CIRCULAR DATED 19 JUNE 2012

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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If you have sold or transferred all your ordinary shares in the capital of Orchard Parade Holdings Limited ("**OPHL**" 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.

ORCHARD PARADE HOLDINGS LIMITED

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

CIRCULAR TO SHAREHOLDERS

in relation to

(1) THE PROPOSED RESTRUCTURING OF THE COMPANY INVOLVING:

A. THE PROPOSED REIT TRANSACTION (AS DEFINED HEREIN); AND

B. THE PROPOSED ASSET SWAP TRANSACTION (AS DEFINED HEREIN);

(2) THE PROPOSED SPECIAL DIVIDEND AND DIVIDEND IN SPECIE (EACH AS DEFINED HEREIN);

(3) THE SHARE ISSUE AUTHORITY FOR THE PROPOSED SPECIAL DIVIDEND; AND

(4) THE PROPOSED NAME CHANGE OF THE COMPANY

Independent Financial Adviser to the Independent Directors of the Company on the Transactions

PrimePartners Corporate Finance Pte. Ltd.

Company Registration No. 200207389D
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES		
Last date and time for lodgement of Proxy Forms	:	9 July 2012 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	11 July 2012 at 10.30 a.m.
Place of Extraordinary General Meeting	:	Antica I, Level 2, Orchard Parade Hotel 1 Tanglin Road, Singapore 247905

CONTENTS

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

"**ACVH**" : Albert Court Village Hotel

"**Asset Swap Acquisition**" : The proposed acquisition by the Company (through its wholly-owned subsidiary, Jelco) of the NMC Units, the NSC Units and the Hospitality Management Business from certain members of Far East Organization (being NPPL, TPPL and FEHS) under the Asset Swap Transaction

"**Asset Swap Divestment**" : The proposed divestment of the Disposal Shares to certain members of Far East Organization (being NPPL, TPPL and FEHS) to be separately arranged for

"**Asset Swap Transaction**" : The Asset Swap Acquisition and the Asset Swap Divestment

"**Asset Swap SPAs**" : The following conditional sale and purchase agreements in connection with the Asset Swap Transaction to be entered into as soon as practicable following Shareholders' approval of Resolution 1 (the proposed restructuring of the Company), on the terms and subject to the conditions therein:

(i) a conditional sale and purchase agreement with NPPL, pursuant to which the Company will (through Jelco) acquire the NMC Units;

(ii) a conditional sale and purchase agreement with TPPL, pursuant to which the Company will (through Jelco) acquire the NSC Units; and

(iii) a conditional business transfer agreement with FEHS, pursuant to which the Company will (through Jelco) acquire the Hospitality Management Business,

in consideration for the transfer of the Disposal Shares (to be separately arranged for) to each of NPPL, TPPL and FEHS, with the balance of the consideration (if any) paid in cash

"**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 trustee 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 Mr Cheng Hong Kok, Mr Heng Chiang Meng and Mdm Ee Choo Lin Diana
"**Authority**" or "**MAS**"	:	The Monetary Authority of Singapore
"**Board**"	:	The board of directors of OPHL
"**Business Transfer Agreement**"	:	The conditional business transfer agreement with FEHS, pursuant to which the Company will (through Jelco) acquire the Hospitality Management Business
"**CDP**"	:	The Central Depository (Pte) Limited
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore
"**controlling shareholder**"	:	Has the meaning ascribed to it in the Listing Manual
"**Corporate Guarantees**"	:	The corporate guarantees to be entered into between the REIT Trustee and the Guarantor in respect of the Master Lease Agreements in relation to ACVH and CSVR
"**CSVR**"	:	Central Square Village Residences
"**Directors**"	:	The directors of the Company for the time being
"**Disposal Shares**"	:	200,942,854 YHS shares representing approximately 35.0% of the total existing issued share capital of YHS held by the Company (through its wholly-owned subsidiary, Jelco)
"**Dividend in Specie**"	:	The proposed dividend in specie of OPHL's remaining 14.5% of the total existing issued capital of YHS after the Asset Swap Divestment (amounting to a pro-rata dividend of 83,298,782 YHS shares in total or approximately 0.229 YHS shares per Share based on OPHL's issued share capital of 363,308,933 Shares (excluding treasury shares) as at the Latest Practicable Date[1])
"**EGM**"	:	The extraordinary general meeting of the Company, notice of which is given on pages K-1 to K-2 of this Circular
"**EPS**"	:	Earnings per share
"**Estate**"	:	The Estate of Ng Teng Fong, Deceased
"**Excluded Commercial Premises**"	:	Specific commercial areas in the properties constituting the Initial Portfolio which will not be subject to the respective Master Lease Agreements
"**Existing Interested Person Transactions**"	:	Interested Person Transactions entered into by the Company with Far East Organization during the course of the current financial year
"**FAMPL**"	:	FEO Asset Management Pte Ltd

1 For the avoidance of doubt, the actual number of YHS shares per Share to be distributed to Shareholders pursuant to the Dividend in Specie will be determined based on OPHL's issued share capital on the books closure date for the Dividend in Specie.

"**Far East H-BT**"	:	Far East Hospitality Business Trust, a proposed dormant business trust which will form part of Far East H-Trust
"**Far East H-BT Trust Property**"	:	The Trust Property (as defined in the Business Trusts Act, Chapter 31A of Singapore) of Far East H-BT
"**Far East H-REIT**"	:	Far East Hospitality Real Estate Investment Trust, a proposed REIT which will form part of Far East H-Trust
"**Far East H-Trust**"	:	Far East Hospitality Trust, the proposed hospitality stapled group comprising Far East H-REIT and Far East H-BT
"**Far East Organization**"	:	The Far East Organization group of companies of which the Sponsor is a part
"**Far East Residences**"	:	Far East Residences (a sub-trust which will be wholly-owned by Far East H-REIT)
"**FCPPL**"	:	First Choice Properties Pte Ltd (a wholly-owned subsidiary of OPHL)
"**FEHS**"	:	Far East Hospitality Services Pte Ltd
"**FEO Group Member**"	:	In relation to the Hospitality Management Agreements, means any company of which more than 50.0% of its issued share capital is collectively held or owned (directly or indirectly) by any one or more of the following: (a) the Estate; (b) Mdm Tan Kim Choo; (c) the children, grandchildren and future descendants and issue of the late Mr Ng Teng Fong; or (d) any trust (discretionary or otherwise) of which those persons listed in paragraphs (a) to (c) above comprise the majority of the beneficiaries of such trust
"**FEOC**"	:	Far East Organization Centre Pte. Ltd.
"**FEOPL**"	:	Far East Organisation Pte. Ltd.
"**FF&E**"	:	Furniture, fixtures and equipment
"**FY2011**"	:	Financial year ended 31 December 2011
"**GFA**"	:	Gross floor area
"**Gross Operating Profit**"	:	Gross Operating Revenue less operating expenses
"**Gross Operating Revenue**"	:	Gross operating revenue of a property
"**Guarantor**"	:	OPHL, in its capacity as guarantor of the Corporate Guarantees
"**Hotel and Serviced Residence Operator**"	:	The operator of the hospitality properties of Far East Organization. As at the date of this Circular, the operator is FEHS and it manages the 18 hospitality properties set out in **Appendix A** to this Circular

"**Hospitality Assets**"	:	Three of the OPHL Group's hospitality properties in relation to which the following leasehold interests will be granted by the relevant members of the OPHL Group to Far East H-REIT under the REIT Transaction: (i) a 50-year leasehold interest in OPH commencing from the Listing Date; (ii) a 75-year leasehold interest in ACVH commencing from the Listing Date; and (iii) a 80-year leasehold interest in CSVR commencing from the Listing Date
"**Hospitality Management Agreements**"	:	The hospitality management agreements entered into between the relevant Far East Organization entities and FEHS in relation to the 18 hospitality properties held by Far East Organization, which will be novated to Jelco pursuant to the Business Transfer Agreement
"**Hospitality Management Business**"	:	The hospitality management business of FEHS to be acquired by Jelco
"**IFA Letter**"	:	The letter dated 19 June 2012 from the Independent Financial Adviser to the Independent Directors setting out its advice to the Independent Directors in respect of the Transactions
"**Independent Directors**"	:	The independent directors of the Company as at the date of this Circular, 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 Independent Directors in relation to the Transactions, being PrimePartners Corporate Finance Pte. Ltd.
"**Independent Valuer for the Hospitality Management Business**"	:	Deloitte & Touche Financial Advisory Services Pte Ltd
"**Independent Valuer for the NMC Units and the NSC Units**" or "**HVS**"	:	SG&R Singapore Pte Ltd, trading as "HVS"
"**Independent Valuer for the REIT Transaction**" or "**HVS**"	:	SG&R Singapore Pte Ltd, trading as "HVS"
"**Initial Portfolio**"	:	The initial portfolio of properties of Far East H-Trust as at the Listing Date
"**Interested Person**"	:	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 Transaction**"	:	Has the meaning ascribed to it in the Listing Manual
"**Jelco**"	:	Jelco Properties Pte Ltd
"**Latest NTA**"	:	The audited consolidated NTA of the OPHL Group as at 31 December 2011
"**Latest Practicable Date**"	:	The latest practicable date prior to the printing of this Circular, being 31 May 2012
"**Listing Date**"	:	The date of listing of Far East H-Trust on the Main Board of the SGX-ST
"**Listing Manual**"	:	The Listing Manual of the SGX-ST
"**Master Lease Agreements**"	:	Master lease agreements to be entered into between certain members of the OPHL Group and (i) Far East H-REIT in relation to OPH and ACVH and (ii) Far East Residences in relation to CSVR
"**Master Lessees**"	:	The master lessees of the Hospitality Assets, being OPHL, FCPPL and OPHRPL
"**Master Lessors**"	:	The master lessors of the Hospitality Assets, being (i) Far East H-REIT in relation to OPH and ACVH, and (ii) Far East Residences in relation to CSVR
"**Minimum Aggregate Sale Consideration**"	:	The minimum aggregate sale consideration for the sale of the Hospitality Assets, being S$702 million
"**Name Change**"	:	The proposed change of the Company's name to "Far East Orchard Limited"
"**NAV**"	:	Net asset value
"**Net Property Income**"	:	(1) In relation to Far East H-REIT, consists of the Gross Operating Revenue of the properties held by Far East H-REIT less (a) property tax on the properties held by Far East H-REIT and (b) insurance expenses on the properties held by Far East H-REIT; and (2) in relation to the Excluded Commercial Premises, means gross revenue less property expenses
"**NLA**"	:	Net lettable area
"**NMC**"	:	Novena Medical Center
"**NMC SPA**"	:	The conditional sale and purchase agreement with NPPL, pursuant to which the Company will (through Jelco) acquire the NMC Units
"**NMC Units**"	:	Far East Organization's 45 units of medical suites in NMC, which are held by NPPL

