BTA for the FEOrchard Assets, are on an arms-length basis and are maintained going forward;

i. As at the Valuation Date, the FEOrchard Assets does not have any debt or surplus cash;

j. There will be no material changes, after the date of this FEOrchard Assets Valuation, in the market conditions under which the FEOrchard Assets operates;

k. There are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business, nor any litigation pending or threatened, which would have a material impact on the FEOrchard Assets;

l. There are no surplus assets not disclosed to us, which would have a material impact on the value of the FEOrchard Assets; and

m. The other assumptions used in this FEOrchard Assets Valuation hold true.

Please refer to Section 5 of the Circular to shareholders to be dated on or about 24 June 2013 for the "Risk Factors in relation to the Joint Ventures".

5. Base Case Estimated Range of Indicative Fair Values

Based on our terms of reference, valuation approach and key assumptions above, we estimated the range of indicative fair values of 100% of the FEOrchard Assets to be as follows:

S$'million	Low	High
Estimated range of indicative fair values of the FEOrchard Assets	149	184

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6. Sensitivity Analysis

We considered sensitivities of 10% fluctuations in the following business assumptions (the "Sensitivities"):

a. Pro-forma and projected revenues (profitability margins remain unchanged);

b. Pro-forma and projected costs (revenues remain unchanged); and

c. Terminal growth rate, discount rate and guideline pricing multiples.

Please note that we are not required and we are not commenting or suggesting the likelihood of the occurrence of any or all of the Sensitivities.

The following table illustrates the potential impact of each of the above Sensitivities on our estimate of the range of indicative fair values of the FEOrchard Assets:

Estimated range of indicative fair values of the FEOrchard Assets	Fluctuation of -10%		Fluctuation of +10%	
S$'million	Low	High	Low	High
Proforma and projected revenues	121	164	173	210
Proforma and projected costs	165	198	133	170
Terminal growth rate, discount rate*, guideline pricing multiples	124	153	187	233

* For discount rates, a fluctuation of -10% means a 10% increase in discount rates and vice-versa.

7. Conclusion

Based upon and subject to the foregoing and other information used in the preparation of this letter, we have estimated the range of indicative fair values of the FEOrchard Assets to be **S$155 million to S$180 million**.

Our estimation of the range of indicative fair values of the FEOrchard Assets should be considered in the context of the entirety of this letter. Save for the purposes of the Circular to be dispatched to the shareholders, public inspection and/or the special general meeting of shareholders to be convened by FEOrchard in connection with the STC Joint Venture, this letter may not be reproduced, disseminated or quoted for any other purpose without Deloitte's prior written consent. This letter is governed by, and should be construed in accordance with, the laws of Singapore, and are strictly limited to the matters stated therein and do not apply by implication to any other matter.

Yours faithfully,
DELOITTE & TOUCHE FINANCIAL ADVISORY SERVICES PTE LTD

Andrew Ooi
Executive Director

JONES LANG LASALLE®

Jones Lang LaSalle Hotels (NSW) Pty. Limited
A.B.N. 65 075 217 462
Level 26, 420 George Street Sydney NSW 2000
tel +61 2 9220 8777 fax +61 2 9220 8765

www.joneslanglasallehotels.com

24 June 2013

Far East Orchard Limited
1 Tanglin Road
#05-01 Orchard Parade Hotel
Singapore 247905

Dear Sir/Madam,

VALUATION SUMMARIES FOR A PORTFOLIO OF FIVE HOTEL ASSETS IN AUSTRALIA

We are pleased to submit to you our Valuation Summaries for the following properties (collectively: the "Hotels" and/or the "Properties"):

State	City	Name of Property
NSW	Sydney	Adina Apartment Hotel Sydney, Harbourside
SA	Adelaide	Adina Grand Adelaide Treasury
QLD	Brisbane	Adina Executive Brisbane
NSW	Sydney	Vibe Hotel Sydney
NT	Darwin	Travelodge Mirambeena Resort Darwin

1. Client Brief and Purpose of Valuation

In accordance with our proposal dated 1 March 2013 and signed acceptance and instruction received from Investec Property Limited (dated 4 March 2013), Far East Orchard Limited (the "Company") (5 March 2013) and Toga Group of Companies (11 March 2013) ("Client/s") we have prepared this valuation summary letter. This letter is based on the information contained in our full and formal valuation reports dated 8 April 2013.

We have been instructed to provide the Clients with our opinion of the Market Value (as at 8 April 2013) of each of the five aforementioned properties as 'going concerns' subject to the respective long-term leases to Medina Property Services Pty Limited under which each property is operated as either an Adina Apartment Hotel, Vibe or Travelodge. We have also been instructed to value each property on the explicit assumption that the leases between the Trust Company as both Lessor and Lessee would be disregarded.

We were originally instructed to provide opinion of Market Value of each of the individual properties for proposed asset disposal purposes (Investec Property Limited as the Responsible Entity for the Toga Accommodation Fund) and proposed acquisition purposes (Toga Group of Companies and Far East Orchard Limited). We note that we have prepared this letter for inclusion in the Circular to the shareholders of the company for the purpose of obtaining shareholders' approval for the Toga Joint Venture (the "Circular").

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We have prepared a detailed valuation report for each of the Properties in accordance with our instructions from the Client (the "Full Valuation Reports"). This letter has been prepared for inclusion in the Circular and summarises the Full Valuation Reports and outlines the key factors that have been considered in arriving at the adopted values. However, this letter does not contain all of the supporting data which are included in the Full Valuation Reports.

2. Basis of Valuation

Each valuation takes into account the value of all estates in each property, and is based on Market Value as defined by the International Valuations Standards Committee and adopted by the Australian Property Institute (API), Royal Institution of Chartered Surveyors (RICS) which is:

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

Except where stated, our valuations have been prepared in accordance with the International Valuation Standards and our Standard Terms and Conditions adopted in the preparation of valuations and reports (the "Standard Terms and Conditions"), which are contained within Appendix II and should be read in conjunction with this letter. Your attention is also drawn to the General Assumptions and Limiting Statements set out in Appendix I.

Our assessments herein represent the Market Value of the 100% freehold or leasehold (where applicable) interest in each Property as a 'going concern' i.e. having regard to future trading potential as a fully equipped and operating entity subject to the existing provisions of the respective leases/sub leases to Medina Property Services. Further we note that each hotel is operated by Medina Property Services Pty Limited under the terms of long term leases / sub leases with 10 year options thereafter. If exercised, it is understood that the option to renew is carried forward to subsequent agreements in effect providing a perpetual right to renew. However as instructed by the Client, we have assumed that after the first option period any subsequent renewal option would provide the Lessor with the ability to obtain vacant possession upon hypothetical sale. The valuations include the value attributed to the real estate, goodwill, furniture, fittings and equipment used in the operation of the respective businesses. Such an assessment excludes the value of stock or credits for payment and assumes all items of furniture, fittings and equipment can be transferred without penalty to a new owner.

Furthermore, each valuation has been prepared on the assumption that the respective subleases between the Trust Company in its capacity as both Lessor and Lessee would be disregarded.

The valuations have been prepared on the basis of individual properties only. A portfolio valuation that considers the potential discount or premium that may apply if the properties were to be sold by way of a single transaction has not been undertaken and is outside the scope of this appointment.

It is envisaged that a professional marketing campaign over a 6 to 9 month period would precede the hypothetical sale of each property. It is further presumed that the price achieved would not be adversely affected by a mortgagee taking possession and disposing of the property under forced circumstances. A forced sale does not meet the criteria of a sale under normal market transactions as there is some element of undue compulsion or influence affecting the seller. Under these circumstances the marketability and price achieved for a property is likely to be significantly impaired. With regards to properties that are typically transacted having regard to their trading potential, this impairment is further compounded by factors such as the closure or a suppression in trade, management changes or where a property trades under receivership leading up to a sale as well as the stigma associated with receivership and the perceived failure of business. Our valuation of each property does not take into consideration such events.

3. Date of Valuation

As instructed, the date of each valuation is 8 April 2013.

Our valuations therefore assume that where the inspection took place prior to the valuation date, no material change has occurred to each hotel or respective market between the date of inspection and date of valuation. Due to possible changes in the market and/or circumstances relating to each property, the valuations should only be regarded as relevant as at the date of issue of the report.

The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for the losses arising from such subsequent changes in value. Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. However, it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.

In accordance with International Valuation Standards, it is advised that unusual valuation circumstances are reported if appropriate. In this regard, we note that following the deterioration of the global economy at the beginning of 2008 there was a general reduction in trade of properties. Financial market instability continues to cause uncertainty in the world's capital markets and real estate markets. While liquidity in the real estate market has subsequently returned to more normal levels, particularly for trophy and well located quality assets, there remains some lack of clarity as to pricing levels for non-prime markets outside these areas. Recent yields for prime hotels in gateway locations are not necessarily applicable to the wider market, particularly those properties in resort or regional locations where the buyer profile tends to be weighted towards more opportunistic investors or those with shorter investment horizons. While transactions continue to occur that involve vendors who are more compelled to sell, or purchasers who only buy at discounted prices, these are considered to be contributing less to total market liquidity.

In this environment, prices and values appear to have been less volatile over the last 12 months compared to the initial years of the GFC however conditions have yet to normalise and the potential remains for valuations and opinions of value or worth to change rapidly. The average period required to negotiate a sale appears to have reduced but may continue to be extended considerably above long term average particularly for properties with ownership complexities or larger properties requiring substantial investment. Consequently, we continue to recommend that values be reviewed at regular intervals and users of this report seek our latest opinion on the market for their real estate decisions.

4. Specific & General Assumptions

These valuations are prepared on the basis of the Standard Terms and Conditions which comprises a list of the major assumptions and limiting conditions under which our opinions are given. These are contained within Appendix II (as attached to this letter) and should be read in conjunction with this letter and the valuation summaries. Other key assumptions are set out in the General Assumptions and Limiting Statements which are contained within Appendix I. It is a condition of the use of each valuation

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that the recipient of the report accepts these statements. Key assumptions made in respect of each particular valuation are set out in the commentary provided in the Full Valuation Reports.

We would highlight the following Specific Assumptions:

- The values for the hotels reported are exclusive of any GST which may be payable in respect of a sale of the property. We presume that the hotels if sold on a 'going concern' basis would be GST free. However we are not taxation or legal experts and recommend that competent and qualified advice is obtained in this regard. Should this advice vary from our interpretation of the legislation and Australian Taxation Office rulings current as at the date of this valuation, we reserve the right to review and amend our valuation accordingly without liability;
- Each property has been valued on an individual sale basis – we have not had regard to the potential effect of selling the properties in one line. A portfolio valuation that considers the potential discount or premium that may apply if the properties were to be sold by way of a single transaction has not been undertaken and is outside the scope of this appointment;
- The assessments are the Market Value of the freehold (and leasehold where applicable) interests in the properties, subject to each of the existing leases/sub leases to Medina Property Services. Further we note that each hotel is operated by Medina Property Services Pty Ltd under the terms of long term Leases/Sub Leases with 10 year options thereafter. If exercised, the option to renew is carried forward to subsequent agreements in effect providing a perpetual right to renew. However as instructed by the Client we have assumed that after the first option period any subsequent option renewal would provide the lessor with the ability to obtain vacant possession upon hypothetical sale;
- That the leases between the Trust Company in its capacity as both Lessor and Lessee would be disregarded in preparing our valuations;
- That each property is Owned by the Trust Company of Australia excepting the Adina Apartment Hotel Sydney, Harbourside and Adina Grand Adelaide Treasury which are held under leasehold title;
- That no material changes occur in the market or the physical condition of the properties between the dates of inspection and the date of valuations being 8 April 2013;
- That the properties have the benefit of all necessary licenses, certificates, approvals, are in compliance with all relevant statutory regulations and ordinances and the owner owns all fixtures and fittings;
- On-going management by a reasonably efficient qualified international/national management company (average management) with the necessary marketing/reservation infrastructure in place to manage such a property;
- We are not responsible for management's actions or future marketing efforts upon which actual trading results will depend. Some assumptions inevitably will not materialise and anticipated events and circumstances may occur. Therefore, actual results achieved during the forecast period will vary and the variation may be material;
- While we have undertaken title searches, a comprehensive search of Title has not been completed and our valuations are made on the basis that each property is free of encumbrances, restrictions, or other impediments of an onerous nature that would affect

value. Our valuations are made on the basis that each property is free of mortgages, charges and other financial liens;