"**NPPL**"	:	Novena Point Pte Ltd (a wholly-owned subsidiary of Glory Realty Co. Private Ltd., which is in turn part of Far East Organization)
"**NSC**"	:	Novena Specialist Center
"**NSC SPA**"	:	The conditional sale and purchase agreement with TPPL, pursuant to which the Company will (through Jelco) acquire the NSC Units
"**NSC Units**"	:	Far East Organization's 48 units of medical suites in NSC, which are held by TPPL
"**NTA**"	:	Net tangible assets
"**OPH**"	:	Orchard Parade Hotel
"**OPHL**" or the "**Company**"	:	Orchard Parade Holdings Limited
"**OPHL Group**" or "**Group**"	:	The Company and its subsidiaries
"**OPHL Private Funds**"	:	In relation to the OPHL ROFR, means existing or future private funds managed by OPHL
"**OPHL ROFR**"	:	The right of first refusal to be granted by OPHL to Far East H-Trust with effect from the Listing Date
"**OPHRPL**"	:	OPH Riverside Pte Ltd (a wholly-owned subsidiary of OPHL)
"**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 Agreements**"	:	The property management agreements to be entered into between the Property Manager and Far East H-REIT or, as the case may be, Far East Residences in relation to the Excluded Commercial Premises
"**Property Manager**"	:	The property manager of the Excluded Commercial Premises, which on the Listing Date is expected to be Jelco pursuant to the REIT Transaction
"**Property Funds Appendix**"	:	Appendix 6 to the CIS Code issued by the Authority in relation to REITs
"**Proposed Disposal**"	:	In relation to the OPHL ROFR, means disposals of any interest by a Relevant Entity in any Relevant Asset which is owned by the Relevant Entity
"**Proposed Offer**"	:	In relation to the OPHL ROFR, means a proposed offer by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity
"**REIT**"	:	Real estate investment trust

"**REIT Manager**"	:	FEO Hospitality Asset Management Pte. Ltd., in its capacity as manager of Far East H-REIT
"**REIT Transaction**"	:	Collectively, (i) the sale of the Hospitality Assets to Far East H-REIT or, as the case may be, Far East Residences and immediately upon completion of the sale of the Hospitality Assets, the entry into a Master Lease Agreement between each of the relevant members of the OPHL Group and Far East H-REIT or, as the case may be, Far East Residences, in respect of the Hospitality Assets (excluding the Excluded Commercial Premises), and (ii) the acquisition by OPHL of 330,000 ordinary shares in the share capital of the REIT Manager and 33 ordinary shares in the share capital of the Trustee-Manager (representing a 33.0% interest in each of the REIT Manager and the Trustee-Manager)
"**REIT Transaction SPAs**"	:	The following conditional sale and purchase agreements in connection with the REIT Transaction to be entered into by the relevant members of the OPHL Group with Far East H-REIT as soon as practicable following Shareholders' approval of Resolution 1 (the proposed restructuring of the Company), on the terms and subject to the conditions therein: (i) a conditional sale and purchase agreement between OPHL and the REIT Trustee, pursuant to which OPHL will grant a 50-year leasehold interest in OPH to Far East H-REIT; (ii) a conditional sale and purchase agreement between FCPPL and the REIT Trustee, pursuant to which FCPPL will grant a 75-year leasehold interest in ACVH to Far East H-REIT; and (iii) a conditional sale and purchase agreement between OPHRPL and DBS Trustee Limited, in its capacity as trustee of Far East Residences, pursuant to which OPHRPL will grant a 80-year leasehold interest in CSVR to Far East Residences
"**REIT Trustee**"	:	DBS Trustee Limited, in its capacity as trustee of Far East H-REIT
"**Relevant Asset**"	:	In relation to the OPHL ROFR, means a completed income-producing real estate in Singapore used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, where real estate used for "**hospitality**" purposes includes hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, and the term, "**serviced residences**", means apartments with full or partial services. For the avoidance of doubt, such real estate shall not include (a) residential units sold by a developer under the Housing Developers (Control and Licensing) Act, Chapter 130 of Singapore[1]; and (b) the aforesaid residential units sold by such developer after the certificate of statutory completion and individual titles have been issued in respect of the development comprising such residential units, unless approval is granted by the relevant authorities for such units to be used as serviced residence. Where such real estate is held by a Relevant Entity through an SPV established solely to own such real estate,

[1] "**Residential units sold by a developer under the Housing Developers (Control and Licensing) Act, Chapter 130 of Singapore**" refers to those residential units comprised in developments with five or more residential units that are developed and sold by licensed housing developers to purchasers.

		the term, "**Relevant Asset**", shall refer to the shares or, as the case may be, equity interests in that SPV. Where such real estate is co-owned by a Relevant Entity as a tenant-in-common, the term, "**Relevant Asset**", shall refer to the ownership share of the Relevant Entity in such real estate
"**Relevant Entity**"	:	In relation to the OPHL ROFR, means OPHL or any of its existing or future subsidiaries or OPHL Private Funds
"**Rule 1006**"	:	Rule 1006 of the Listing Manual
"**Securities Account**"	:	Securities accounts maintained by Depositors with CDP, but not including sub-securities accounts
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Share Issue Authority**"	:	Authority to issue new Shares in connection with the Special Dividend
"**Share Purchase Agreement**"	:	The share purchase agreement to be entered into between the Company and FAMPL for the Company to acquire 330,000 ordinary shares at S$330,000 (representing a 33.0% interest) in the REIT Manager, and 33 ordinary shares at S$33 (representing a 33.0% interest) in the Trustee-Manager
"**Shared Services Agreements**"	:	The shared services agreements between the Master Lessees and Far East H-REIT or, as the case may be, Far East Residences in respect of the Hospitality Assets
"**Shared Electricity Services Agreements**"	:	The shared electricity services agreement between the Master Lessees and Far East H-REIT or, as the case may be, Far East Residences in respect of the Hospitality Assets
"**Shareholders**"	:	Registered holders of Shares, except that where the registered holder is CDP, the term "**Shareholders**", shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares
"**Shares**"	:	Ordinary shares in the share capital of the Company
"**Special Dividend**"	:	The proposed special one-tier tax-exempt dividend of S$0.12 per Share which the Shareholders may elect to receive either in cash or in the form of Shares, for which the Company will implement a scrip dividend scheme on such date as the Directors shall decide after the Transactions are completed
"**Special Resolution**"	:	A resolution proposed and passed as such by a majority being 75.0% or more 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

"Sponsor" : The following Far East Organization group of companies:

(i) FEOC;

(ii) FEOPL;

(iii) Golden Development Private Limited;

(iv) Glory Realty Co. Private Ltd.;

(v) F. E. Holdings Pte. Ltd.;

(vi) Boo Han Holdings Pte. Ltd.;

(vii) Lucky Realty Company Pte Ltd; and

(viii) Orchard Landmark Pte. Ltd.,

and their respective subsidiaries, including:

(i) OPHL, a subsidiary of FEOPL;

(ii) FCPPL, a subsidiary of OPHL;

(iii) OPHRPL, a subsidiary of OPHL;

(iv) Serene Land Pte Ltd, a subsidiary of Golden Development Private Limited;

(v) Oxley Hill Properties Pte Ltd, a subsidiary of Golden Development Private Limited;

(vi) Far East SOHO Pte. Ltd., a subsidiary of Golden Development Private Limited;

(vii) TPPL, a subsidiary of Glory Realty Co. Private Ltd.;

(viii) Orchard Parksuites Pte Ltd, a subsidiary of Glory Realty Co. Private Ltd.;

(ix) Golden Landmark Pte Ltd, a subsidiary of F. E. Holdings Pte Ltd;

(x) Riverland Pte Ltd, a subsidiary of F. E. Holdings Pte Ltd;

(xi) Victory Realty Co. Private Ltd., a subsidiary of F. E. Holdings Pte Ltd;

(xii) China Classic Pte Ltd, a subsidiary of Victory Realty Co. Private Ltd.; and

(xiii) Dollar Land Singapore Private Limited, a subsidiary of Lucky Realty Company Pte Ltd.

"SPV" : Special purpose vehicle

"Stapled Security" : A stapled security in Far East H-Trust comprising of one unit in Far East H-REIT and one unit in Far East H-BT

"**Summary Valuation Certificates**"	:	The summary valuation certificates prepared by HVS, in its capacity as the Independent Valuer for the NMC Units and the NSC Units and the Independent Valuer for the REIT Transaction on the Hospitality Assets
"**TPPL**"	:	Transurban Properties Pte. Ltd. (a wholly-owned subsidiary of Glory Realty Co. Private Ltd.)
"**Transactions**"	:	The Asset Swap Transaction and the REIT Transaction
"**Trustee-Manager**"	:	FEO Hospitality Trust Management Pte. Ltd., in its capacity as trustee-manager of Far East H-BT
"**Valuation Letter**"	:	The valuation letter prepared by Deloitte & Touche Financial Advisory Services Pte Ltd in its capacity as the Independent Valuer for the Hospitality Management Business
"**YHS**"	:	Yeo Hiap Seng Limited
"**YHS shares**"	:	Ordinary shares in the issued share capital of YHS
"**%**" or "**per cent.**"	:	Per centum or percentage
"**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.

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Mr Philip Ng Chee Tat (Non-Executive Chairman) Mr Lucas Chow Wing Keung (Chief Executive Officer and Managing Director) Mdm Ng Siok Keow (Executive Director) Mdm Tan Siok Hwee (Executive Director) Mr Cheng Hong Kok (Independent Director) Mr Heng Chiang Meng (Independent Director) Mdm Ee Choo Lin Diana (Independent Director)
COMPANY SECRETARIES	:	Ms Chloe Kho Kim Suan Ms Madelyn Kwang Yeit Lam
REGISTERED OFFICE	:	14 Scotts Road #06-01 Far East Plaza Singapore 228213
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
INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS ON THE TRANSACTIONS	:	PrimePartners Corporate Finance Pte. Ltd. 20 Cecil Street #21-02 Equity Plaza Singapore 049705
INDEPENDENT AUDITOR	:	PricewaterhouseCoopers LLP 8 Cross Street #17-00 PWC Building Singapore 048424
INDEPENDENT VALUER FOR THE HOSPITALITY MANAGEMENT BUSINESS	:	Deloitte & Touche Financial Advisory Services Pte Ltd 6 Shenton Way #32-00 DBS Building Tower Two Singapore 068809
INDEPENDENT VALUER FOR THE NMC UNITS AND THE NSC UNITS	:	SG&R Singapore Pte Ltd, trading as “HVS” #23-01A Suntec Tower Four 6 Temasek Boulevard Singapore 038986
INDEPENDENT VALUER FOR THE REIT TRANSACTION	:	SG&R Singapore Pte Ltd, trading as “HVS” #23-01A Suntec Tower Four 6 Temasek Boulevard Singapore 038986

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 ii to xi 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, the Company is a member of the Far East Organization group ("**Far East Organization**"). The Company has over 40 years of heritage and experience in the business of hospitality, property investment and property development. The Company also holds an approximately 49.5% interest in, and is therefore a major shareholder of, Yeo Hiap Seng Limited ("**YHS**"), a public-listed industry pioneer with over 100 years' history in the manufacture and distribution of food and beverage products.

SUMMARY OF THE PROPOSALS

The Proposed Restructuring

OPHL proposes to carry out a restructuring exercise which will involve:

(a) (i) the grant of leasehold interests in three of OPHL's hospitality properties (held directly or through its subsidiaries) to Far East Hospitality Real Estate Investment Trust ("**Far East H-REIT**"), a proposed real estate investment trust ("**REIT**") which will form part of Far East Hospitality Trust ("**Far East H-Trust**"), a proposed hospitality stapled group to be sponsored by the Sponsor[1] (which is part of Far East Organization), and immediately upon completion of the sale of the leasehold interests in the Hospitality Assets, the entry into a Master Lease Agreement (as defined herein) between each of the relevant members of the OPHL Group (as defined herein) and Far East H-REIT (directly or, as the case may be, through Far East Residences (a sub-trust which will be wholly-owned by Far East H-REIT) ("**Far East Residences**")), in respect of the Hospitality Assets (excluding the Excluded Commercial Premises[2]); and

(ii) the acquisition of 330,000 ordinary shares in the share capital of FEO Hospitality Asset Management Pte. Ltd., the proposed manager of Far East H-REIT (the "**REIT Manager**") and 33 ordinary shares in the share capital of FEO Hospitality Trust Management Pte. Ltd., the proposed trustee-manager of Far East H-BT (the "**Trustee-Manager**") (representing a 33.0% interest in each of the REIT Manager and the Trustee-Manager),

(collectively, the "**REIT Transaction**"); and

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[1] The "**Sponsor**" comprises the following Far East Organization group of companies, namely (i) Far East Organization Centre Pte. Ltd. ("**FEOC**"), (ii) Far East Organisation Pte. Ltd. ("**FEOPL**"), (iii) Golden Development Private Limited, (iv) Glory Realty Co. Private Ltd., (v) F. E. Holdings Pte. Ltd., (vi) Boo Han Holdings Pte. Ltd., (vii) Lucky Realty Company Pte Ltd and (viii) Orchard Landmark Pte. Ltd., and their respective subsidiaries, including (a) OPHL, a subsidiary of FEOPL, (b) First Choice Properties Pte Ltd ("**FCPPL**"), a subsidiary of OPHL, (c) OPH Riverside Pte Ltd ("**OPHRPL**"), a subsidiary of OPHL, (d) Serene Land Pte Ltd, a subsidiary of Golden Development Private Limited, (e) Oxley Hill Properties Pte Ltd, a subsidiary of Golden Development Private Limited, (f) Far East SOHO Pte. Ltd., a subsidiary of Golden Development Private Limited, (g) Transurban Properties Pte. Ltd. ("**TPPL**"), a subsidiary of Glory Realty Co. Private Ltd., (h) Orchard Parksuites Pte Ltd, a subsidiary of Glory Realty Co. Private Ltd., (i) Golden Landmark Pte Ltd, a subsidiary of F. E. Holdings Pte Ltd, (j) Riverland Pte Ltd, a subsidiary of F. E. Holdings Pte Ltd, (k) Victory Realty Co. Private Ltd., a subsidiary of F. E. Holdings Pte Ltd, (l) China Classic Pte Ltd, a subsidiary of Victory Realty Co. Private Ltd. and (m) Dollar Land Singapore Private Limited, a subsidiary of Lucky Realty Company Pte Ltd.

[2] "**Excluded Commercial Premises**" means specific commercial areas in the properties constituting the Initial Portfolio which will not be subject to the respective Master Lease Agreements.

(b) the Asset Swap Acquisition (as defined herein) and Asset Swap Divestment (as defined herein) (collectively, the "**Asset Swap Transaction**") between OPHL and its subsidiaries (the "**OPHL Group**" or "**Group**") and certain members of Far East Organization.

The REIT Transaction and the Asset Swap Transaction (collectively, the "**Transactions**") are intended to be completed simultaneously on the date of listing of Far East H-Trust on the Main Board of the SGX-ST (the "**Listing Date**"), save for the acquisition of shares in the REIT Manager and the Trustee-Manager.

Far East H-Trust has, on 12 June 2012, received a letter of eligibility from the SGX-ST for the listing and quotation on the Main Board of the SGX-ST of (i) up to 1,785,413,350 stapled securities in Far East H-Trust (the "**Stapled Securities**") and (ii) the Stapled Securities to be issued to the REIT Manager or the Trustee-Manager from time to time in full or part payment of fees payable to the REIT Manager or the Trustee-Manager. Far East H-Trust's eligibility to list on the Main Board of the SGX-ST does not indicate the merits of the initial public offering of the Stapled Securities, Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager, the Sponsor, the joint global coordinators to the initial public offering, the joint bookrunners to the initial public offering or the Stapled Securities. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the initial public offering of the Stapled Securities, Far East H-Trust, Far East H-REIT, Far East H-BT, the REIT Manager, the REIT Trustee, the Trustee-Manager or the Stapled Securities. The initial public offering of the Stapled Securities is still pending the necessary regulatory approvals from the Monetary Authority of Singapore (the "**Authority**" or "**MAS**").

For the avoidance of doubt, the actual completion of the Transactions (save for the acquisition of shares in the REIT Manager and the Trustee-Manager) and the payment of the Special Dividend and the Dividend in Specie (each as defined herein) shall be conditional on the initial public offering of Far East H-Trust and the listing and quotation of the Stapled Securities and commencement of trading of such Stapled Securities on the SGX-ST taking place. In the event that such listing and trading of the Stapled Securities does not take place, completion of the sale and purchase of the relevant assets and business under the Transactions (save for the acquisition of shares in the REIT Manager and the Trustee-Manager) will not occur and the Special Dividend and Dividend in Specie will not be payable to shareholders of OPHL ("Shareholders").