- Our assessments are based upon current as well as likely future conditions as perceived by the market. We do stress that the estimation of future market conditions is a very problematic exercise, which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projections involves assumptions regarding a considerable number of variables, which are acutely sensitive to changing conditions. To rely upon our valuations therefore, the reader must be satisfied as to the reasoning behind these future estimates;
- We have not sighted zoning certificates and it is assumed, unless otherwise stated, that the property complies with the requirements of the relevant planning Acts;
- During the course of our inspections and from our interview with management, we were not made aware of any major items of disrepair other than those noted which we regard as serious and which would affect values. We have not however, carried out structural surveys nor have we tested any of the service installations therefore are unable to state that the properties are free from defect;
- We assume the level of the Australian currency against other world currencies will remain stable;
- Each valuation is made on the basis that there are no encroachments upon or by each property, however, should confirmation of this be required the services of a Consulting Surveyor should be engaged. We have not made boundary checks or examined any site identification surveys and presume that the dimensions correspond with those shown on the registered plans;
- Information has been obtained verbally from the representatives of the relevant Statutory Authorities and this valuation is issued on the understanding that such information is correct. Should further clarification or details be required we recommend that a formal Town Planning Certificate should be obtained. We do not assume any liability of negligence for our reliance upon the Statutory Authority's verbal advice;
- Enquiries have been made of Hotel Management in respect to the presence of potential environmental contaminants and these indicate that there are no matters of concern. The detection of hazardous waste and toxic materials however requires investigation by qualified experts in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde, foam insulation or other potentially hazardous materials such as fuel contamination may affect the value of the property;
- Our value estimates are predicated on the basis that there are no environmental contaminants which would cause a loss in value. We are not qualified to detect hazardous waste and toxic materials and no responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The descriptions and resulting comments are the result of the routine observations made during the valuation process;
- This report is based upon a visual inspection of the accessible areas of each building. Sufficient areas of each building were visited to provide a reasonable appraisal but we have not undertaken a structural survey of the improvements or tested any of each building's

services. The report should not be interpreted as being comprehensive and detailed, but rather a broad overview which identifies important features of each structure and external envelope relevant to their present performance and condition;

- Whilst we cannot provide any assurance that each property is free from defect, we did not note any items of disrepair apart from those which would be the subject of a normal maintenance program;
- For valuation purposes we have prepared a cash flow projection for each hotel over a five year period based upon our knowledge of the market and the analysis of the revenue and expense levels at each hotel over recent times. These projections represent our assessment of the figures that might be prepared by potential purchasers and are not necessarily the same as those that might be achieved or are budgeted by current management;
- Tourism trends in Australia will be in line with latest forecasts;
- That there will be no additional hotel room inventory in the respective markets other than those anticipated in our forecasts and that occupancy levels and room rates will escalate over the forecast period as discussed;
- That each property, were it offered for sale, would be effectively marketed both nationally and internationally allowing a sufficient period to secure a purchaser prior to the date of valuation;
- Our valuations assume the properties will remain open for business at the date our assessments have been made and have the benefit of and conform to all necessary licences, fire certificates etc, unless stated to the contrary. The valuation further assumes a prospective purchaser would engage the existing hotel staff and take over the benefit of future bookings;
- We have not separately assessed the transferable value of the goodwill nor made an inventory or separately assessed the value of furniture, fittings, plant and equipment. We presume all items are unencumbered unless stated to the contrary;
- That the current volatility in global credit markets will stabilise and further, will not gather momentum that could jeopardise current levels of operational and investor sentiment prevailing in the Australian Tourism property investment market;
- That global credit markets will continue to stabilise and not deteriorate to a level that could jeopardise current levels of operational and investor sentiment prevailing in the Australian Tourism property investment market;
- That the Australian economy will continue to remain constrained over the short term in light of global economic uncertainty prevailing currently and thereafter recover and return to follow an overall growth trend through the forecast period inline with current Federal Government expectations; and
- This valuation does not investigate or consider the structure of the hotel ownership entity, nor does it have regard to any lease or side agreements or leases not registered on the title document and assumes the ownership structure would not obstruct the ordinary sale of the hotel asset.

5. Scope of Work and Approach

To accomplish the objectives of this instruction, we have:

- Inspected the properties and interviewed hotel management during the course of February 2013;
- Received relevant financial and property information provided by the Owners and hotel management;
- Made appropriate enquiries about the local markets and with relevant authorities; and
- Used Jones Lang LaSalle valuation computer modelling to prepare our analysis and conclusions.

Our hotel valuations have been undertaken utilising the methods that are mainly considered by potential investors, namely:

- Capitalisation approach.
- Discounted cash flow (DCF) approach.

The selected valuation criteria used in these approaches have been derived from recent market transactions and the resultant values checked against these transactions on a value per room basis.

Our projections of occupancy and average daily rate did not involve the undertaking of a specific market demand study but rather are based on our knowledge and understanding of the local hotel market and our experience of the operating performance of hotels of similar size and standard.

The cash flow forecasts and value estimate have been prepared having regard to:

- Historical room supply, room demand and average daily rates;
- Emerging trends in the respective hotel markets; and
- The expected future supply of hotel accommodation as at the date of our assessment.

The assumptions in respect to future events are our best estimates at the date of preparing the report. To the extent that any of the assumptions noted in our report are not realised, the indicative cash flow projections and estimate of value may be materially affected.

Our assessment is based upon current as well as expected future conditions as perceived by the market. We do stress that the estimation of future market conditions is a very problematic exercise which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties.

The process of making forward projections involves assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions. To rely upon our valuations therefore, the reader must be satisfied as to the reasoning behind these future estimates.

6. Information and Confidentiality

Financial and property information has been supplied by the respective Hotel Managers and Client. Whilst we have inspected the property, interviewed management and due care has been undertaken in the application of that information, its accuracy cannot be verified by Jones Lang LaSalle. Should it be

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revealed that any of this information is inaccurate or misleading so that its use would affect the valuation, then we reserve the right to amend our opinion contained herein without liability.

Each valuation contains information of a confidential nature relating to the ownership, management, business and financial performance of the property and has been supplied to Jones Lang LaSalle for the specific purpose of each valuation.

7. Experience and Qualifications

We confirm the valuers have the following experience and qualifications:

- Is a Certified Pracisting Valuer;
- A minimum of five years practical experience in the valuation of hotel style property;
- Is an Fellow / Associate of the Australia Property Institute and/or Fellow of the Royal Insitute of Chartered Surveyors;
- Is registered / permitted to value real property in the respective States;
- Is able to demonstrate compliance with the API Continuing Professional Development program; and
- That there has been no disciplinary action taken against the value by the API or registration body in the last five years.

We confirm the Valuer/s and Jones Lang LaSalle have no pecuniary or other interest in the Hotel/s that would conflict with the proper valuation of the premises or could reasonably be regarded as being capable of affecting the Valuer's ability to give an unbiased opinion. This position will be maintained until the purpose for which the valuation is being obtained is completed.

We further note that we are conducting the valuation for and on behalf of Investec Property Limited, Far East Orchard Limited and Toga Group of Companies, ("Transaction Parties"). For the avoidance of doubt, the Clients have consented to, and instructed us to act for and disclose a copy of the 2013 valuation to each of the other Clients

Personnel

The input of the following personnel has been used in the preparation of this valuation report:

Hotels Inspection, Analysis and Opinion of Value	Julian Whiston, FRICS, AAPI, Executive Vice President, Strategic Advisory *(Property: Adina Apartment Hotel Brisbane, Adina Apartment Hotel Adelaide Treasury, Travelodge Mirambeena Darwin Resort)* Monika Zochowski, AAPI, Vice President, Strategic Advisory *(Property: Adina Apartment Hotel Sydney, Harbourside and Vibe Sydney)*
Research Information	Karen Wales, Executive Vice President, Strategic Advisory
Peer Review	Troy Craig, FAPI, MRICS, Managing Director, Strategic Advisory Anthony Corbett, AAPI, Executive Vice President

8. Valuation Methodology

This section briefly summarises Jones Lang LaSalle's approach to the valuation of hotels.

Hotel investments are generally purchased on the basis of future income potential. Past performance provides some guide to the future performance of a hotel, but often new macro-economic factors or local supply issues mean that a fresh view needs to be taken of the performance potential of the hotel.

Discounted Cash Flow (DCF)

To arrive at an estimate of the hotel's capital value, we prepare an income and expenditure forecast which is then capitalised using a discounted cash flow model. This forecast represents what we believe a potential purchaser would adopt as being realistic estimates of the hotel's future income potential. This is not necessarily the same as current hotel management may project, but represents what a prospective purchaser might believe is reasonable as a basis for acquisition.

The forecast is prepared for a five-year period. A discount rate is then applied to the first five years of projections. The cash flow in the sixth year is capitalised at an assumed capitalisation rate, and deferred at the discount rate, and incorporated to arrive at the total investment figure. The choice of capitalisation rate is selected by reference to historic hotel transaction evidence, yield evidence of other forms of commercial property, market factors and the tenure, age, location and condition of the property. In order to arrive at our discount rate, we take account of long term inflation expectations, and the perceived risk of the operation relative to other properties and the achievement of our cash flow projections. In accordance with our normal practice, we then cross check the valuation against other measures such as the resultant running yields and price per room.

International and domestic purchasers remain concerned with cash flows and with established or achieved trading figures, as well as readily foreseeable income flows. These factors have a strong impact on purchasing decisions and we therefore have regard to the initial and likely returns to an investor/purchaser in the early years.

Having arrived at an estimate of total investment, which we consider reasonable, we then deduct, if appropriate, any capital expenditure, which an investor would require to spend in the foreseeable future.

We have included in our Full Valuation Reports our cash flow projections and comments thereon.

Capitalisation Approach

Capitalisation methodology converts the foreseeable earning capacity of the hotel into a current capital value by the application of a market derived/required yield. The income used is the projected net income after management fees and FF&E Reserve but before interest, depreciation, taxation and amortisation (EBIDTA).

The yield is selected after taking into consideration:

- Demonstrated market yields;
- The physical appeal and quality of the building and its facilities;
- The location, zoning and potential of the underlying freehold or leasehold (as appropriate) land parcel;
- The earnings profile over the last four years; and
- Expectations of earnings growth.

Again, the capital value produced is then cross checked against other measures such as price per room.

9. Summary of Valuations

We have prepared a formal valuation report for each property. For further information to that contained in this valuation summary, we recommend reference be made to the individual reports, copies of which are held by the Client. In our opinion, the market value of each property on a going concern basis as at 8 April 2013 is as set out below:

Name of Property	Tenure	Number of Rooms	Value AUD$	Value Per Room	Initial Yield	Discount Rate
Adina Apartment Hotel Sydney	Leasehold Expires 2099	113	$50,500,000	$446,903	8.5%	11.5%
Adina Grand Adelaide Treasury	Leasehold Expires 2100	79	$17,500,000	$221,519	8.5%	11.25%
Adina Executive Brisbane	Freehold	159	$38,000,000	$238,994	8.25%	11.25%
Vibe Hotel Sydney	Freehold	191	$43,000,000	$225,131	8.75%	11.75%
Travelodge Mirambeena Resort Darwin	Freehold	224	$34,000,000	$151,786	9.5%	12.5%

10. Pecuniary Interest

We have disclosed to the Client our previous involvement in respect of the Properties.

We confirm that we are not a related corporation of the Client and that the Valuers and Jones Lang LaSalle have no economic interest in the Client or the subject properties that would conflict with the proper valuation of the Properties or could reasonably be regarded as being capable of affecting the Valuers' ability to give an unbiased opinion.

11. Use of Report

This letter has been issued to the instructing party for inclusion in the Circular for the purpose of obtaining shareholders' approval for the Toga Joint Venture and not for any other purpose. To this end, it is a condition of its receipt that the contents and conclusions shall not be copied or divulged to any other party without the consent of Jones Lang LaSalle. Any breach of this condition would be a breach of the Confidentiality Agreement between Jones Lang LaSalle, its instructing party and any other supplier of confidential information whether a formal agreement has been entered into or not for this assignment.

We specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Circular, other than in respect of the information provided within the valuation reports and this letter. We do not make any warranty or representation as to the accuracy of the information in any part of the Circular other than as expressly made or given in this summary letter.

Jones Lang LaSalle hereby consents to the disclosure of this letter in connection with the Circular, such disclosure is approved solely for the purpose of providing information to the shareholders of the Company. Neither this letter, nor our Full Valuation Reports purport to contain all the information that an investor may require in relation to the proposal set out in the Circular. Further, this letter does not take into account the individual circumstances, financial situation, investment objectives or requirements of any investor. This letter is intended to be used as a guide only and do not constitute advice, including without limitation, investment, tax, legal or any other type of advice.

The values stated herein are, in the opinion of Jones Lang LaSalle, the best estimates and should not to be construed as a guarantee or prediction. Furthermore each valuation is fully dependent upon the accuracy of the associated assumptions made. Potential Investors should not rely on any material contained in this report as a statement or representation of fact but should satisfy themselves as to its correctness by such independent investigation as they or their legal or financial advisors see fit after reviewing the valuation report to understand the particular assumptions and methodologies made in the preparation of the valuations and to appreciate the context in which the values are arrived at.

This report contains information provided by third parties. Any such information contained in this letter that has been provided to Jones Lang LaSalle by third parties have not been independently verified by Jones Lang LaSalle and take no responsibility for it and subsequent conclusions related to such data.

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Jones Lang LaSalle, its directors, employees, affiliates and representatives shall not be liable (except to the extent that liability under statute or by operation of law cannot be excluded) to any person for any loss, liability, damage or expense arising from or connected in any way with any use of or reliance on this report.

For and on behalf of
Jones Lang LaSalle – Hotels & Hospitality Group

T M Craig B Bus (Land Econ) FAPI MRICS
Managing Director, Strategic Advisory
Company Director
(Peer Review)

J C Whiston BSc (Hons) FRICS AAPI
Executive Vice President , Strategic Advisory
Certified Practising Valuer
QLD Registration No. 2777

M Zochowski B Bus (Property) AAPI
Vice President, Strategic Advisory
Certified Practising Valuer
NSW Registration No. 017623

Liability limited by a scheme approved under Professional Standards Legislation.