It is envisaged that the acquisition of shares in the REIT Manager and the Trustee-Manager will be completed after Shareholders' approval is obtained and immediately prior to the lodgement of the preliminary prospectus with the MAS in connection with the initial public offering of Far East H-Trust.

In the event that the initial public offering of Far East H-Trust and the listing and trading of the Stapled Securities does not take place, the Company will still proceed with the proposed Name Change (as defined herein) if Shareholders' approval for the Name Change is obtained.

In the meantime, Shareholders are advised to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests, to exercise caution when dealing with shares in the Company ("Shares"). In the event that Shareholders wish to deal in the Shares, they should seek their own advice and/or consult their own stockbrokers.

The REIT Transaction

Far East H-Trust is a proposed hospitality stapled group to be sponsored by the Sponsor, and comprises Far East H-REIT and Far East Hospitality Business Trust ("**Far East H-BT**"), a dormant business trust. Far East H-REIT is a Singapore-based REIT established with the principal investment strategy of investing on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate in Singapore, used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection with the foregoing. Far East H-BT is a Singapore-based business trust which will be dormant as at the Listing Date. Far East Residences is a special purpose vehicle constituted to hold the serviced residences of Far East H-REIT, and will be in the form of a sub-trust instead of a company for tax purposes.

As used in this Circular, references to real estate used primarily for "**hospitality**" purposes include hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, and the term, "**serviced residences**", means apartments with full or partial services. For the avoidance of doubt, such real estate shall not include (a) residential units sold by a developer under the Housing Developers (Control and Licensing) Act, Chapter 130 of Singapore[3]; and (b) the aforesaid residential units sold by such developer after the certificate of statutory completion and individual titles have been issued in respect of the development comprising such residential units, unless approval is granted by the relevant authorities for such units to be used as serviced residence.

The initial portfolio of properties of Far East H-Trust as at the Listing Date (the "**Initial Portfolio**") is expected to comprise leasehold interests in seven hotels and four serviced residences in Singapore that will be injected into Far East H-Trust by certain members of Far East Organization (including members of the OPHL Group). Certain information on the properties expected to comprise the Initial Portfolio is set out in **Appendix B** to this Circular.

It is proposed that under the REIT Transaction, the relevant members of the OPHL Group will grant leasehold interests over three of its hospitality properties to Far East H-REIT, namely:

(i) a 50-year leasehold interest in Orchard Parade Hotel ("**OPH**") commencing from the Listing Date;

(ii) a 75-year leasehold interest in Albert Court Village Hotel ("**ACVH**") commencing from the Listing Date; and

(iii) a 80-year leasehold interest in Central Square Village Residences ("**CSVR**") commencing from the Listing Date,

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

Immediately after the completion of the sale of the Hospitality Assets, a master lease agreement will be entered into between (i) Far East H-REIT in relation to OPH and ACVH and (ii) Far East Residences in relation to CSVR (excluding the Excluded Commercial Premises), and each of the relevant members of the OPHL Group being the master lessees of the Hospitality Assets (the "**Master Lease Agreements**"). The term of each Master Lease Agreement will commence from the Listing Date. OPHL (through Jelco) will be appointed by Far East H-REIT or, as the case may be, Far East Residences, as the property manager of the Excluded Commercial Premises (the "**Property Manager**") pursuant to property management agreements to be entered into with Far East H-REIT and Far East Residences in relation to such Excluded Commercial Premises (the "**Property Management Agreements**").

Under the proposed REIT Transaction, only a specified leasehold interest in each of the Hospitality Assets (and not the entire interests of the relevant members of the OPHL Group in the Hospitality Assets) will be sold to Far East H-REIT. Upon the expiry of Far East H-REIT's leasehold term in the Hospitality Assets as set out in **Appendix B** to this Circular, title to the Hospitality Assets will revert back to the OPHL Group without any payment to be made by the OPHL Group to Far East H-REIT. The freehold and leasehold interests currently owned by the OPHL Group in the Hospitality Assets are set out in **Appendix C** to this Circular.

The OPHL Group will receive the consideration for the sale of the Hospitality Assets entirely in cash. OPHL will also acquire 330,000 ordinary shares in the share capital of the REIT Manager and 33 ordinary shares in the share capital of the Trustee-Manager (representing a 33.0% interest in each of the REIT Manager and the Trustee-Manager). OPHL will also voluntarily grant a right of first refusal

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[3] "**Residential units sold by a developer under the Housing Developers (Control and Licensing) Act, Chapter 130 of Singapore**" refers to those residential units comprised in developments with five or more residential units that are developed and sold by licensed housing developers to purchasers.

to Far East H-Trust over completed, income-producing real estate in Singapore used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, which the OPHL Group may divest in future, subject to certain terms and conditions (the "**OPHL ROFR**").

(See paragraph 3 (Details of the REIT Transaction) of the Letter to Shareholders for further details on the REIT Transaction.)

The Asset Swap Transaction

It is proposed that under the Asset Swap Transaction, OPHL (through its wholly-owned subsidiary, Jelco Properties Pte Ltd ("**Jelco**")) will acquire the following assets from certain members of Far East Organization (being Novena Point Pte Ltd ("**NPPL**"), Transurban Properties Pte. Ltd. ("**TPPL**") and Far East Hospitality Services Pte Ltd ("**FEHS**")):

(i) 45 units of medical suites in Novena Medical Center ("**NMC**", and the units, the "**NMC Units**");

(ii) 48 units of medical suites in Novena Specialist Center ("**NSC**", and the units, the "**NSC Units**"); and

(iii) the hospitality management business of FEHS (the "**Hospitality Management Business**"),

(collectively, the "**Asset Swap Acquisition**").

Far East Organization currently owns approximately 58.9% of OPHL.

OPHL (through Jelco) currently owns approximately 49.5% of the total issued capital of YHS. The purchase consideration for the Asset Swap Acquisition will be satisfied by the separate divestment by OPHL (through Jelco) of 200,942,854 ordinary shares in the issued share capital of YHS ("**YHS shares**") held by OPHL (through Jelco) (the "**Disposal Shares**"), amounting to approximately 35.0% of the total existing issued share capital of YHS, to certain members of Far East Organization (being NPPL, TPPL and FEHS) (the "**Asset Swap Divestment**") at S$1.80 per YHS share, which is at a premium of 40.6% to the last traded price of the YHS shares of S$1.28 per YHS share as at 31 May 2012, being the latest practicable date prior to the printing of this Circular (the "**Latest Practicable Date**"), with the difference between the purchase consideration for the Asset Swap Acquisition and the sale consideration for the Asset Swap Divestment to be settled in cash by OPHL (through Jelco). The net asset value ("**NAV**") per YHS share as at 31 March 2012 is S$1.10, and the consideration is at a premium of S$0.70 or 63.6% to the NAV per YHS share.

(See paragraph 4 (Details of the Asset Swap Transaction) of the Letter to Shareholders for further details on the Asset Swap Transaction.)

The diagrammatic overview of the Transactions and the businesses of the OPHL Group immediately before and immediately after the Transactions are set out in **Appendix D** to this Circular.

The Proposed Special Dividend and Dividend in Specie

The Company proposes to seek the approval of Shareholders for the declaration by the Company of (i) a special one-tier tax-exempt dividend (the "**Special Dividend**") of S$0.12 per Share which the Shareholders may elect to receive either in cash or in the form of Shares, for which the Company will implement a scrip dividend scheme on such date as the Directors shall decide after the Transactions are completed, and (ii) a dividend in specie of the Company's 14.5% of the total existing issued capital of YHS currently held through Jelco (amounting to a pro-rata dividend of 83,298,782 YHS shares in total or approximately 0.229 YHS shares per Share based on OPHL's issued share capital of 363,308,933 Shares (excluding treasury shares) as at the Latest Practicable Date[4]) (the "**Dividend in Specie**") on such date as the Directors shall decide after the Transactions are completed.

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4 For the avoidance of doubt, the actual number of YHS shares per Share to be distributed to Shareholders pursuant to the Dividend in Specie will be determined based on OPHL's issued share capital on the books closure date for the Dividend in Specie.

The Share Issue Authority for the Special Dividend

As Shareholders may elect to receive the Special Dividend either in cash or in the form of Shares, the Company proposes to seek specific approval from Shareholders to issue new Shares in connection with the proposed Special Dividend (the "**Share Issue Authority**").

The Proposed Name Change of the Company

The Company also proposes to seek Shareholders' approval for the change of the Company's name to "Far East Orchard Limited" (the "**Name Change**").

Rationale for the Proposals

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

(a) New business lines that complement OPHL's strength in property development and investment and will give OPHL the opportunity to expand into the hospitality management and healthcare sectors

OPHL is the listed hospitality and property arm of Far East Organization. Through the Transactions, OPHL intends to complement its current businesses by extending its business into (i) hospitality management, (ii) the provision of healthcare real estate space and (iii) investment in the REIT Manager and the Trustee-Manager.