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APPENDIX I

GENERAL ASSUMPTIONS AND LIMITING STATEMENTS

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GENERAL ASSUMPTIONS AND LIMITING STATEMENTS

We would also draw your attention to the following key assumptions and limitations made in respect of each of the Properties:

- We have assumed that the information provided to us is correct, particularly that the hotel's historic operating figures accurately reflect its trading history.

- It is assumed that each property includes all operating equipment, furniture, fixtures, fittings and equipment necessary to manage a hotel of this standard, that they would remain in each property on sale and that the equipment is owned, not leased. We have not separately assessed the transferable value of the goodwill nor made an inventory or separately assessed the value of furniture, fittings, plant and equipment.

- It is also assumed that each property is open for business and will continue to trade normally up until the date of sale. The valuations further assume a prospective purchaser would engage the existing staff (but not necessarily the senior management) and take over the benefit of future bookings.

- We have assumed the management of each hotel will operate the hotel competently. It should be emphasised that achievement of trading performance remains largely reliant on the skill and expertise of the hotel management, (particularly for a new business). We have neither evaluated management's effectiveness nor are responsible for future marketing efforts and other management actions upon which actual trading results will depend. Some assumptions inevitably will not materialise and unanticipated events and circumstances may occur. Therefore, actual results achieved during the analysis period will vary from the assumptions and the difference may be material.

- We have not fully searched nor verified the authenticity of the land titles. Our valuation is prepared on the assumption that the property and title is transferred free and clear of encumbrances, restrictions, or other impediments of an onerous nature, which would affect value. Our valuation is made on the basis that the property is transferred free of mortgages, charges and other financial liens.

- We have not conducted a land survey to verify the land boundaries and site areas and whether all developments and improvements are within such boundaries. We have assumed, unless otherwise stated, that all developments and improvements are within the boundaries of such land parcel as described in this report and the land parcel is fully owned by the property owner.

- We have not had sight of a zoning certificate, building, fire safety certificate or other statutory requirements, and it is assumed, unless otherwise stated, that all appropriate licences and approvals are held to operate each hotel and the various food and beverage facilities. It is assumed that each property complies with the requirements of all local government regulations. It is also assumed that each hotel has the benefit of all necessary planning consents and that they are subject to no unusual, onerous or restrictive conditions.

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- We have not carried out a structural survey nor have we tested any of the service installations, and therefore are unable to state each property is free from defect. We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the Property or has since been incorporated and, therefore, we are unable to report that the Property is free from risk in this respect. For the purpose of this report, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

- Our inspections were limited to areas where we had access to and viewing of typical guestroom and other facilities. We have assumed that information provided by the Client and sourced from the management of the Hotels, including the Hotel fact sheets and marketing materials, with respect of room inventory, types, sizes and configurations, Food and Beverage outlets, meeting, recreation and other facilities is materially correct and complete.

- We were not instructed to carry out any investigations on site in order to determine the suitability of ground conditions and services, nor did we undertake archaeological, ecological or environmental surveys. Should it be established subsequently that contamination (including the presence of asbestos in any of the buildings), subsidence or other defects exist at the sites or on any neighbouring land, or that the sites have been or are being put to any contaminated use, we reserve the right to adjust the values reported herein.

- We have assumed that each Property would be properly and effectively marketed to both domestic and international purchasers allowing a reasonable period of time (being between six and nine months) for exposure to the market and negotiation. We have also assumed that each hotel's existing management would assist in the marketing process and provide all relevant information. It is further presumed that the price would not be adversely affected by a mortgagee taking possession and disposing of the Property under forced circumstances.

- We have assumed stability in business, tourism, economic and political situations in each respective state in which the Properties are located and that no significant changes of an adverse nature will occur. We also assume the level of the various respective local currencies against other world currencies will remain as attractive to overseas visitors as at the date of valuation.

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APPENDIX II

STANDARD TERMS AND CONDITIONS ADOPTED IN THE PREPARATION OF VALUATIONS

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STANDARD TERMS & CONDITIONS ADOPTED IN
THE PREPARATION OF VALUATIONS

Explanation

Following are the standard terms and conditions that apply in the preparation of valuations or consultancy assignments. These terms form part of the appointment for Jones Lang LaSalle's Hotels & Hospitality Group to provide the services contained in the proposal to which this appendix applies.

Exclusion on Use and Liability

This letter and the valuation reports have been prepared for and can only be used for the specific purpose outlined above. Other than with respect to the permitted use of this letter, Jones Lang LaSalle does not intend that any other parties accept or rely upon the reports. No liability for negligence or otherwise will be assumed by Jones Lang LaSalle for any loss or damage suffered by any other party.

Performance of the Services

Jones Lang LaSalle shall exercise all reasonable skill and care in providing the services and shall promptly inform the Client if it becomes apparent that the services need to be varied. Jones Lang LaSalle shall confirm in writing any such agreement reached with the Client.

Valuation Basis

Unless stated to the contrary in the proposal, the valuation provided will be the market value as defined by the International Assets Valuations Standards Committee as:

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

a) Jones Lang LaSalle will accept the information provided by the Clients in good faith and rely upon that information as being true and accurate in preparing its advice, however the Clients acknowledge that should the information provided be incomplete and/or incorrect it will have no claim whatsoever against Jones Lang LaSalle for loss or damaged suffered by the Clients or any third party.

Environmental Issues

The Clients, as the recipients of the valuation, acknowledge that Jones Lang LaSalle is not the relevant expert to prepare an environmental audit report and that this valuation will not in any way constitute an environment audit.

Town Planning and Other Statutory Regulations

Information on Town Planning is often obtained verbally from the Local Planning Authority and we recommend verification from the relevant authority be obtained that confirms:

a) the position is correctly stated in Jones Lang LaSalle's report;
b) the property is not adversely affected by any other decisions made, or conditions prescribed by public authorities;
c) that there are no outstanding statutory notices.

Should the information provided to Jones Lang LaSalle prove to be incorrect, we reserve the right to amend our valuation and promptly inform the Clients of the same.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory regulations, including ordinances relating to fire regulations.

Structural Surveys

Jones Lang LaSalle does not carry out a structural survey, nor do we test the services. Whilst any defects or items of disrepair which we note during the course of the inspection will be noted in our valuation report, Jones Lang LaSalle is not able to give any assurance that any property is free from defect.

Deleterious Materials

Jones Lang LaSalle does not normally carry out investigations on site to ascertain whether any building was constructed or altered using deleterious materials (e.g. asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials have been used.

Site Conditions

Jones Lang LaSalle does not carry out investigations on site in order to determine the suitability of ground conditions, and the services, for any new development. Unless otherwise informed, our valuations are on the basis that these aspects are satisfactory and that where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

Properties as Trading Businesses

Properties such as hotels, where the physical existence of the real estate is necessary for the conduct of the business, are valued as a fully operational business, either as a 'going concern' with vacant possession or subject to occupational lease or operating agreement as appropriate.

Our valuations assume the property has the benefit of all-necessary licences and fire certificates, unless stated to the contrary. It is further assumed that a prospective purchaser will normally engage the existing staff and sometimes management and would expect to take over the benefit of future bookings.

We do not take an inventory or separately assess the value of furniture, fittings and equipment but can arrange for such service to be provided. Jones Lang LaSalle presumes all these items are owned by the proprietor of the business unless otherwise informed. Those items hired or leased are presumed to be sufficiently secured by appropriate documentation and able to be transferred without penalty.

No allowance is made for any contingent tax liabilities to staff.

Lease and Title Searches

Jones Lang LaSalle does not normally inspect all leases or dealings on title. Where this would be required for the purpose of the valuation, we recommend that lawyers' advice be obtained. Jones Lang LaSalle assumes, unless informed to the contrary, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other issues of an onerous nature which would have an affect on the value of the interest under consideration.

Enquiries as to the financial standing of actual lessees or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenants.

Land Boundaries

The valuation is made on the basis that there are no encroachments upon or by the subject property, however, should confirmation of this be required the services of a Consulting Surveyor should be engaged.

Sub-Contracting

Jones Lang LaSalle shall have the right to sub-contract the performance of all or part of the services from time to time. Should this occur, Jones Lang LaSalle will nevertheless and unless otherwise specifically agreed, remain responsible to the Client for the due and proper performance of the services and shall ensure that all such sub-contractors perform their respective portion(s) of the services to a level of reasonable skill and care not less than that which would have been reasonably provided by Jones Lang LaSalle.

Information provided by Client

The Client shall provide to Jones Lang LaSalle all information as is necessary or reasonably requested in order to enable us to properly perform the services.

The Client accepts that Jones Lang LaSalle is entitled to rely on the accuracy, sufficiency and consistency of any and all information supplied by the Client. Jones Lang LaSalle accepts no liability for any inaccuracies contained in information disclosed by the Client, whether prepared by the Client or by a third party and whether or not supplied directly to us by that third party.

Except where required by law or by any proper authority, all information provided by the Client shall, except with the prior written consent of the Client, be kept confidential by Jones Lang LaSalle.

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All information provided by the Client will be returned, destroyed or erased upon the Client's request, save that Jones Lang LaSalle reserves the right to retain one copy of the information as may be required for the purposes only of compliance with any professional, legal or regulatory requirements or obligations (subject always to its continuing duty to treat such information as confidential).

Information provided by Jones Lang LaSalle

Copyright in all material of whatever nature prepared by Jones Lang LaSalle and provided to the Client or otherwise generated in the course of carrying out the services shall remain the property of Jones Lang LaSalle. No part of any report, document or publication may be reproduced or transmitted or disclosed to any third parties in any form or by any means, or stored in any database or retrieval system of any nature, without prior written permission of Jones Lang LaSalle such permission not to be unreasonably withheld.

All information and advice made available by Jones Lang LaSalle to the Client is for the sole use of the Client for the sole purpose for which it was prepared.

Third Party Liability

The Client acknowledges that, save in respect of Jones Lang LaSalle's own sub-contractors, Jones Lang LaSalle does not warrant the performance, work or the products of others and shall not hold Jones Lang LaSalle responsible for the inspection or supervision of the execution of such performance, work or products of person(s) apart from its own sub-contractors. This provision is not abated where, in the performance of its services, exposure of Jones Lang LaSalle to the performance, work or products of others are incidental and/or inevitable.

Neither the advice of Jones Lang LaSalle nor any of the services provided pursuant to the instruction are intended, either expressly or by implication, to confer any benefit on any third party (other than a financier who is nominated to us in writing) and the liability of Jones Lang LaSalle to any third party is expressly disclaimed.

Delay

Jones Lang LaSalle shall not be responsible for any delay to the performance of the services, where matters beyond Jones Lang LaSalle's control cause such delay.

Payment of Fees, Expenses and Disbursements

Payment of the fees for the services shall be calculated, charged and made as set out in the attached proposal or any variation thereto agreed by the Client and Jones Lang LaSalle in writing.

The Client shall pay the expenses of and reimburse the disbursements incurred on its behalf by Jones Lang LaSalle as specified in the attached proposal

All references to fees, expenses and disbursements are exclusive of any applicable government taxes. Any such taxes chargeable on Jones Lang LaSalle's fees expenses and disbursements shall be paid by the Client.

Where for any reason Jones Lang LaSalle provides only part of the services as specified in the attached proposal, Jones Lang LaSalle shall be entitled to fees proportionate to those set out in the attached proposal, based on the parties agreed estimate of the percentage of completion ("Proportionate Fees"), In circumstances where services are partially performed due to or arising out of Jones Lang LaSalle's material breach of these Terms and Conditions or negligent acts or negligent omissions (including breach of its confidentiality obligations contained in this agreement) the Proportionate Fees shall not be payable.

In the event that invoices are not settled in full within 28 days of submission, Jones Lang LaSalle reserves the right to withdraw responsibility for work performed.

Termination

In the event that Jones Lang LaSalle or any of the Clients are in material or persistent breach of any of the terms of the instruction, the other party may terminate the instruction if, upon the expiry of 14 days after serving notice on the party in default, steps have not been taken to remedy the breach.

On termination of the instruction, Jones Lang LaSalle shall be entitled to, and shall be paid the Proportionate Fees. In circumstances where services are partially performed due to or arising out of Jones Lang LaSalle's material breach of these Terms and Conditions or negligent acts or negligent omissions (including breach of its confidentiality obligations contained in this agreement) the Proportionate Fees shall not be payable.

In the event of an early termination for any reason whatsoever, Jones Lang LaSalle shall provide the Clients with a copy of all partially completed work, including without limitation any drafts or copies of the valuation reports ("Partially Completed Work"). Upon Jones Lang LaSalle providing the Clients with the Partially Completed Work, the Clients must immediately pay Jones Lang LaSalle the Proportionate Fees in accordance with the above. .

Liability

Jones Lang LaSalle's liability is limited by a scheme approved under Professional Standards Legislation. Jones Lang LaSalle's liability to the Client for loss or damage shall be limited to such sum as Jones Lang LaSalle ought reasonably to pay having regard to its direct responsibility for the same and on the basis that all other third parties shall, where retained by the Client, be deemed to have provided to the Client contractual undertakings in terms no less onerous than this Clause in respect of the performance of their services in connection with the Project, and shall be deemed to have paid to the Client such proportion as may be just and equitable having regard to the extent of their responsibility for such loss or damage.

Unless otherwise agreed, the liability of Jones Lang LaSalle to the Client for loss or damage claimed in respect of any Instruction shall, notwithstanding the provisions of the paragraph above, in any event be limited to an aggregate sum not exceeding fees under this mandate.

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Unless and to the extent that they have been finally and judicially determined to have been caused by fraud, wilful default or negligence of Jones Lang LaSalle, the Clients agree to indemnify on demand and hold harmless Jones Lang LaSalle against all actions, claims, proceedings, losses, damages, costs and expenses ("Loss") whatsoever and howsoever arising from or in any way connected with the instruction or the provision of services thereunder (without limitation, this indemnity shall extend to all Loss suffered or incurred by Jones Lang LaSalle as a result of: (a) the Clients disclosing the report (or any part thereof) in a manner contrary to these Standard Terms and Conditions and without first having obtained the written consent of Jones Lang LaSalle; or (b) the information provided by the Clients to Jones Lang LaSalle being incomplete or inaccurate.

Unless and until any such agreement is reached and recorded in writing, Jones Lang LaSalle will accept no responsibility or owe no duties to the Client which relate to matters beyond the scope of the services.

APPENDIX L
CERTAIN KEY TERMS UNDER THE HOSPITALITY HOLDCO TRANSACTION DOCUMENTS

For the purpose of this Appendix L, "FEOrchard Group" means FEOrchard and its subsidiaries, excluding any entity whose securities are listed on a stock exchange and its subsidiaries.

1. CERTAIN KEY TERMS UNDER THE JOINT VENTURE IMPLEMENTATION AGREEMENT

1.1 Cash True-Up

Following completion of the FEOrchard BTA and STC SPAs and any adjustments to the purchase price payable by Hospitality HoldCo (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 70.0% and 30.0% shareholding of the total issued share capital in Hospitality HoldCo by FEOrchard and STC respectively (the "**Shareholding Proportion**").

1.2 Auckland Lease

Under the JVIA, STC shall ensure that as at the completion of the STC SPAs, Rendezvous Hotels (NZ) Limited has set aside cash of S$11.0 million[1] 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.

1.3 Board Representation

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

1.4 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 ("**STC Seller**") must serve a written notice on FEOrchard and Hospitality HoldCo if it wishes to dispose of its Hospitality HoldCo Shares and the notice shall constitute an offer by STC Seller for the sale of the relevant Hospitality HoldCo Shares to FEOrchard at fair value of the Hospitality HoldCo Shares as determined in accordance with the JVIA.

For the purposes of this right of first offer, the fair value of the Hospitality HoldCo Shares to be disposed by STC Seller shall be determined as follows:

(a) STC Seller shall first serve a written notice of its intention to dispose of its Hospitality HoldCo Shares on FEOrchard and Hospitality HoldCo, specifying the number of Hospitality HoldCo Shares and the terms and conditions of the disposal (if any);

(b) Immediately upon the issue of the notice of intention, STC Seller and FEOrchard must use their best endeavours to appoint an accountancy firm of international standing (the "**FV Expert**") to determine the fair value of the Hospitality HoldCo Shares held by STC Seller;

(c) If the STC Seller and FEOrchard cannot agree on the identity of the FV Expert within 14 days of the date of service of the notice of intention, either of them may request the President of the Singapore Institute of Surveyors and Valuers to appoint the FV Expert;

(d) The STC Seller and FEOrchard must instruct the FV Expert to accept submissions from each of them made within 14 days of the date of appointment of the FV Expert, determine the fair value of the Hospitality HoldCo Shares held by STC Seller and issue to STC Seller, FEOrchard and Hospitality HoldCo a certificate specifying the fair value of the Hospitality HoldCo Shares held by STC Seller determined by the FV Expert as soon as practicable and in any event within 30 days following its appointment.

[1] The cash amount is arrived at on a willing-buyer and willing-seller basis, after taking into consideration, *inter alia*, the expected net liabilities arising from the cash flows required in respect of the existing hospitality lease agreement made between Rendezvous Hotels (NZ) Limited (as lessee), RHI (as guarantor) and CDLHT (BVI) One Ltd (as lessor) in respect of The Rendezvous Grand Hotel.

1.5 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 Hospitality HoldCo.

This obligation is subject to (i) a right of first refusal granted by FEOrchard to DBS Trustee Limited (as trustee of Far East Hospitality Real Estate Investment Trust) and FEO Hospitality Trust Management Pte. Ltd. (as trustee-manager of Far East Hospitality Business Trust) by way of an agreement dated 3 August 2012, and (ii) any right of first refusal given to Trust SPV in relation to the Toga Joint Venture in respect of asset investment and management opportunities in Australia, New Zealand and Germany.

1.6 Tag Along Right

STC shall have the right to require FEOrchard to procure the purchase by the potential purchaser of STC's shares if FEOrchard and its subsidiaries (excluding any entity whose securities are listed on a stock exchange and its subsidiaries) 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.

1.7 Drag Along Right

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

For the purposes of this drag along right, the fair value of shares held by the FEOrchard Group shall be determined as follows:

(a) FEOrchard shall first notify the other Shareholders of its intention to sell its Hospitality HoldCo Shares and upon the issue of such notification, FEOrchard and the other Shareholders shall discuss the value to be attributed to the Hospitality HoldCo Shares held by the FEOrchard Group;

(b) If FEOrchard and the other Shareholders fail to agree on such value within 14 days, they must use best endeavours to appoint the FV Expert to determine the fair value of the Hospitality HoldCo Shares held by the FEOrchard Group;

(c) If the Shareholders cannot agree on the identity of the FV Expert within 14 days of the issue of the notification by FEOrchard of its intention to sell its Hospitality HoldCo Shares, any Shareholder may request the President of the Singapore Institute of Surveyors and Valuers to appoint the FV Expert;

(d) The Shareholders must instruct the FV Expert to accept submissions from each Shareholder made within 14 days of the date of appointment of the FV Expert, determine the fair value of the Hospitality HoldCo Shares held by the FEOrchard Group and issue to each Shareholder and Hospitality HoldCo a certificate specifying the fair value of the Hospitality HoldCo Shares held by the FEOrchard Group within 30 days following its appointment.

1.8 Supervening Event MAC

If a Supervening Event MAC[1] 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 FEOrchard Assets 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.

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

1.9 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 JVIA Conditions Precedent is not satisfied or waived by 1 August 2013, by either Hospitality HoldCo Shareholder provided that the Hospitality HoldCo Shareholder intending to terminate the JVIA is not in breach of the obligation to use best endeavours to satisfy the JVIA Conditions Precedent;

(b) if a Supervening Event Serious MAC[1] 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 FEOrchard Assets 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 Hospitality HoldCo Shareholder provided that the Hospitality HoldCo 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 Hospitality HoldCo Shareholder has not transferred the minimum asset contribution required (in the case of FEOrchard, at least 12 of the 18 existing hotel and serviced residence management agreements entered into by Jelco and in the case of STC, at least two of the Three Hotels) pursuant to the FEOrchard BTA or the STC SPAs by 28 June 2013 or later (pursuant to the JVIA), by the other Hospitality HoldCo Shareholder.

1.10 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 Hospitality HoldCo Shareholder in respect of whom the event of default has not occurred.

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[1] 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 Hospitality HoldCo, assuming all assets to be contributed have been contributed and Final Completion has occurred.

1.11 Determination of Fair Value under the FEOrchard Call Option and the STC Put Option

For the purposes of the FEOrchard Call Option and the STC Put Option, the Fair Value shall be determined as follows:

(a) within 60 days of a Non-Defaulting Shareholder becoming aware of the occurrence of an Event of Default, any Non-Defaulting Shareholder may serve a written notice on Hospitality HoldCo and the Defaulting Shareholder setting out details of the Event of Default and that it requires the Fair Value of the Defaulting Shareholder's Hospitality HoldCo Shares (in the case of the FEOrchard Call Option) or the STC Group's Hospitality HoldCo Shares (in the case of the STC Put Option) to be determined;

(b) upon issue of the written notice in (a) above, the Hospitality HoldCo Shareholders must use their best endeavours to appoint the FV Expert to determine the fair value of the Hospitality HoldCo Shares held by the Defaulting Shareholder in the case of the FEOrchard Call Option or the STC Put Option (as the case may be);

(c) if the Hospitality HoldCo Shareholders cannot agree on the identity of the FV Expert within 14 days of the date of service of the notice of intention, either of them may request the President of the Singapore Institute of Surveyors and Valuers to appoint the FV Expert; and

(d) the Hospitality HoldCo Shareholders must instruct the FV Expert to accept submissions from each of them made within 14 days of the date of appointment of the FV Expert, determine the fair value of the Hospitality HoldCo Shares held by the Defaulting Shareholder and issue to each Hospitality HoldCo Shareholder and Hospitality HoldCo a certificate specifying the Fair Value within 30 days following its appointment.

1.12 Exercise Period and Consideration under the FEOrchard Call Option and the STC Put Option

Within 60 days of the receipt of the certificate issued by the FV Expert (or such longer period as required to obtain the approval from shareholders of the Non-Defaulting Shareholder or Defaulting Shareholder at an EGM, if required), the Non-Defaulting Shareholder may exercise the FEOrchard Call Option or the STC Put Option (as the case may be) by giving written notice to the Defaulting Shareholder and Hospitality HoldCo, failing which the FEOrchard Call Option or the STC Put Option (as the case may be) will lapse.

The Hospitality HoldCo Shares shall be (and the Defaulting Shareholder shall be deemed to warrant as such) transferred free from any encumbrances and third party rights, and the purchase price for the Hospitality HoldCo Shares to be transferred pursuant to the FEOrchard Call Option or the STC Put Option (as the case may be) shall be paid 60 business days from the date of exercise of the FEOrchard Call Option or the STC Put Option (as the case may be).

1.13 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 Hospitality HoldCo;

(b) provisions on certain shareholders reserved matters;

(c) provisions outlining the dividend policy of Hospitality HoldCo;

(d) a moratorium on the disposal of Hospitality HoldCo 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 Hospitality HoldCo.

2. CERTAIN KEY TERMS UNDER THE STC HOTELS SPA

2.1 Indemnity

The RHP Vendor and the RSHP and RGHM Vendor (together, the "**Vendors**") undertake to indemnify Hospitality HoldCo against, and shall pay Hospitality HoldCo the amount of, any claim, cost or expense payable by Hospitality HoldCo, Hospitality PropCo, or such other wholly-owned subsidiary of Hospitality HoldCo (as applicable) that is incurred in relation to any claim, litigation or arbitration subsisting as at completion with respect to the business, provided that Hospitality HoldCo notifies the Vendors in writing of such indemnity claim within 15 months after the date of completion.

2.2 Condition of the Properties and Business Assets

(a) Each property and the business assets are sold in an "as is, where is" condition, as more particularly set out in the STC Hotels SPA, including with all faults and defects, whether or not they are apparent by inspection.

(b) Hospitality PropCo has inspected the properties and accepts each property with all disclosed encumbrances, leases, encroachments, faults and defects, whether or not they are apparent by inspection.

2.3 Hospitality PropCo's Default

(a) Subject to the Vendors' rights to terminate under paragraph 2.8(d) of Appendix L below, if Hospitality PropCo fails to pay the purchase price under the STC Hotels SPA, or commits a material default in the observance or performance of any of the other obligations imposed on it under or by virtue of the STC Hotels SPA, and fails to make the payment or remedy the material default within 20 business days after receipt of notice of the default from the Vendors, the Vendors, in addition to any other rights the Vendors may have, may, subject to the parties first entering into good faith negotiations in accordance with the STC Hotels SPA and only upon that process completing without a resolution:

(i) affirm the STC Hotels SPA; or

(ii) terminate the STC Hotels SPA,

by delivering written notice in writing to Hospitality PropCo.

(b) If the Vendors affirm the STC Hotels SPA, the Vendors may sue Hospitality PropCo for damages for breach of agreement or for specific performance and damages in addition to or instead of damages for breach.

2.4 Vendors' Default

(a) Subject to Hospitality PropCo's right to terminate under paragraph 2.8(c) of Appendix L below, if either of the Vendors commit a material default in the observance or performance of any of the obligations imposed on it under or by virtue of the STC Hotels SPA, and fails to remedy the material default within 20 business days after receipt of notice of the default from Hospitality PropCo, Hospitality PropCo, in addition to any other rights Hospitality PropCo has, may, subject to the parties first entering into the good faith negotiations in accordance with the STC Hotels SPA and only upon that process completing without a resolution:

(i) affirm the STC Hotels SPA by delivering written notice to the Vendors; or

(ii) terminate the STC Hotels SPA by delivering to the Vendors:

(1) written notice of termination of the STC Hotels SPA; and

(2) an executed withdrawal in registration form of any caveat registered against the title to the land by Hospitality PropCo.

(b) If Hospitality PropCo affirms the STC Hotels SPA, Hospitality PropCo may subject to paragraph 2.6(c) of Appendix L, sue the Vendors severally for damages for breach of agreement or for specific performance and damages in addition to or instead of damages for breach.