(i) Unlocking value in the Hospitality Assets

The REIT Transaction will unlock value in the Hospitality Assets, thereby allowing the Company to return part of the proceeds to its Shareholders as a Special Dividend, while retaining a significant amount of the cash proceeds to create growth capacity and to fund the Company's future business plans and requirements for growth. Part of the proceeds from the REIT Transaction will also go towards partially funding the Asset Swap Transaction. The proceeds will also allow the OPHL Group to reduce its borrowings and gearing. (See paragraph 3.1.4 (Use of Proceeds from the Sale of the Hospitality Assets) of the Letter to Shareholders for further details on the use of the cash proceeds.)

By acquiring a 33.0% interest in each of the REIT Manager and the Trustee-Manager, this will give the OPHL Group the opportunity to participate in the Far East H-Trust management business. This investment is expected to provide a sustainable and steady income stream with scalable growth to OPHL via a pro-rata share of the management fees to be received by the REIT Manager.

(ii) Expansion into the hospitality management business

The OPHL Group's current hospitality portfolio includes OPH, ACVH and CSVR. The OPHL Group is currently the owner of each of these Hospitality Assets. OPHL believes that its expansion into the hospitality management business will be complementary to its strength as an established owner of its own hospitality properties. Through the Hospitality Management Business, OPHL will be a vertically-integrated hospitality operator, with the ability to both develop its own hospitality properties as well as manage a significant hospitality management business.

OPHL (through Jelco) will be acquiring an existing business, with an established portfolio of hospitality brands and experienced management, as well as hospitality management contracts and a fully functional central reservation system and process. This will allow OPHL to immediately leverage and grow the portfolio.

With the expansion, OPHL will also significantly increase its footprint, and will allow the Group to explore other hospitality businesses beyond Singapore and allow it to grow regionally. It will also derive synergies, cost savings and management know-how, as well as increase the OPHL Group's abilities and skills to operate hospitality assets for other third party owners.

By expanding its business to cover all aspects of the hospitality industry, OPHL believes that it will be able to generate for OPHL and its Shareholders a sustainable and recurring income stream in addition to the returns from OPHL's existing property development and investment business.

(iii) *Expansion into the provision of healthcare real estate space*

The proposed extension of its business into the provision of healthcare real estate space will give OPHL the opportunity to participate in the growing healthcare industry in Singapore and in the increasing demand for healthcare space.

The Singapore population has been steadily increasing in recent years from 4.8 million residents in 2008 to 5.1 million residents in 2010. Along with this growing population, the old-age dependency ratio has also increased during this corresponding period. With this growing and aging population, and the increasingly affluent residents, the demand for healthcare will continue to remain strong.

With one of the most developed economies in the world, the Singapore healthcare system is highly regarded, and widely recognised as the most advanced in the region. This has led to a vibrant and rapidly growing medical tourism industry, with many visitors coming specifically for medical treatment. The Singapore Government is actively promoting the country as a medical tourism hub, with many visitors to the country seeking medical care and to use the medical facilities.

Through the Asset Swap Transaction, OPHL will (through Jelco) acquire 45 units of medical suites in NMC and 48 units of medical suites in NSC. Some of these units will be held for long-term investment and will be leased out for recurring income, while the remaining units will be available for sale. The Group intends to actively manage this portfolio of medical suites, and will continue to build on expanding this investment.

As an established property developer, OPHL believes that it can also leverage its existing strength and track record to expand into the business of developing healthcare properties. It will actively seek and identify new sites and opportunities to develop such healthcare real estate. OPHL has plans and intentions to be the premier private owner, operator and landlord of healthcare space in Singapore. The board of directors of OPHL (the "**Board**") will also be exploring other opportunities in the healthcare sector when the appropriate opportunity arises.

(iv) *Ability to unlock the value in YHS at a premium*

In deciding to transfer part of the Company's shareholdings in YHS as part consideration for the Asset Swap Acquisition, the Board has taken into account the following considerations:

(aa) the Board believes that this is an opportune time for the Company to divest its investment in YHS. The Company has been a passive investor in and does not participate in the management of YHS, and deems its investment in YHS as non-core. One of the objectives of the Asset Swap Transaction is to enhance the recurring income stream of the Company. Utilising part of the shareholding of the Company in YHS as part consideration for the Asset Swap Acquisition will enable the OPHL Group to enjoy a regular and recurring income stream from these medical units and hospitality management business;

(bb) the Asset Swap Transaction will allow the Company to conserve its cash holding for further strategic investment, and allow the Company to more actively participate in future land tender and property developments. A full cash consideration for the Asset Swap Acquisition will be a significant drain on the Company's cash holdings; and

(cc) the offer of a premium above the market price is a good price at which to divest the Disposal Shares, and allows the Company to realise a profit upon divestment. The Company is unlikely to be able to realise such a premium in an outright open market sale.

(b) ***Name Change to leverage on the Far East brand and to demonstrate its affiliation with Far East Organization***

The Company proposes to change its name to "Far East Orchard Limited" to better reflect its close alignment with its controlling shareholder and to leverage on the "Far East" brand. This will ensure a distinct and clear association with Far East Organization.

(See paragraph 2.6 (Rationale for the Proposals) of the Letter to Shareholders.)

SUMMARY OF APPROVALS SOUGHT

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

(1) Resolution 1 (Ordinary Resolution[5]): The proposed restructuring of the Company involving (A) the REIT Transaction and (B) the Asset Swap Transaction

(2) Resolution 2 (Ordinary Resolution): The proposed Special Dividend and Dividend in Specie

(3) Resolution 3 (Ordinary Resolution): The Share Issue Authority for the proposed Special Dividend

(4) Resolution 4 (Special Resolution[6]): The Proposed Name Change

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

(a) the REIT Transaction and the entry into all agreements in connection therewith (including but not limited to the REIT Transaction SPAs (as defined herein) and the Master Lease Agreements, the Share Purchase Agreement (as defined herein) and all ancillary agreements contemplated thereby or incidental thereto, including agreements relating to transactions which amount to Interested Person Transactions[7] such as those set out in **Appendix H** to this Circular to be entered into in connection with the REIT Transaction), and

(b) the Asset Swap Transaction and the entry into all agreements in connection therewith (including but not limited to the Asset Swap SPAs (as defined herein) and all ancillary agreements contemplated thereby or incidental thereto, including agreements relating to transactions which amount to Interested Person Transactions such as those set out in **Appendix H** to this Circular to be entered into in connection with the Asset Swap Transaction).

Shareholders should note that Resolution 2 (the proposed Special Dividend and Dividend in Specie) and Resolution 3 (the Share Issue Authority for the proposed Special Dividend) are conditional upon Resolution 1 (the proposed restructuring of the Company) being passed, and Resolution 3 (the Share Issue Authority for the proposed Special Dividend) is conditional upon Resolution 1 (the proposed restructuring of the Company) and Resolution 2 (the proposed Special Dividend and Dividend in Specie) being passed.

In the event that Shareholders do not approve Resolution 1 (the proposed restructuring of the Company), the Company will not proceed with Resolution 2 (the proposed Special Dividend and Dividend in Specie) and Resolution 3 (the Share Issue Authority for the proposed Special Dividend).

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5 "**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.

6 "**Special Resolution**" means a resolution proposed and passed as such by a majority being 75.0% or more 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.

7 "**Interested Person Transaction**" has the meaning ascribed to it in the Listing Manual.

In the event that Shareholders do not approve Resolution 1 (the proposed restructuring of the Company) and Resolution 2 (the proposed Special Dividend and Dividend in Specie), the Company will not proceed with Resolution 3 (the Share Issue Authority for the proposed Special Dividend).

On the other hand, Shareholders should note that Resolution 4 is not conditional upon any of Resolution 1, Resolution 2 and Resolution 3 being passed. So long as Resolution 4 is approved by the Shareholders by way of a Special Resolution, the Company will proceed with Resolution 4 even if any of Resolution 1, Resolution 2 and Resolution 3 is not passed.

Major Acquisition

Based on the relative figures computed under the tests set out in Rule 1006 of the Listing Manual of the SGX-ST ("**Rule 1006**", and the Listing Manual of the SGX-ST, the "**Listing Manual**") as set out in paragraphs 3.5 and 4.5 (Major Transaction – Chapter 10 of the Listing Manual) of the Letter to Shareholders, each of the REIT Transaction and the Asset Swap Transaction constitutes a major transaction for OPHL as defined under Chapter 10 of the Listing Manual as the relative figures exceed 20.0% for one or more of the tests set out above.

The Asset Swap Transaction is an extension of the OPHL Group's existing business and is intended to refine the OPHL Group's overall business strategy to expand its focus into the areas of hospitality management and the provision of healthcare real estate space. The extension of business into hospitality management and the investment in healthcare real estate space are not expected to materially alter the risk profile of OPHL. In any case, the Company will be seeking the approval of Shareholders for the Transactions.

(See paragraphs 3.5 and 4.5 (Major Transaction – Chapter 10 of the Listing Manual) of the Letter to Shareholders for further details.)

Interested Person Transactions

The Transactions and those transactions to be entered into pursuant to and to give effect the Transactions (such as those set out in **Appendix H** to this Circular) constitute "Interested Person Transactions" under Chapter 9 of the Listing Manual in respect of which the approval of Shareholders is required under Rule 906 of the Listing Manual.