2.5 Vendors' Representations and Warranties

Each Vendor gives the following warranties in favour of Hospitality PropCo on the date of the STC Hotels SPA (with the intent that the following warranties given by each Vendor shall continue to be true and correct in all material respects as at completion as if they had been given again at completion). If a Vendor is or the Vendors are in material breach of any of the warranties, Hospitality PropCo shall be entitled to terminate the STC Hotels SPA by notice in writing to the Vendors, in addition to and without prejudice to all other rights or remedies available, including the right to claim damages or other compensation, subject to the limitations of liability set out in paragraph 2.6 below.

(a) **incorporation**: each Vendor is validly incorporated, organised and subsisting in accordance with the laws of its place of incorporation;

(b) **no legal impediment:** the execution, delivery and performance by each Vendor of the STC Hotels SPA;

(i) complies with its constitution or equivalent constitutional documents; and

(ii) does not constitute a breach of any law, or cause or result in a default under any security interest by which such Vendor is bound which would prevent such Vendor from entering into and performing its obligations under the STC Hotels SPA;

(c) **authority**: it has the legal right and full power and authority to enter into and perform its obligations under the STC Hotels SPA and any other Transaction Document (as defined in the STC Hotels SPA) to which it is a party, which when executed will constitute valid and binding obligations on each Vendor enforceable against it in accordance with their respective terms;

(d) **power and capacity:** each Vendor has full power and capacity to enter into and perform its obligations under the STC Hotels SPA;

(e) **title:** each Vendor is the registered, legal and beneficial owner of each of the properties free from all encumbrances (save as otherwise stated under the STC Hotels SPA); and

(f) **binding obligations:** the STC Hotels SPA will, when executed, constitute valid and binding obligations of each Vendor.

2.6 Limitations of Liability of the Vendors

(a) **Maximum liability**: The maximum aggregate liability of a Vendor in respect of all breaches of warranties by that Vendor relating to the hotel which that Vendor is transferring under the STC Hotels SPA shall be limited to 15 per cent. of the value ascribed to that hotel.

For the avoidance of doubt, the maximum aggregate liability for all the Vendors combined for all breaches of warranties under the STC Hotels SPA shall not exceed S$34.2 million in total.

(b) **Time limits**: The Vendors are not liable under a claim for a breach of warranties given by the Vendors or any claim under the indemnity in paragraph 2.1 of Appendix L unless notice of such claim is given in writing by Hospitality PropCo to the relevant Vendor setting out in reasonable detail the specific matter in respect of which such claim is made, including an estimate of the amount of such claim within 15 months after completion.

(c) **Double claims**: Where any claim is brought by FEOrchard or its Affiliate (as defined in the STC Hotels SPA) (the "**FEOrchard Claimant**") against STC or STC's Affiliates in respect of a breach on the part of STC or STC's Affiliates pursuant to a provision in any Transaction Document:

(i) Hospitality PropCo will not make any claim in respect of the same or similar subject matter of the claim that has been brought by the FEOrchard Claimant against STC or STC's Affiliates;

(ii) where it has already in any legal proceedings or arbitration asserted a claim against STC or STC's Affiliate relating to the business and the properties (including a breach of any warranty or under an indemnity), whether or not a judgement or arbitration award has already been granted to Hospitality PropCo, and the FEOrchard Claimant subsequently makes a claim in any legal proceedings or arbitration or otherwise in respect of the same or similar subject matter of the claim already made by Hospitality PropCo, Hospitality PropCo shall immediately discontinue or withdraw at its own cost and expense all such claims in the legal proceedings or arbitration, including where applicable, undertaking not to enforce such judgment or arbitration award;

(iii) where Hospitality PropCo has recovered monies from STC or STC's Affiliate arising from a claim against STC or such Affiliate relating to the business or the properties (including a breach of warranty), whether or not such recovery of monies was pursuant to a judgment, arbitration award, settlement or otherwise, and the FEOrchard Claimant subsequently makes a claim against STC or STC's Affiliate relating to the business or the properties and which the subject matter of such claim is the same as or similar to the claim that had been made previously by Hospitality PropCo and pursuant to which monies was recovered from STC or such Affiliate, then Hospitality PropCo will immediately return all such monies to STC or such Affiliate irrevocably waiving any such entitlement to the monies and undertake not to enforce any judgment or arbitration award against STC or such Affiliate, where applicable;

(iv) where the FEOrchard Claimant has recovered any monies from STC or STC's Affiliate arising from a claim against STC or such Affiliate relating to the business or the properties (including a breach of warranty), whether or not such recovery of monies was pursuant to a judgment, arbitration award, settlement or otherwise, Hospitality PropCo shall not thereafter make any claim against STC or STC's Affiliate in relation to the business or the properties if the subject matter of its claim is the same as or similar to the subject matter of the claim in respect of which the FEOrchard Claimant has recovered the said monies; and

(v) Hospitality PropCo shall indemnify STC or STC's Affiliate for all its costs and expenses incurred arising from a breach by Hospitality PropCo of any of its obligations under paragraphs 2.6(c)(i) to (iv) above.

2.7 Warranties by Hospitality PropCo and Hospitality HoldCo

(a) Hospitality PropCo and Hospitality HoldCo each gives the following warranties in favour of each of the Vendors on the date of the STC Hotels SPA (with the intent that the following warranties given by Hospitality PropCo and Hospitality HoldCo shall continue to be true and correct in all material respects as at completion as if they had been given again at completion):

(i) **incorporation**: Hospitality PropCo and Hospitality HoldCo are respectively validly incorporated, organised and subsisting in accordance with the laws of their respective places of incorporation;

(ii) **no legal impediment**: the execution, delivery and performance by Hospitality PropCo and Hospitality HoldCo of the STC Hotels SPA:

(1) comply with their respective constitutions or equivalent constitutional documents; and

(2) does not constitute a breach of any law, or cause or result in a default under any security interest by which Hospitality PropCo and Hospitality HoldCo are respectively bound which would prevent Hospitality PropCo and Hospitality HoldCo from respectively entering into and performing their respective obligations under the STC Hotels SPA;

(iii) **authority**: Hospitality PropCo and Hospitality HoldCo respectively have the legal right and full power and authority to enter into and perform their respective obligations under the STC Hotels SPA and any other Transaction Document to which they are parties respectively, which when executed will constitute valid and binding obligations on Hospitality PropCo and Hospitality HoldCo respectively enforceable against them in accordance with their respective terms;

(vii) **power and capacity**: Hospitality PropCo and Hospitality HoldCo respectively have full power and capacity to enter into and perform their respective obligations under the STC Hotels SPA; and

(viii) **binding obligations**: the STC Hotels SPA will, when executed, constitute valid and binding obligations of Hospitality PropCo and Hospitality HoldCo respectively.

(b) Hospitality HoldCo gives the following representations, warranties and undertakings to the Vendors on the date of the STC Hotels SPA (with the intent that the following warranties given by Hospitality HoldCo shall continue to be true and correct in all material respects as at completion as if they had been given again at completion):

(i) that it is or will on the date of allotment and issuance of each share issued as consideration be entitled to or is otherwise able to allot and issue to SPL the full legal and beneficial ownership of each such share on the terms of the STC Hotels SPA and the JVIA without the consent of any person;

(ii) that each share issued as consideration will on issue be validly authorised and Hospitality HoldCo has or will have full authority to allot and issue each such share and each such share is not or will not at the time of allotment and issue be subject to any pre-emptive rights of any person, save as set out in the JVIA, and when allotted and issued will be validly allotted and issued and credited as fully paid-up ordinary shares in Hospitality HoldCo which are not subject to further call and free from any Encumbrances save as set out in the JVIA; and

(iii) that all shares issued by Hospitality HoldCo to STC (or SPL) as consideration shall, after completion of the FEOrchard BTA, STC SPAs, the completion of the payment or satisfaction of any adjustments to be made to the consideration pursuant to each of the FEOrchard BTA and the STC SPAs and the completion of the cash true-up (please refer to paragraph 1.1 of Appendix L) constitute 30 per cent. of Hospitality HoldCo's enlarged issued share capital.

[1] "**Encumbrances**" means any claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption or right of first refusal.

2.8 Termination

(a) Subject to first negotiating in good faith in accordance with the JVIA, any party to the STC Hotels SPA may by not less than 30 days' notice in writing to the other parties, terminate the STC Hotels SPA (other than certain customary surviving provisions) at any time before completion (provided that such party is not in breach of its obligation to use all best endeavours to ensure that the relevant condition(s) precedent for which it is responsible under the STC Hotels SPA is satisfied) if:

(i) any of the conditions precedent in the STC Hotels SPA is not satisfied or waived in accordance with the STC Hotels SPA, by 1 August 2013; or

(ii) any of the conditions precedent in the STC Hotels SPA becomes incapable of satisfaction or the parties thereto agree that any of the conditions precedent cannot be satisfied.

(b) The STC Hotels SPA shall automatically terminate and no party shall be liable to the other for claims (other than in respect of certain customary surviving provisions or any antecedent breach) under the STC Hotels SPA, if at any time prior to completion, the JVIA is rescinded or terminated pursuant to its terms for any reason.

(c) Hospitality PropCo shall be entitled to terminate the STC Hotels SPA by notice in writing to the Vendors:

(i) if at any time prior to completion:

(1) a Supervening Event Serious MAC (as defined in the JVIA) occurs in respect of any of the STC Assets, provided that Hospitality PropCo has not caused such Supervening Event Serious MAC;

(2) the Vendors are in material breach of any of their pre-completion undertakings in the STC Hotels SPA;

(3) a Vendor is or the Vendors are in material breach of any warranty given by it or them under the STC Hotels SPA; or

(4) the Vendor is in breach of the assignment provision in the STC Hotels SPA; or

(ii) if on the date of completion, the Vendors have not fully complied with their completion obligations under the STC Hotels SPA.

(d) The Vendors shall be entitled to terminate the STC Hotels SPA by notice in writing to Hospitality PropCo:

(i) if at any time prior to completion:

(1) a Supervening Event Serious MAC occurs in respect of any of the STC Assets, provided that the Vendors have not caused such Supervening Event Serious MAC;

(2) Hospitality PropCo is in material breach of its pre-completion covenant not to conduct any operational or business activities other than as allowed under the STC Hotels SPA;

(3) Hospitality PropCo is in material breach of any warranty given by it under the STC Hotels SPA; or

(4) Hospitality PropCo is in breach of the assignment provision in the STC Hotels SPA; or

(ii) if on the date of completion, Hospitality PropCo has not fully complied with its completion obligations under the STC Hotels SPA.

2.9 Asset Refurbishments

(a) SPL undertakes to reimburse Hospitality HoldCo or its subsidiaries for any and all cost and expenses reasonably and properly incurred by or on behalf of Hospitality HoldCo or its subsidiaries in connection with the Asset Refurbishments (as defined in the STC Hotels SPA).

(b) SPL shall use its reasonable endeavours to procure completion of the Asset Refurbishments prior to 31 October 2013.

(c) The RHP Vendor undertakes that it shall use reasonable endeavours to, on completion of the Asset Refurbishment, assign the benefit of all warranties contained in the contracts relating to the Asset Refurbishments from RHP Vendor to Hospitality PropCo. For the avoidance of doubt, using reasonable endeavours to assign the benefit of the warranties does not require the RHP Vendor to assign the entire contract under which the warranties have been given.

2.10 Completion Date

Completion under the STC Hotels SPA shall take place on 1 August 2013, or, if the conditions precedent in the FEOrchard BTA as set out in paragraph 2.8 of the Circular is not satisfied by 1 August 2013, the Vendors shall be entitled, in their sole discretion, to extend, postpone or defer the date fixed for completion under the STC Hotels SPA until such later date as all conditions have been satisfied and completion is to occur under the FEOrchard BTA.

2.11 Diminished Assets

If a Supervening Event MAC occurs in respect of the STC Assets prior to completion and no resolution on the course of action is reached in respect of the Diminished Assets (as defined in the JVIA) pursuant to the terms of the JVIA, and the Diminished Assets include part of the properties and the business under the STC Hotels SPA, such part of the properties and the business will not be transferred by the relevant Vendors to Hospitality PropCo under the STC Hotels SPA. The parties acknowledge that STC shall, as a replacement for such part of the properties and the business, inject in cash the value of such part of the properties and the business into Hospitality HoldCo on completion under the STC Hotels SPA (in accordance with the JVIA) unless otherwise mutually agreed between STC and FEOrchard in writing pursuant to the JVIA.

2.12 Inability to Transfer

Subject to the conditions precedent in the STC Hotels SPA being satisfied prior to the date as determined in accordance with paragraph 2.8(a) of Appendix L above, in addition to paragraph 2.11 of Appendix L above, in the event that any property cannot be transferred to Hospitality PropCo, the parties acknowledge that STC shall, as a replacement for such property, inject in cash the value of such property into Hospitality HoldCo on completion under the STC Hotels SPA (in accordance with the JVIA) unless otherwise mutually agreed between STC and FEOrchard in writing pursuant to the JVIA or unless FEOrchard exercises its right to terminate the JVIA under the JVIA.

3. CERTAIN KEY TERMS UNDER THE STC RHI SPA

3.1 STC's Representations and Warranties

Subject only to any matter or thing hereafter done or omitted to be done pursuant to the STC RHI SPA or with the approval or on the request or instructions of Hospitality HoldCo or with JTC Approval (as defined in the STC RHI SPA) or on the request or instructions of the Joint Transition Committee (as defined in the STC RHI SPA), and the contents of the memorandum and articles of association of RHI and the contents of the constitutional documents of RHI's subsidiaries, STC gives the following warranties in favour of Hospitality HoldCo on the date of the STC RHI SPA (with the intent that the following warranties shall continue to be true and correct in all material respects as at completion as if they had been given again at completion).

If STC is in material breach of any of the warranties, Hospitality HoldCo shall be entitled to terminate the STC RHI SPA (other than certain customary surviving provisions) by notice in writing to STC, in addition to and without prejudice to all other rights or remedies available, including the right to claim damages or other compensation, subject to the limitations of liability set out in paragraph 3.8 below.

(a) **Incorporation**: it is a company duly incorporated and validly existing under the laws of Singapore.

(b) **Authority**: it has the legal right and full power and authority to enter into and perform its obligations under the STC RHI SPA and any agreement or document entered into pursuant to or in connection with the STC RHI SPA and to which it is a party, which when executed will constitute valid and binding obligations on it enforceable against it in accordance with their respective terms.

(c) **No Breach:** the execution and delivery of, and the performance by STC of its obligations under the STC RHI SPA and any agreement or document entered into pursuant to or in connection with the STC RHI SPA and to which it is a party will not, by reason only of such execution, delivery and performance:

(i) result in a breach of any provision of the memorandum and articles of association of STC; or

(ii) result in a breach of, or give any third party a right to terminate, cancel or modify, or result in the creation of any Encumbrance[1] under, any material agreement, licence or other instrument or result in a breach of any order, judgment or decree of any court, governmental agency or regulatory body to which STC is a party or by which STC or any of its assets is bound.

(d) **Ownership of Shares in RHI (the "Sale Shares")**:

(i) it is as of the date of the STC RHI SPA and will, on completion, be legally and beneficially entitled to transfer the Sale Shares to Hospitality HoldCo under the STC RHI SPA;

(ii) such Sale Shares will, on completion, be free from any Encumbrances; and

(iii) such Sale Shares are or will comprise the whole of the issued and allotted shares in RHI, have been properly and validly issued and allotted and are each fully paid or credited as fully paid.

(e) **Ownership of Shares in Subsidiaries:**

RHI has title to the shares in its subsidiaries, as more particularly set out in the STC RHI SPA.

[1] "**Encumbrances**" means any claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption or right of first refusal.

3.2 Hospitality HoldCo's Representations and Warranties

Hospitality HoldCo gives the following warranties in favour of STC on the date of the STC RHI SPA (with the intent that the following warranties shall continue to be true and correct in all material respects as at completion as if they had been given again at completion):

(a) **Incorporation**: it is a company duly incorporated and validly existing under the laws of Singapore.

(b) **Authority:** it has the legal right and full power and authority to enter into and perform its obligations under the STC RHI SPA and any agreement or document entered into pursuant to or in connection with the STC RHI SPA and to which it is a party, which when executed will constitute valid and binding obligations on Hospitality HoldCo enforceable against it in accordance with their respective terms.

(c) **No Breach**: the execution and delivery of, and the performance by Hospitality HoldCo of its obligations under the STC RHI SPA and any agreement or document entered into pursuant to or in connection with the STC RHI SPA and to which it is a party will not, by reason only of such execution, delivery and performance:

(i) result in a breach of any provision of the memorandum and articles of association of Hospitality HoldCo; or

(ii) result in a breach of, or give any third party a right to terminate, cancel or modify, or result in the creation of any Encumbrance under, any material agreement, licence or other instrument or result in a breach of any order, judgment or decree of any court, governmental agency or regulatory body to which Hospitality HoldCo is a party or by which Hospitality HoldCo or any of its assets is bound.

(d) **Warranties as to Purchaser Shares**

(i) that it is or will on the date of allotment and issuance of each Purchaser Share (as defined in the STC RHI SPA) be entitled to or is otherwise able to allot and issue to STC (or SPL) the full legal and beneficial ownership of such Purchaser Share on the terms of the STC RHI SPA and the JVIA without the consent of any person;

(ii) that each Purchaser Share will on issue be validly authorised and Hospitality HoldCo has or will have full authority to allot and issue such Purchaser Share and such Purchaser Share is not or will not at the time of allotment and issue be subject to any pre-emptive rights of any person save as set out in the JVIA, and when allotted and issued will be validly allotted and issued and credited as fully paid-up ordinary shares in Hospitality HoldCo which are not subject to further call and free from any Encumbrances save as set out in the JVIA; and

(iii) that the Purchaser Shares shall, after completion of the FEOrchard BTA, STC SPAs, the completion of the payment or satisfaction of any adjustments to be made to the consideration pursuant to each of the FEOrchard BTA and the STC SPAs and the completion of the cash true-up (please refer to paragraph 1.1 of Appendix L) constitute 30 per cent. of Hospitality HoldCo's enlarged issued share capital.

3.3 Taragon Arbitration

STC covenants with Hospitality HoldCo, with effect from and including completion under the STC RHI SPA, to indemnify Hospitality HoldCo against, and to pay to Hospitality HoldCo the amount of, any claim, cost or expense payable by Hospitality HoldCo or RHI (as applicable) that is incurred with respect to the arbitration proceedings between RHI and Taragon Capital Malaysia

Sdn Bhd[1]. STC shall not be liable in relation thereto unless a claim is made by Hospitality HoldCo within six months from the date of the grant of the final arbitral award in respect of the arbitration proceedings referred to above.

3.4 Existing Claim, Litigation or Arbitration

STC covenants with Hospitality HoldCo, with effect from and including completion, to indemnify Hospitality HoldCo against, and to pay to Hospitality HoldCo the amount of, any claim, cost or expense payable by Hospitality HoldCo, RHI or RHI's subsidiary (as applicable) that is incurred in relation to any claim, litigation or arbitration subsisting as at completion with RHI or RHI's subsidiary but not resolved, concluded, satisfied, settled or withdrawn as at completion. STC shall not be liable in relation thereto unless a claim is made by Hospitality HoldCo within 15 months from the date of completion.

3.5 Auckland Lease

(a) **Rectification Works:** STC undertakes to and with Hospitality HoldCo to carry out the rectification works ("**Rectification Works**") in respect of "Rendezvous Grand Hotel" in Auckland ("**Auckland Hotel**") in accordance with the standard required in the notice of repair dated 11 December 2012 from CDLHT (BVI) One Ltd to RHNZL, RHI and STC, as disclosed in the Data Room (as defined under the STC RHI SPA), in the manner prescribed in the STC RHI SPA.

(b) **Repair Works**

(i) STC also undertakes to and with Hospitality HoldCo to bear the costs of certain repair works specified in the STC RHI SPA (the "**Specified Repair Works**") that is required:

(1) under any requests made or notices of repairs issued by the lessor under the Lease dated 7 September 2006 made between, *inter alia*, RHNZL (as lessee), RHI (as guarantor) and CDLHT (BVI) One Ltd (as lessor) in respect of the Auckland Hotel (the "**Auckland Lease**"); and

(2) for structural defects (whether or not such structural defects existed before or as at completion), unless such structural defects arose after completion by virtue of the neglect or negligence of Hospitality HoldCo, RHI or a subsidiary of RHI or by their respective contractors or agents,

provided that where the full quoted costs of the Specified Repair Works required:

(3) do not exceed S$10,000, such costs shall be borne by the operator; and

(4) exceed S$10,000, Hospitality HoldCo shall, or shall procure that the operator shall, discuss in good faith with STC if such works should be carried out and, if STC so agrees, STC shall bear the full costs of such works.

(ii) For the avoidance of doubt, the operator shall be responsible for:

(1) all costs required for non-Specified Repair Works;

(2) all costs, where the full quoted costs of the Specified Repair Works do not exceed S$10,000;

(3) all works relating to any defects arising after completion (except as otherwise provided in the STC RHI SPA);

[1] For further details, please refer to the announcement by STC dated 23 September 2010 entitled "Clarification On The Business Times Article "Straits Trading Hotel Unit Sued for RM169 million"" which can be found at http://www.stc.com.sg/newsroom.html.

(4) all works required under Clauses 10.2 and 10.3 of the Auckland Lease where the works thereunder do not involve replacement and retrofitting works;

(5) all ordinary, customary or regular upkeep or maintenance of the Premises and Services (as such terms are defined in the Auckland Lease) by the operator in accordance with the Auckland Lease; and

(6) where the term or duration of the Auckland Lease is extended or renewed by RHNZL under the Auckland Lease or otherwise by agreement of the parties thereto, complying with or satisfying any and all obligations of RHNZL under the Auckland Lease attributable or referable to such extended or renewed term or duration and STC shall not be liable under 3.5(b)(i) above for such extended or renewed term or duration.

3.6 Cash Provision

STC shall ensure that, as at completion under the STC RHI SPA, RHI has set aside cash of S$11.0 million for RHI to make payment in satisfaction of any net liabilities of RHI or any of its subsidiaries (other than in relation to the Rectification Works and Specified Repair Works).

3.7 Termination

(a) Subject to first negotiating in good faith in accordance with the JVIA, Hospitality HoldCo (provided that it is not in breach of its obligations to use its best endeavours to ensure satisfaction of the condition precedent in connection with the application for approval from the licensing authority in relation to the Rendezvous Grand Hotel Adelaide in the STC RHI SPA) or STC (provided that it is not in breach of its obligation to upon Hospitality HoldCo's request provide such reasonable assistance required in connection with the application for approval from the licensing authority in relation to the Rendezvous Grand Hotel Adelaide, including procuring Allegra Hotel Pty Ltd to sign and submit such application form, if required) may by not less than 30 days' notice in writing to the other, terminate the STC RHI SPA (other than certain customary surviving provisions) at any time before completion if:

(i) either condition precedent in the STC RHI SPA is not satisfied in accordance with the STC RHI SPA, by 1 August 2013; or

(ii) either condition precedent in the STC RHI SPA becomes incapable of satisfaction or the parties thereto agree that the condition precedent cannot be satisfied.

(b) The STC RHI SPA shall automatically terminate and no party shall be liable to the other for claims (other than in respect of certain customary surviving provisions or any antecedent breach) under the STC RHI SPA if at any time prior to completion:

(i) a Supervening Event MAC (as defined in the JVIA) occurs in respect of any of the STC Assets and parties agree that due to the diminution in the value of the shares in RHI, the shares are not to be transferred to Hospitality HoldCo pursuant to the terms of the JVIA; or

(ii) the JVIA is rescinded or terminated for any reason.

(c) Hospitality HoldCo shall be entitled to terminate the STC RHI SPA (other than certain customary surviving provisions):

(i) if at any time prior to completion:

(1) a Supervening Event Serious MAC (as defined in the JVIA) occurs in respect of any of the STC Assets, provided that Hospitality HoldCo has not caused such Supervening Event Serious MAC;

(2) the STC Hotels SPA is rescinded or terminated for any reason;

(3) STC is in material breach of any of its pre-completion undertakings in the STC RHI SPA;

(4) STC is in material breach of any warranty given by it under the STC RHI SPA; or

(5) STC is in breach of the assignment provision in the STC RHI SPA; or

(ii) if on the date of completion, STC has not fully complied with its completion obligations under the STC RHI SPA.

(d) STC shall be entitled to terminate the STC RHI SPA (other than certain customary surviving provisions):

(i) if at any time prior to completion:

(1) a Supervening Event Serious MAC occurs in respect of any of the STC Assets, provided that STC has not caused such Supervening Event Serious MAC;

(2) the STC Hotels SPA is rescinded or terminated for any reason;

(3) Hospitality HoldCo is in material breach of its pre-completion covenant not to conduct any operational or business activities other than as allowed under the STC RHI SPA;

(4) Hospitality HoldCo is in material breach of any warranty given by it under the STC RHI SPA; or

(5) Hospitality HoldCo is in breach of the assignment provision in the STC RHI SPA; or

(ii) if on the date of completion, Hospitality HoldCo has not fully complied with its completion obligations under the STC RHI SPA.

3.8 Limitations of Liability of STC

(a) **Maximum liability**: The maximum aggregate liability of STC in respect of all breaches of warranties given by STC under the STC RHI SPA shall not exceed S$420,000 in total.

(b) **Time limits**: STC is not liable under a claim for a breach of warranty given by STC unless notice of such claim is given in writing by Hospitality HoldCo to STC setting out in reasonable detail the specific matter in respect of which such claim is made, including an estimate of the amount of such claim, within 15 months after completion.