PrimePartners Corporate Finance Pte. Ltd. has been appointed as the independent financial adviser (the "**Independent Financial Adviser**" or "**IFA**") to advise the independent directors of the Company (being also the members of the audit committee of the Company (the "**Audit Committee**")) as at the date of this Circular, being Mr Cheng Hong Kok, Mr Heng Chiang Meng and Mdm Ee Choo Lin Diana (the "**Independent Directors**") on whether the Transactions are on normal commercial terms and are not 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 financial terms of the Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. Accordingly, the IFA advises the Independent Directors to recommend that minority Shareholders vote in favour of the Transactions.

A copy of the letter dated 19 June 2012 from PrimePartners Corporate Finance Pte. Ltd. to the Independent Directors setting out its advice to the Independent Directors in respect of the Transactions (the "**IFA Letter**") is set out in **Appendix E** to this Circular.

(See paragraphs 5 (Interested Person Transactions) and 8 (Advice of the Independent Financial Adviser to the Independent Directors on the Transactions) of the Letter to Shareholders and **Appendix E** to this Circular for further details.)

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the extraordinary general meeting (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 lodgement of Proxy Forms	:	9 July 2012 at 10.30 a.m
Date and time of the EGM	:	11 July 2012 at 10.30 a.m.
REIT Transaction		
Target date for completion of the acquisition of shares in the REIT Manager and the Trustee-Manager	:	After Shareholders' approval is obtained and immediately prior to the lodgement of the preliminary prospectus with the MAS in connection with the initial public offering of Far East H-Trust
Target date for completion of the REIT Transaction (save for the acquisition of shares in the REIT Manager and the Trustee-Manager)	:	Date of listing of Far East H-Trust on the Main Board of the SGX-ST, which is expected to take place in the second half of 2012 (or such other date as may be agreed between the Company and the REIT Trustee)
Asset Swap Transaction		
Target date for completion of the Asset Swap Transaction	:	Date of listing of Far East H-Trust on the Main Board of the SGX-ST, which is expected to take place in the second half of 2012 (or such other date as may be agreed between the Company and each of NPPL, TPPL and FEHS)
Special Dividend and Dividend in Specie		
Target date for the declaration of the Special Dividend and Dividend in Specie	:	After completion of the Transactions on such date as the directors of the Company for the time being (the "**Directors**", and each, a "**Director**") may determine
Books closure date for the Special Dividend and Dividend in Specie	:	To be separately announced together with the next quarterly financial results announcement by the Company following the completion of the Transactions
Name Change		
Target date for the Name Change	:	As soon as practicable after Shareholders' approval has been obtained for the Name Change at the EGM

ORCHARD PARADE HOLDINGS LIMITED

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

Directors	**Registered Office**
Mr Philip Ng Chee Tat (Non-Executive Chairman)	14 Scotts Road #06-01
Mr Lucas Chow Wing Keung (Chief Executive Officer and Managing Director)	Far East Plaza
Mdm Ng Siok Keow (Executive Director)	Singapore 228213
Mdm Tan Siok Hwee (Executive Director)	
Mr Cheng Hong Kok (Independent Director)	
Mr Heng Chiang Meng (Independent Director)	
Mdm Ee Choo Lin Diana (Independent Director)	

19 June 2012

To: The Shareholders of Orchard Parade Holdings Limited

Dear Sir/Madam

1. APPROVALS SOUGHT

The following sets out the resolutions for which approval is sought by the Company from Shareholders. Approval by way of an Ordinary Resolution is required in respect of Resolutions 1, 2 and 3 and approval by way of a Special Resolution is required in respect of Resolution 4 below:

(1) Resolution 1 (Ordinary Resolution): The proposed restructuring of the Company involving (A) the REIT Transaction and (B) the Asset Swap Transaction;

(2) Resolution 2 (Ordinary Resolution): The proposed Special Dividend and Dividend in Specie;

(3) Resolution 3 (Ordinary Resolution): The Share Issue Authority for the proposed Special Dividend; and

(4) Resolution 4 (Special Resolution): The Proposed Name Change.

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

(a) the REIT Transaction and the entry into all agreements in connection therewith (including but not limited to the REIT Transaction SPAs and the Master Lease Agreements, the Share Purchase Agreement and all ancillary agreements contemplated thereby or incidental thereto, including agreements relating to transactions which amount to Interested Person Transactions such as those set out in **Appendix H** to this Circular to be entered into in connection with the REIT Transaction), and

(b) the Asset Swap Transaction and the entry into all agreements in connection therewith (including but not limited to the Asset Swap SPAs and all ancillary agreements contemplated thereby or incidental thereto, including agreements relating to transactions which amount to Interested Person Transactions such as those set out in **Appendix H** to this Circular to be entered into in connection with the Asset Swap Transaction).

Shareholders should note that Resolution 2 (the proposed Special Dividend and Dividend in Specie) and Resolution 3 (the Share Issue Authority for the proposed Special Dividend) are conditional upon Resolution 1 (the proposed restructuring of the Company) being passed, and Resolution 3 (the Share Issue Authority for the proposed Special Dividend) is conditional upon Resolution 1 (the proposed restructuring of the Company) and Resolution 2 (the proposed Special Dividend and Dividend in Specie) being passed.

In the event that Shareholders do not approve Resolution 1 (the proposed restructuring of the Company), the Company will not proceed with Resolution 2 (the proposed Special Dividend and Dividend in Specie) and Resolution 3 (the Share Issue Authority for the proposed Special Dividend).

In the event that Shareholders do not approve Resolution 1 (the proposed restructuring of the Company) and Resolution 2 (the proposed Special Dividend and Dividend in Specie), the Company will not proceed with Resolution 3 (the Share Issue Authority for the proposed Special Dividend).

On the other hand, Shareholders should note that Resolution 4 is not conditional upon any of Resolution 1, Resolution 2 and Resolution 3 being passed. So long as Resolution 4 is approved by the Shareholders by way of a Special Resolution, the Company will proceed with Resolution 4 even if any of Resolution 1, Resolution 2 and Resolution 3 is not passed.

For the avoidance of doubt, the actual completion of the Transactions (save for the acquisition of shares in the REIT Manager and the Trustee-Manager) and the payment of the Special Dividend and the Dividend in Specie shall be conditional on the initial public offering of Far East H-Trust and the listing and quotation of the Stapled Securities and commencement of trading of such Stapled Securities on the SGX-ST taking place. In the event that such listing and trading of the Stapled Securities does not take place, completion of the sale and purchase of the relevant assets and business under the Transactions (save for the acquisition of shares in the REIT Manager and the Trustee-Manager) will not occur and the Special Dividend and Dividend in Specie will not be payable to Shareholders.

It is envisaged that the acquisition of shares in the REIT Manager and the Trustee-Manager will be completed after Shareholders' approval is obtained and immediately prior to the lodgement of the preliminary prospectus with the MAS in connection with the initial public offering of Far East H-Trust.

In the event that the initial public offering of Far East H-Trust and the listing and trading of the Stapled Securities does not take place, the Company will still proceed with the proposed Name Change if Shareholders' approval for the Name Change is obtained.

In the meantime, Shareholders are advised to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests, to exercise caution when dealing with Shares. In the event that Shareholders wish to deal in the Shares, they should seek their own advice and/or consult their own stockbrokers.

2. THE PROPOSALS AND THE RATIONALE FOR THE PROPOSALS

2.1 The REIT Transaction

Far East H-Trust is a proposed hospitality stapled group to be sponsored by the Sponsor, and comprises Far East H-REIT and Far East H-BT.

Far East H-REIT is a Singapore-based REIT established with the principal investment strategy of investing on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate in Singapore, used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection with the foregoing. Far East H-BT is a Singapore-based business trust which will be dormant as at the Listing Date. Far East Residences is a special purpose vehicle constituted to hold the serviced residences of Far East H-REIT, and will be in the form of a sub-trust instead of a company for tax purposes.

The Initial Portfolio is expected to comprise leasehold interests in seven hotels and four serviced residences in Singapore that will be injected into Far East H-Trust by certain members of Far East Organization (including members of the OPHL Group). Certain information on the properties expected to comprise the Initial Portfolio is set out in **Appendix B** to this Circular.

It is proposed that under the REIT Transaction, the relevant members of the OPHL Group will grant leasehold interests over the Hospitality Assets to Far East H-REIT. The Hospitality Assets comprise:

(i) a 50-year leasehold interest in OPH commencing from the Listing Date;

(ii) a 75-year leasehold interest in ACVH commencing from the Listing Date; and

(iii) a 80-year leasehold interest in CSVR commencing from the Listing Date.

This is conditional upon the entry into the Master Lease Agreements between Far East H-REIT or, as the case may be, Far East Residences (the "**Master Lessors**") and the relevant members of the OPHL Group being the master lessees of the Hospitality Assets (the "**Master Lessees**"), which exclude the Excluded Commercial Premises. The term of each Master Lease Agreement will commence from the Listing Date. In relation to the Excluded Commercial Premises, OPHL (through Jelco) will be appointed by Far East H-REIT or, as the case may be, Far East Residences as the Property Manager pursuant to the Property Management Agreements.

(See **Appendix H** to this Circular for further details on the terms of the Property Management Agreements.)