(c) **Double claims:** Where any claim is brought by FEOrchard or its Affiliate (as defined in the STC RHI SPA) (the "**FEOrchard Claimant**") against STC or STC's Affiliates pursuant to a provision in any Transaction Document:

(i) Hospitality HoldCo will not make any claim in respect of the same or similar subject matter of the claim that has been brought by the FEOrchard Claimant against STC or STC's Affiliates;

(ii) where it has already in any legal proceedings or arbitration asserted a claim against STC or STC's Affiliate, and the FEOrchard Claimant subsequently makes a claim in any legal proceedings or arbitration or otherwise in respect of the same or similar subject matter of the claim already made by Hospitality HoldCo, Hospitality HoldCo shall immediately discontinue or withdraw at its own cost and expense all such claims in the legal proceedings or arbitration, including where applicable, undertaking not to enforce such judgment or arbitration award;

(iii) where Hospitality HoldCo has recovered monies from STC or STC's Affiliate arising from a claim against STC or such Affiliate, and the FEOrchard Claimant subsequently makes a claim against STC or STC's Affiliate and which the subject matter of such claim is the same as or similar to the claim that had been made previously by Hospitality HoldCo, then Hospitality HoldCo will immediately return all such monies to STC or such Affiliate irrevocably waiving any such entitlement to the monies and undertake not to enforce any judgment or arbitration award against STC or such Affiliate, where applicable;

(iv) where the FEOrchard Claimant has recovered any monies from STC or STC's Affiliate arising from a claim against STC or such Affiliate, Hospitality HoldCo shall not thereafter make any claim against STC or STC's Affiliate if the subject matter of its claim is the same as or similar as the subject matter of the claim in respect of which the FEOrchard Claimant has recovered the said monies; and

(v) Hospitality HoldCo shall indemnify STC or STC's Affiliate for all its costs and expenses incurred arising from a breach by Hospitality HoldCo of any of its obligations in paragraphs 3.8(c)(i) to (iv) above.

3.9 Completion Date

Completion under the STC RHI SPA shall take place on 1 August 2013 or, if the conditions precedent under the STC RHI SPA, and the sale and purchase of the Three Hotels and the business under the STC Hotels SPA, have not been satisfied or waived five business days prior to that date, the date falling five business days after all such conditions have been satisfied or on such later date to which completion under the STC RHI SPA has otherwise been extended, postponed or deferred in STC's sole discretion.

4. <u>CERTAIN KEY TERMS UNDER THE FEORCHARD BTA</u>

4.1 Representations, Warranties and Limitations

If, prior to completion under the FEOrchard BTA, there is a breach of warranty under the FEOrchard BTA and no resolution on the course of action is reached amongst or between the parties (as the case may be) in respect of the breach, the party who is not in breach of such warranty will be entitled (in addition to and without prejudice to all other rights or remedies available to it, including the right to claim damages) by notice in writing to the other parties to terminate the FEOrchard BTA, subject to the limitations of liability set out in paragraphs 4.1(e), (f) and (g) below.

(a) Each party to the FEOrchard BTA hereby represents and warrants and undertakes to the other parties (with the intent that the following warranties given by such party shall continue to be true and correct in all material respects (as at completion as if they had been given again at completion)) that:

(i) it is a company duly incorporated and validly existing under the laws of Singapore;

(ii) it has the legal right and full power and authority to enter into and perform its obligations under the FEOrchard BTA and any agreement or document entered into pursuant to or in connection with the FEOrchard BTA and to which it is a party, which when executed will constitute valid and binding obligations on such party enforceable against it in accordance with their respective terms; and

(iii) the execution and delivery of and the performance by such party of its obligations under the FEOrchard BTA and any agreement or document entered into pursuant to or in connection with the FEOrchard BTA and to which it is a party will not, by reason only of such execution, delivery and performance:

(1) result in a breach of any provision of the memorandum and articles of association of such party; or

(2) result in a breach of, or give any third party a right to terminate, cancel or modify, or result in the creation of any Encumbrance[1] under, any material agreement, licence or other instrument or result in a breach of any order, judgment or decree of any court, governmental agency or regulatory body to which such party is a party or by which such party or any of its assets is bound.

(b) Jelco further represents and warrants and undertakes to Hospitality OpCo and Hospitality HoldCo (with the intent that the following warranties given by Jelco shall continue to be true and correct in all material respects as at completion (as if they had been given again at completion)) that:

(i) it is and will on completion be legally and beneficially able to transfer the business (other than the Deferred Pipeline Agreements (as defined in paragraph 4.6 below) and the Substitute Agreements (as defined in paragraph 4.6(a)(i) below) to Hospitality OpCo under the FEOrchard BTA; and

(ii) the business (other than the Deferred Pipeline Agreements and the Substitute Agreements) is or will on completion be free from any Encumbrances whatsoever.

(c) Jelco further represents and warrants and undertakes to Hospitality OpCo and Hospitality HoldCo that as at the date of novation or assignment of each Deferred Pipeline Agreement and each Substitute Agreement by Jelco in favour of Hospitality OpCo, Hospitality HoldCo or a subsidiary of Hospitality HoldCo, as applicable (the "**Deferred Transfer Date**") that:

(i) it will on the Deferred Transfer Date be legally and beneficially able to transfer such Deferred Pipeline Agreement or such Substitute Agreement to Hospitality OpCo, Hospitality HoldCo or a subsidiary of Hospitality HoldCo (as applicable) under the FEOrchard BTA; and

(ii) such Deferred Pipeline Agreement or such Substitute Agreement will on the Deferred Transfer Date be free from any Encumbrances whatsoever.

(d) Hospitality HoldCo further represents and warrants and undertakes to Jelco (with the intent that the following warranties given by Hospitality HoldCo shall continue to be true and correct in all material respects as at completion (as if they had been given again at completion)) that:

(i) it will on completion be entitled to or is otherwise able to allot and issue to FEOrchard the full legal and beneficial ownership of the shares issued as consideration for the FEOrchard Assets (the "**Consideration Shares**") on the terms of the FEOrchard BTA without the consent of any person; and

(ii) the Consideration Shares:

(1) on allotment and issue on completion will be free from all and any Encumbrance (save as set out in the JVIA) and will have been validly authorised; and

[1] "**Encumbrances**" means any claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption or right of first refusal.

(2) when allotted and issued will be validly allotted and issued and credited as fully paid-up shares which are not subject to further call.

(e) Jelco shall not be liable for breach of any warranty given by Jelco under the FEOrchard BTA or any claim under the indemnity in paragraph 4.2(a) of Appendix L below unless a notice of such claim is given in writing by Hospitality OpCo to Jelco setting out in reasonable detail the specific matter in respect of which the claim is made including an estimate of the amount of such claim within 15 months after the date of completion, save and except that where there is a Deferred Pipeline Agreement or a Substitute Agreement, the time limit in respect of any claim for breach of warranties given by Jelco under the FEOrchard BTA in respect of, or to the extent affecting, such Deferred Pipeline Agreement or such Substitute Agreement, shall be 15 months from the Deferred Transfer Date of such Deferred Pipeline Agreement or such Substitute Agreement (as the case may be).

(f) The aggregate maximum liability of Jelco in respect of any and all breaches of warranties in respect of (or to the extent affecting) each Material Contract (as defined and set out in the FEOrchard BTA) shall be limited to 15 per cent. of the value ascribed to such Material Contract in the FEOrchard BTA. For the avoidance of doubt, the aggregate maximum liability of Jelco in respect of all and any claims for breach of warranties given by Jelco under the FEOrchard BTA shall in no event exceed S$24,000,000.

(g) Where any claim is brought by STC or its Affiliates (as defined in the FEOrchard BTA) (the "**Claimant**") against FEOrchard or its Affiliates pursuant to a provision in any Transaction Document:

(i) Hospitality OpCo will not make any claim in respect of the same or similar subject matter of the claim that has been brought by the Claimant against FEOrchard or its Affiliates;

(ii) where it has already in any legal proceedings or arbitration asserted a claim against FEOrchard or its Affiliates, and the Claimant subsequently makes a claim in any legal proceedings or arbitration or otherwise in respect of the same or similar subject matter of the claim already made by Hospitality OpCo, Hospitality OpCo shall immediately discontinue or withdraw at its own cost and expense all such claims in the legal proceedings or arbitration, including where applicable, undertaking not to enforce such judgment or arbitration award;

(iii) where Hospitality OpCo has recovered monies from FEOrchard or its Affiliates arising from a claim against Jelco or its Affiliates, and the Claimant subsequently makes a claim against FEOrchard or its Affiliates and which the subject matter of such claim is the same as or similar to the claim that had been made previously by Hospitality OpCo, then Hospitality OpCo will immediately return all such monies to Jelco or such Affiliate irrevocably waiving any such entitlement to the monies and undertake not to enforce any judgment or arbitration award against Jelco or such Affiliate, where applicable;

(iv) where the Claimant has recovered any monies from FEOrchard or its Affiliates arising from a claim against Jelco or such Affiliate, Hospitality OpCo shall not thereafter make any claim against FEOrchard or its Affiliates if the subject matter of its claim is the same as or similar to the subject matter of the claim in respect of which the Claimant has recovered the said monies; and

(v) Hospitality OpCo shall indemnify FEOrchard or its Affiliates for all its costs and expenses incurred arising from a breach by Hospitality OpCo of any of its obligations in paragraphs (g)(i) to (iv) above.

4.2 Indemnity and Undertaking

(a) Jelco undertakes to indemnify Hospitality HoldCo against, and shall pay Hospitality HoldCo the amount of, any claim, cost or expense payable by Hospitality HoldCo, Hospitality OpCo or such other wholly-owned subsidiary of Hospitality HoldCo (as applicable) that is incurred in relation to any claim, litigation or arbitration subsisting as at completion with respect to the business, provided that Hospitality HoldCo notifies Jelco in writing of such indemnity claim within 15 months after the date of completion.

(b) Jelco undertakes to Hospitality OpCo and Hospitality HoldCo that there will be minimal incremental corporate centre costs (as defined in the FEOrchard BTA) to Hospitality HoldCo or its subsidiary (as applicable) arising solely from, and directly attributable to, the operation of the relevant hospitality asset that is the subject of each of the seven new and pipeline hotel and serviced residence management agreements to be entered into by FEOrchard (and/or its subsidiary) including any Substitute Agreements and excluding the Deferred Pipeline Agreements thereby replaced, if applicable (the "**Pipeline Agreements**") to be injected as part of the FEOrchard Assets, for the period beginning on the earliest of the dates of commencement of the Pipeline Agreements by Hospitality HoldCo or its subsidiary of the operation of such hospitality assets until the date falling 12 months after the latest of such commencement dates. Save as may be otherwise unanimously approved by the Board of Hospitality HoldCo, all such incremental corporate centre costs incurred in aggregate under the Pipeline Agreements for any period of 12 months in excess of the minimal incremental corporate centre costs incurred in that 12 month period shall be borne by Jelco.

4.3 Termination

(a) Subject to first negotiating in good faith in accordance with the JVIA, any party to the FEOrchard BTA may by no less than 30 days' notice in writing to the other parties, terminate the FEOrchard BTA (other than certain customary surviving provisions) at any time before completion, if:

(i) the condition precedent in the FEOrchard BTA is not satisfied on or before 1 August 2013 or as otherwise agreed by FEOrchard and STC under the JVIA; or

(ii) the condition precedent in the FEOrchard BTA becomes incapable of satisfaction or the parties thereto agree that the condition precedent cannot be satisfied.

(b) The FEOrchard BTA (other than certain customary surviving provisions) shall automatically terminate and no party shall be liable to the others for claims (other than in respect of certain customary surviving provisions or any antecedent breach) under the FEOrchard BTA if at any time prior to completion, the JVIA is rescinded or terminated for any reason.

(c) If, prior to completion, there is a breach of warranty under the FEOrchard BTA and no resolution on the course of action is reached between the parties in respect of the breach, the party who is not in breach of such warranty will be entitled (in addition to and without prejudice to all other rights or remedies available to it, including the right to claim damages) by notice in writing to the other parties to terminate the FEOrchard BTA whereupon Hospitality OpCo shall immediately return to Jelco all completion documents executed in favour of Hospitality OpCo and all other documents delivered by or on behalf of Jelco to Hospitality OpCo for the purposes of completion (if any), and subject to the compliance of the foregoing, no party shall have any claim against the other parties for costs, compensation, damages or otherwise under the FEOrchard BTA, save for any claim arising from antecedent breaches of the FEOrchard BTA.

(d) Each of Hospitality HoldCo and Hospitality OpCo shall be entitled by notice in writing to Jelco, to terminate the FEOrchard BTA if Jelco is in material breach of any of its pre-completion undertakings in the FEOrchard BTA.

4.4 Completion Date

Completion under the FEOrchard BTA shall take place on 1 August 2013, or if the condition precedent under the FEOrchard BTA as set out in paragraph 2.8 of the Letter to Shareholders has not been satisfied five business days prior to 1 August 2013, the date five business days after such condition precedent has been satisfied and completion under the FEOrchard BTA is to occur.

4.5 Diminished Assets

If a Supervening Event MAC occurs in respect of the FEOrchard Assets prior to completion under the FEOrchard BTA and no resolution on the course of action is reached in respect of the Diminished Assets (as defined in the JVIA) pursuant to the terms of the JVIA, and the Diminished Assets include one or more of the Material Contracts, such Material Contract will not be transferred by the Jelco to Hospitality OpCo under the FEOrchard BTA and Jelco shall, as a replacement for such Material Contract, pay to Hospitality HoldCo in cash the value of such Material Contract unless otherwise mutually agreed between STC and FEOrchard in writing pursuant to the JVIA or unless FEOrchard shall have paid to the Hospitality HoldCo in cash the value of such Material Contract in accordance with the terms of the JVIA.

4.6 Deferred Pipeline

In the event either of the two Pipeline Agreements (being two of the seven new Pipeline Agreements as specified in the FEOrchard BTA) has not been entered into by Jelco and the relevant counter parties thereto or the counter parties thereto have not provided their consent to the assignment or novation of such Pipeline Agreement to Hospitality OpCo prior to completion under the FEOrchard BTA (each, a "**Deferred Pipeline Agreement**"), Jelco shall give a notice to Hospitality OpCo (the "**First Non-Contribution Notice**") and the parties agree that Jelco may (in the First Non-Contribution Notice) elect to defer such entry or assignment or novation to Hospitality OpCo to a date no later than 31 December 2013.