Under the proposed REIT Transaction, only a specified leasehold interest in each of the Hospitality Assets (and not the entire interests of the relevant members of the OPHL Group in the Hospitality Assets) will be sold to Far East H-REIT. Upon the expiry of Far East H-REIT's leasehold term in the Hospitality Assets as set out in **Appendix B** to this Circular, title to the Hospitality Assets will revert back to the OPHL Group without any payment to be made by the OPHL Group to Far East H-REIT. The freehold and leasehold interests currently owned by the OPHL Group in the Hospitality Assets are set out in **Appendix C** to this Circular.

The OPHL Group will receive the consideration for the sale of the Hospitality Assets entirely in cash. OPHL will also acquire 330,000 ordinary shares in the share capital of the REIT Manager and 33 ordinary shares in the share capital of the Trustee-Manager (representing a 33.0% interest in each of the REIT Manager and the Trustee-Manager) immediately prior to the lodgement of the preliminary prospectus with the MAS in connection with the initial public offering of Far East H-Trust.

OPHL will also voluntarily grant the OPHL ROFR to Far East H-Trust with effect from the Listing Date.

2.2 The Asset Swap Transaction

It is proposed that under the Asset Swap Transaction, OPHL (through its wholly-owned subsidiary, Jelco) will acquire the following assets from certain members of Far East Organization (being NPPL, TPPL and FEHS):

(i) the NMC Units;

(ii) the NSC Units; and

(iii) the Hospitality Management Business.

Far East Organization currently owns approximately 58.9% of OPHL.

(See **Appendix A** to this Circular for further details on the NMC Units, the NSC Units and the Hospitality Management Business.)

OPHL (through Jelco) currently owns an approximately 49.5% of the total existing issued capital of YHS, a company listed on the Main Board of the SGX-ST. The purchase consideration for the Asset Swap Acquisition will be satisfied by the Asset Swap Divestment under which OPHL (through Jelco) will separately divest the Disposal Shares to the relevant members of Far East Organization (being NPPL, TPPL and FEHS) at S$1.80 per YHS share, which is at a premium of 40.6% to the last traded price of S$1.28 per YHS share as at the Latest Practicable Date, with the difference between the purchase consideration for the Asset Swap Acquisition and the sale consideration for the Asset Swap Divestment to be settled in cash by OPHL (through Jelco). The NAV per YHS share as at 31 March 2012 is S$1.10, and the consideration is at a premium of S$0.70 or 63.6% to the NAV per YHS share.

The diagrammatic overview of the Transactions and the businesses of the OPHL Group immediately before and immediately after the Transactions are set out in **Appendix D** to this Circular.

2.3 The Special Dividend and Dividend in Specie

The Company proposes to seek the approval of Shareholders for the declaration of (i) the Special Dividend of S$0.12 per Share, for which the Company will implement a scrip dividend scheme on such date as the Directors shall decide after the Transactions are completed and which the Shareholders may elect to receive in either cash or in the form of Shares and (ii) the Dividend in Specie on such date as the Directors shall decide after the Transactions are completed.

2.4 The Share Issue Authority for the proposed Special Dividend

As Shareholders may elect to receive the Special Dividend either in cash or in the form of Shares, the Company proposes to seek specific approval from Shareholders to issue new Shares for the proposed Special Dividend.

2.5 The Name Change

The Company also proposes to seek Shareholders' approval for the change of the Company's name to "Far East Orchard Limited".

2.6 Rationale for the Proposals

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

2.6.1 New business lines that complement OPHL's strength in property development and investment and will give OPHL the opportunity to expand into the hospitality management and healthcare sectors

OPHL is the listed hospitality and property arm of Far East Organization. Through the Transactions, OPHL intends to complement its current businesses by extending its business into (i) hospitality management, (ii) the provision of healthcare real estate space and (iii) investment in the REIT Manager and the Trustee-Manager.

(a) Unlocking value in the Hospitality Assets

The REIT Transaction will unlock value in the Hospitality Assets, thereby allowing the Company to return part of the proceeds to its Shareholders as a Special Dividend, while retaining a significant amount of the cash proceeds to create growth capacity and to fund the Company's future business plans and requirements for growth. Part of the proceeds from the REIT Transaction will also go towards partially funding the Asset Swap Transaction. The proceeds will also allow the OPHL Group to reduce its borrowings and gearing. (See paragraph 3.1.4 (Use of Proceeds from the Sale of the Hospitality Assets) of the Letter to Shareholders for further details on the use of the cash proceeds.)

By acquiring a 33.0% interest in each of the REIT Manager and the Trustee-Manager, this will give the OPHL Group the opportunity to participate in the Far East H-Trust management business. This investment is expected to provide a sustainable and steady income stream with scalable growth to OPHL via a pro-rata share of the management fees to be received by the REIT Manager.

(b) Expansion into the hospitality management business

The OPHL Group's current hospitality portfolio includes OPH, ACVH and CSVR. The OPHL Group is currently the owner of each of these Hospitality Assets. OPHL believes that its expansion into the hospitality management business will be complementary to its strength as an established owner of its own hospitality properties. Through the Hospitality Management Business, OPHL will be a vertically-integrated hospitality operator, with the ability to both develop its own hospitality properties as well as manage a significant hospitality management business.

OPHL (through Jelco) will be acquiring an existing business, with an established portfolio of hospitality brands and experienced management, as well as hospitality management contracts and a fully functional central reservation system and process. This will allow OPHL to immediately leverage and grow the portfolio.

With the expansion, OPHL will also significantly increase its footprint, and will allow the OPHL Group to explore other hospitality businesses beyond Singapore and allow it to grow regionally. It will also derive synergies, cost savings and management know-how, as well as increase the OPHL Group's abilities and skills to ultimately operate hospitality assets for other third party owners.

By expanding its business to cover all aspects of the hospitality industry, OPHL believes that it will be able to generate for OPHL and its Shareholders a sustainable and recurring income stream in addition to the returns from OPHL's existing property development and investment business.

(c) Expansion into the provision of healthcare real estate space

The proposed extension of its business into the provision of healthcare real estate space will give OPHL the opportunity to participate in the growing healthcare industry in Singapore and in the increasing demand for healthcare space.

The Singapore population has been steadily increasing in recent years, and has grown from 4.8 million residents in 2008 to 5.1 million residents in 2010. Along with this growing population, the old-age dependency ratio has also increased during this corresponding period. With this growing and aging population, and the increasingly affluent residents, the demand for healthcare will continue to remain strong.

With one of the most developed economies in the world, the Singapore healthcare system is highly regarded, and widely recognised as the most advanced in the region. This has led to a vibrant and rapidly growing medical tourism industry, with many visitors coming specifically for medical treatment. The Singapore Government is actively promoting the country as a medical tourism hub, with many visitors to the country seeking medical care and to use the medical facilities.

Through the Asset Swap Transaction, OPHL will (through Jelco) acquire 45 units of medical suites in NMC and 48 units of medical suites in NSC. Some of these units will be held for long-term investment and will be leased out for recurring income, while the remaining units will be available for sale. The Group intends to actively manage this portfolio of medical suites, and will continue to build on expanding this investment.

As an established property developer, OPHL believes that it can also leverage its existing strength and track record to expand into the business of developing healthcare properties. It will actively seek and identify new sites and opportunities to develop such healthcare real estate. OPHL has plans and intentions to be the premier private owner, operator and landlord of healthcare space in Singapore. The Board will also be exploring other opportunities in the healthcare sector when the appropriate opportunity arises.

(d) Ability to unlock the value in YHS at a premium

In deciding to transfer part of the Company's shareholdings in YHS as part consideration for the Asset Swap Acquisition, the Board has taken into account the following considerations:

(i) the Board believes that this is an opportune time for the Company to divest its investment in YHS. The Company has been a passive investor in and does not participate in the management of YHS, and deems its investment in YHS as non-core. One of the objectives of the Asset Swap Transaction is to enhance the recurring income stream of the Company. Utilising part of the shareholding of the Company in YHS as part consideration for the Asset Swap Acquisition will enable the OPHL Group to enjoy a regular and recurring income stream from these medical units and hospitality management business;

(ii) the Asset Swap Transaction will allow the Company to conserve its cash holding for further strategic investment, and allow the Company to more actively participate in future land tender and property developments. A full cash consideration for the Asset Swap Acquisition will be a significant drain on the Company's cash holdings; and

(iii) the offer of a premium above the market price is a good price at which to divest the Disposal Shares, and allows the Company to realise a profit upon divestment. The Company is unlikely to be able to realise such a premium in an outright open market sale.

2.6.2 Name Change to leverage on the Far East brand and to demonstrate its affiliation with Far East Organization

The Company proposes to change its name to "Far East Orchard Limited" to better reflect its close alignment with its controlling shareholder and to leverage on the "Far East" brand. This will ensure a distinct and clear association with Far East Organization.

3. DETAILS OF THE REIT TRANSACTION

3.1 Sale of the Hospitality Assets

3.1.1 Description of the Hospitality Assets to be transferred to Far East H-REIT

Orchard Parade Hotel

Under the REIT Transaction, OPHL will grant a 50-year leasehold interest in OPH to Far East H-REIT commencing from the Listing Date. Immediately thereafter, OPH (excluding the Excluded Commercial Premises) will be leased by Far East H-REIT to OPHL for 20 years, subject to renewal for another 20 years at the option of OPHL.