In the event Jelco becomes aware that such entry will not take place (or the relevant consents will not be received) by 31 December 2013, Jelco shall give a notice to Hospitality OpCo (the "**Second Non-Contribution Notice**") promptly after it becomes aware of the same (and in any event at least 10 business days prior to 31 December 2013) and the parties agree that Jelco may (under the Second Non-Contribution Notice) elect to either:

(a) procure and ensure that:

   (i) it has, in replacement of such Deferred Pipeline Agreement, entered into a new agreement (to be entered into between any of Jelco, FEOrchard or their respective Affiliates) in replacement of a Deferred Pipeline Agreement ("**Substitute Agreement**"); and

   (ii) if such Substitute Agreement is not entered into directly between Jelco, Hospitality HoldCo or a subsidiary of Hospitality HoldCo, and the relevant counter parties thereto, that the original signed copy of such Substitute Agreement and all other relevant documents thereto (as described in the FEOrchard BTA) are delivered to Jelco no later than 31 December 2013; or

(b) pay to Hospitality HoldCo in cash the value of such Deferred Pipeline Agreement by 31 December 2013.

APPENDIX M
CERTAIN KEY TERMS UNDER THE TOGA SUBSCRIPTION AGREEMENT

CERTAIN KEY TERMS UNDER THE TOGA SUBSCRIPTION AGREEMENT

1. Payment of Subscription Price

The Subscription Price will be satisfied in cash in the following manner:

(a) at Subscription Completion, FEHIPL will pay the Initial Subscription Amount to the Trustee;

(b) following Subscription Completion, FEHIPL will pay to the Trustee the balance of the Subscription Price as follows:

(i) where

i. the Trustee (having regard to certain criterion for the investment by a Joint Venture Entity[1] in a real property which is used or is to be constructed and/or developed for use as accommodation for visitors) determines that a Joint Venture Entity will make a hotel real property asset investment in accordance with the terms of the Toga JVA or otherwise in the ordinary course of its business;

ii. the Toga Joint Venture does not have sufficient internal funding resources to undertake the proposed investment; and

iii. obtaining sufficient external debt finance for the proposed investment would result in a breach of the gearing policy in relation to one or more Joint Venture Entities or the Toga Joint Venture as a whole or is otherwise not reasonably considered to be available,

and the Trustee gives written notice to FEHIPL requiring it to pay part or all of any remaining balance of the Subscription Price in accordance with the terms of the Toga JVA, FEHIPL shall pay such part or all of the remaining balance of the Subscription Price within one calendar month from the date the Trustee issues the notice to FEHIPL; and/or;

(ii) on the date falling 18 months after the Subscription Completion (to the extent any part of the Subscription Price remains outstanding and unpaid as at such date).

2. Working Capital Adjustments to the Subscription Price

Under the terms of the Toga Subscription Agreement, the Subscription Price may be adjusted for an amount equal to the completion working capital value less a target working capital value (as determined in accordance with the Toga Subscription Agreement). The completion working capital value of the Joint Venture Entities at Subscription Completion (excluding cash balances) will be determined within 60 days after the date of Subscription Completion based on a working capital statement to be prepared by the Trustee and supported by relevant supporting calculations and documentation.

3. Effect of Claims

Under the terms of the Toga Subscription Agreement, in the event that FEHIPL makes a claim under or in connection with the Toga Subscription Agreement and either (a) Toga Investments and the Trustee have agreed to the claim in writing; or (b) a court of competent jurisdiction has finally determined that an amount is owed to FEHIPL pursuant to the claim, then if an amount is payable in relation to the claim while any amount of the Subscription Price remains outstanding, such claim will be satisfied by first subtracting the value of the claim from such outstanding balance of the Subscription Price.

[1] "**Joint Venture Entity**" as defined under the Toga JVA means any of Trust SPV, the Trustee, Toga Management, Property Trust and Toga Hotel Property Holdings Pty Limited (in its capacity as trustee of the Property Trust) and their respective affiliates from time to time.

In the event of any successful claim by FEHIPL in connection with the provisions of the Toga Subscription Agreement and such claim is satisfied pursuant to the provisions of the Toga Subscription Agreement, then such claim will be treated as a reduction of the Subscription Price (irrespective of whether such Subscription Price is fully paid or remains partly paid), and the balance of the Subscription Price (if any) owed by FEHIPL will be adjusted accordingly.

4. FEOrchard Covenantor Guarantee

Under the terms of the Toga Subscription Agreement, FEOrchard guarantees to each of the other parties to the Toga Subscription Agreement, the due and punctual payment by FEHIPL of the Subscription Price in accordance with the terms of the Toga Subscription Agreement.

FEOrchard also agrees to separately indemnify each of the other parties to the Toga Subscription Agreement against any costs, liabilities or expenses which may be incurred by each party in connection with any default or delay by FEHIPL in the due and punctual payment of the Subscription Price.

5. FEHIPL's obligations at Subscription Completion

At Subscription Completion, FEHIPL will:

(a) deliver to the Trustee an application for the Subscription Securities, duly completed and executed by FEHIPL; and

(b) pay the Initial Subscription Amount to the Trustee in immediately available funds.

6. Trustee's obligations at Subscription Completion

At Subscription Completion, the Trustee will, *inter alia*:

(a) issue the Subscription Securities to FEHIPL free from all security interests as at Subscription Completion;

(b) register FEHIPL as the holder of the Subscription Securities;

(c) issue unit certificates in respect of the Subscription Securities; and

(d) appoint four nominees of FEHIPL as directors of Toga Management.

7. Toga Management's obligations at Subscription Completion

At Subscription Completion, Toga Management will appoint four nominees of FEHIPL as directors of the Trustee.

8. Termination of the Toga Subscription Agreement

Pursuant to the Toga Subscription Agreement, the Toga Subscription Agreement may be terminated:

(a) by a party to the Toga Subscription Agreement by giving written notice to each other party to the Toga Subscription Agreement, if the conditions precedent are not satisfied or waived by 31 December 2013, Provided That it has used its reasonable endeavours to obtain the satisfaction of the conditions precedent within its power to satisfy; or

(b) by FEHIPL by written notice to the other parties to the Toga Subscription Agreement at any time prior to Subscription Completion, upon the occurrence of any of the following fact, event or matter:

(i) a material breach of any warranty other than one given by FEHIPL or FEOrchard if such warranty was repeated on or at any time before Subscription Completion by reference to the facts or circumstances then existing;

(ii) a material breach of any covenants, undertakings and agreements required to be performed or caused to be performed by the parties to the Toga Subscription Agreement other than FEHIPL or FEOrchard under the Toga Subscription Agreement on or before Subscription Completion; or

(iii) any government authority having enacted or proposed any legislation which would prohibit, materially restrict or materially delay the implementation of the transactions under the Toga Subscription Agreement and the Toga JVA or the operations of the Toga Joint Venture.

If the Toga Subscription Agreement is terminated by reason of the foregoing circumstances:

(a) each party to the Toga Subscription Agreement is released from its obligations under the Toga Subscription Agreement, save for certain customary provisions of the Toga Subscription Agreement which would continue to survive notwithstanding the termination of the Toga Subscription Agreement;

(b) each party to the Toga Subscription Agreement retains its rights against each other party to the Toga Subscription Agreement in connection with any breach or claim that has arisen before termination; and

(c) FEHIPL must return to the Trustee all documents and other materials in any medium in its possession, power or control which contain information received from or on behalf of the Trustee.

FAR EAST ORCHARD LIMITED

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Far East Orchard Limited (the "**Company**" or "**FEOrchard**") will be held at Antica 1, Level 2, Orchard Parade Hotel, 1 Tanglin Road, Singapore 247905 on 9 July 2013 at 2.30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION

1. THE PROPOSED JOINT VENTURE WITH THE STRAITS TRADING COMPANY LIMITED

That approval be and is hereby given for:

(a) the proposed joint venture with The Straits Trading Company Limited ("**STC**") (the "**STC Joint Venture**"), which involves:

(i) a transfer to Far East Hospitality Management (S) Pte. Ltd. (being a wholly-owned subsidiary of Far East Hospitality Holdings Pte. Ltd.) ("**Hospitality HoldCo**") of:

(1) 25 hotel and serviced residence management agreements;

(2) the Property Management Agreement (as defined in the Circular); and

(3) all other assets related to conducting the hospitality management business associated with (1) and (2) above, including all employees engaged in relation to such business and the furniture, fixtures and equipment used in relation to such assets; and

(ii) an acquisition by Far East Hospitality Properties (Australia) Pte. Ltd. (being a wholly-owned subsidiary of Hospitality HoldCo) of:

(1) Rendezvous Hotel Perth from Sword Properties Pty Ltd (as trustee for Sword Unit Trust) and Rendezvous Studio Hotel Perth Central and Rendezvous Grand Hotel Melbourne from Rendezvous Hotels Management Pty Ltd;

(2) the business in relation to each of these hotels in (1) above, including all employees engaged in relation to such business and the furniture, fixtures and equipment used in relation to the hotels; and

(iii) an acquisition by Hospitality HoldCo of 100.0% of the issued share capital of Rendezvous Hotels International Private Limited from STC.

(b) the put option under the joint venture implementation agreement with STC (the "**JVIA**") which the non-defaulting Hospitality HoldCo Shareholder has a right to exercise on the occurrence of certain events of default, in the event that the non-defaulting Hospitality HoldCo shareholder is a member of the STC Group (as defined in the Circular);

(c) the call option under the JVIA which the non-defaulting Hospitality HoldCo Shareholder has a right to exercise on the occurrence of certain events of default, in the event that the non-defaulting Hospitality HoldCo shareholder is a member of the JVIA FEOrchard Group (as defined in the Circular); and

(d) the Company and any director of the Company be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the STC Joint Venture.

ORDINARY RESOLUTION

2. THE PROPOSED JOINT VENTURE WITH TOGA PTY LTD

That:

(a) approval be and is hereby given for the proposed joint venture with Toga Pty Ltd (the "**Toga Joint Venture**"), by way of subscription by Far East Hospitality Investments (Australia) Pte. Ltd. ("**FEHIPL**"), a wholly-owned subsidiary of FEOrchard of 225,000,000 new securities in Toga Hotel Holdings Unit Trust ("**Trust SPV**") pursuant to the terms of a subscription and redemption agreement dated 18 April 2013 between FEOrchard, FEHIPL, Toga Pty Ltd, Toga Hospitality Investments Pty Limited., Toga Hotel Management Holdings Pty Limited and Toga Hotel Holdings Pty Limited (in its capacity as trustee of Trust SPV); and

(b) the Company and any director of the Company be and are hereby severally authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Toga Joint Venture and this resolution as they may deem fit.

ORDINARY RESOLUTION

3. THE PROPOSED ADOPTION OF A SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

That:

(a) approval be and is hereby given for the purposes of Chapter 9 of the listing manual of Singapore Exchange Securities Trading Limited, for FEOrchard, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within Interested Person Transactions (as described in the Circular), with any party who falls within the class of Interested Persons (as described in the Circular), provided that such transactions are made on normal commercial terms and are in accordance with the review procedures for such Interested Person Transactions;

(b) the approval given in (a) above shall, unless revoked or varied by FEOrchard in general meeting, continue in force until the conclusion of the next Annual General Meeting of FEOrchard; and

(c) the Company and any director of the Company be and are hereby severally authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to this resolution as they may deem fit.

By Order of the Board

Leow Chiap Seng
Company Secretary

Singapore
24 June 2013

FAR EAST ORCHARD LIMITED

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

IMPORTANT:

1. For investors who have used their CPF monies to buy FAR EAST ORCHARD LIMITED shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to their CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

PROXY FORM

EXTRAORDINARY GENERAL MEETING

I/We ____ (Name)

of ____ (Address)

being a member/members of Far East Orchard Limited (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			
and/or (delete as appropriate)			
Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting ("**EGM**") of the Company to be held at Antica 1, Level 2, Orchard Parade Hotel, 1 Tanglin Road, Singapore 247905 on 9 July 2013 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions as set out in the Notice of EGM. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, my/our proxy/proxies will vote or abstain from voting at his/their discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.
(Please indicate your vote "For" or "Against" with an "X" within the box provided.)

No.	**Resolution**	**For**	**Against**
1.	To approve the Proposed Joint Venture with The Straits Trading Company Limited (Ordinary Resolution)		
2.	To approve the Proposed Joint Venture with Toga Pty Ltd (Ordinary Resolution)		
3.	To approve the Proposed Adoption of a Shareholders' Mandate for Interested Person Transactions (Ordinary Resolution)		

Dated this ____________ day of _________ 2013.

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) / Common Seal

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form:

1. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member appoints two proxies, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named.
3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the member.
4. This proxy form must be deposited at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the EGM.

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Affix
postage
stamp

Company Secretary
Far East Orchard Limited

C/O

Share Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

2nd fold here

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified true copy thereof must be lodged with the instrument.
6. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly executed, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being an appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

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Orchard Parade Hotel
1 Tanglin Road #05-01
Singapore 247905

Tel : +65 6833 6688
Fax : +65 6738 8085