OPH is a 388-room Mediterranean-themed hotel situated along Orchard Road, Singapore's shopping and entertainment belt. The hotel is situated at 1 Tanglin Road, Singapore 247905.

Albert Court Village Hotel

Under the REIT Transaction, FCPPL (a wholly-owned subsidiary of OPHL) will grant a 75-year leasehold interest in ACVH to Far East H-REIT commencing from the Listing Date. Immediately thereafter, ACVH (excluding the Excluded Commercial Premises) will be leased by Far East H-REIT to FCPPL for 20 years, subject to renewal for another 20 years at the option of FCPPL.

The 210-room hotel is set in a conservation pre-war shophouse development, and is situated at 180 Albert Street, Singapore 189971.

Central Square Village Residences

Under the REIT Transaction, OPHRPL (a wholly-owned subsidiary of OPHL) will grant a 80-year leasehold interest in CSVR to Far East Residences commencing from the Listing Date. Immediately thereafter, CSVR (excluding the Excluded Commercial Premises) will be leased by Far East Residences to OPHRPL for 20 years, subject to renewal for another 20 years at the option of OPHRPL.

CSVR has 128 serviced apartment units in close proximity to the Central Business District, the watering holes at Clarke Quay, the historical Singapore River and the cultural enclave of Chinatown. CSVR is situated at 20 Havelock Road, Singapore 059765.

3.1.2 Sale Consideration and Valuation for the Hospitality Assets

SG&R Singapore Pte Ltd, trading as "HVS" ("**HVS**") has been appointed by the Company as the independent valuer for the REIT Transaction (the "**Independent Valuer for the REIT Transaction**"). HVS is one of the world's leading hospitality property consulting, valuation and investment services organisations and was established in 1980. Through its network of 30 offices staffed by 400 industry professionals, HVS' advisory services cover a wide spectrum of property assets in 75 countries around the world, including the valuation of hospitality properties, business parks, office buildings, retail malls, residential properties and hospitals.

The sale consideration for the Hospitality Assets was negotiated on a willing-buyer and willing-seller basis and is based on the open market value of the Hospitality Assets as at 1 May 2012, which was independently appraised by the Independent Valuer for the REIT Transaction.

The sale of the Hospitality Assets is set at a minimum aggregate sale consideration of S$702 million which is based on the aggregate appraised value of the Hospitality Assets as set out below (the "**Minimum Aggregate Sale Consideration**"). At the same time, the Board believes that the Shareholders should be given the opportunity to enjoy any potential upside based on the final pricing of the Stapled Securities for the initial public offering of Far East H-Trust.

The following table sets out the appraised values by the Independent Valuer for the REIT Transaction as at 1 May 2012 and the minimum sale consideration for each of the Hospitality Assets (based on the appraised value of each Hospitality Asset):

Asset	**Minimum sale consideration and appraised value (S$ million)**
OPH	412
ACVH	110
CSVR	180
Total	**702**

(See **Appendix F** to this Circular for the summary valuation certificates of the Independent Valuer for the REIT Transaction on the Hospitality Assets (together with the summary valuation certificates prepared by the Independent Valuer for the NMC Units and the NSC Units, the "**Summary Valuation Certificates**").)

(See **Appendix J** to this Circular for further details on the formula for the determination of the sale consideration.)

By approving Resolution 1, Shareholders are deemed to have specifically approved the sale of the Hospitality Assets at a sale consideration which shall be no less than the Minimum Aggregate Sale Consideration.

3.1.3 Transaction-Related Costs

In addition to the above, the Company will incur estimated professional and other fees and expenses of approximately S$1 million in connection with the REIT Transaction.

3.1.4 Use of Proceeds from the sale of the Hospitality Assets

The sale of the Hospitality Assets will raise gross proceeds of at least S$702 million. The Company expects to use the gross proceeds from the sale of the Hospitality Assets as follows:

(i) approximately S$356 million to discharge the existing encumbrances over the Hospitality Assets;

(ii) approximately S$58 million as part consideration for the Asset Swap Acquisition;

(iii) approximately S$9 million for the stamp duty chargeable on the Asset Swap Acquisition;

(iv) up to S$44 million for the payment of the proposed Special Dividend; and

(v) approximately S$2 million for the estimated professional and other fees and expenses incurred or to be incurred by the Company in connection with the Transactions.

The balance of approximately S$233 million will be used as working capital and to fund the future business needs of the OPHL Group by equipping the OPHL Group with adequate financial resources to be able to actively participate in future property tenders and developments as well as resources to explore opportunities in line with its hospitality and healthcare strategies.

In the event that the gross proceeds raised from the sale of the Hospitality Assets exceed S$702 million, the Company will allocate the excess amount of gross proceeds raised to fund working capital and the future business needs of the OPHL Group.

The Company will make an announcement as and when the proceeds from the sale of the Hospitality Assets are materially disbursed, as well as disclose the breakdown of the use of proceeds in its annual report for the relevant financial year.

3.1.5 REIT Transaction SPAs

The Company (through the relevant members of the OPHL Group) proposes to enter into the following conditional sale and purchase agreements in connection with the REIT Transaction as soon as practicable following Shareholders' approval of Resolution 1 (the proposed restructuring of the Company), on the terms and subject to the conditions of:

(i) a conditional sale and purchase agreement between OPHL and DBS Trustee Limited, in its capacity as trustee of Far East H-REIT (the "**REIT Trustee**"), pursuant to which OPHL will grant a 50-year leasehold interest in OPH to Far East H-REIT;

(ii) a conditional sale and purchase agreement between FCPPL and the REIT Trustee, pursuant to which FCPPL will grant a 75-year leasehold interest in ACVH to Far East H-REIT; and

(iii) a conditional sale and purchase agreement between OPHRPL and DBS Trustee Limited, in its capacity as trustee of Far East Residences, pursuant to which OPHRPL will grant a 80-year leasehold interest in CSVR to Far East Residences, (collectively, the "**REIT Transaction SPAs**").

Conditions Precedent

Pursuant to the terms of the REIT Transaction SPAs, the disposal of the Hospitality Assets is subject to and conditional upon the listing of the Stapled Securities and commencement of trading of the Stapled Securities on the SGX-ST on the Listing Date.

Termination

In the event that there is damage to a Hospitality Asset which in the opinion of the REIT Trustee, acting on the recommendation of the REIT Manager, will have a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of Far East H-REIT, the Hospitality Asset and other properties comprised in the Initial Portfolio in each case taken as a whole ("**Material Damage**"), Far East H-REIT or, as the case may be, Far East Residences may elect to terminate the sale and purchase. In the event that there is damage to the Hospitality Asset which is not Material Damage, OPHL, FCPPL or, as the case may be, OPHRPL would be obliged to rectify the damage at its own cost and expense prior to the Listing Date or, if this is not possible, as soon as reasonably practicable after the Listing Date.

If prior to completion, it is found that there is a material breach of warranty by OPHL, FCPPL or, as the case may be, OPHRPL, Far East H-REIT or, as the case may be, Far East Residences shall be entitled to rescind the sale and purchase, without prejudice to its other rights including the right to claim damages.

Other terms

See **Appendix H** to this Circular for further details on the provisions of the REIT Transaction SPAs.

3.1.6 Master Lease Agreements

Upon closing of the REIT Transaction SPAs, certain members of the OPHL Group will enter into Master Lease Agreements with (i) Far East H-REIT in relation to OPH and ACVH, and (ii) Far East Residences in relation to CSVR, excluding the Excluded Commercial Premises.

The term of each Master Lease Agreement is for 20 years commencing from the Listing Date, with an option for the Master Lessee to obtain an additional lease for a further 20 years on the same terms and conditions, save for amendments required due to change in law and excluding any further option to renew.

Far East H-REIT or, as the case may be, Far East Residences will receive gross rental income under the terms of the Master Lease Agreements, comprising a fixed rent and a variable rent.

(See **Appendix H** to this Circular for further details on the Master Lease Agreements.)

Termination

In the event that a Hospitality Asset is damaged or destroyed such that at least 75.0% of the hotel rooms or, as the case may be, serviced residence units, cannot be used or the total reinstatement costs exceed 50.0% of the purchase price of the Hospitality Asset and if the Master Lessor considers it impracticable or undesirable to repair or rebuild, either party may terminate the Master Lease Agreement. If the damage or destruction does not satisfy the above threshold, the Master Lessor must use the insurance proceeds which it receives to reinstate the Hospitality Asset to the condition as at the commencement of the Master Lease Agreement as far as practicable and to the extent possible with the available insurance proceeds.

The Master Lessor may sell or assign its interest in a Hospitality Asset subject to the terms of the Master Lease Agreement. Alternatively, the Master Lessor may sell its interest in the Hospitality Asset free and clear of the Master Lease Agreement provided it pays the Master Lessee a termination fee equal to the fair market value of the Master Lessee's leasehold interest in the remaining term and the option term. The fair market value is computed based on a formula using the present value of the Gross Operating Profit[1] of the Hospitality Asset, adjusted to exclude the rent, for each year of the unexpired term and the option term, and using a discount rate of 5.0%. The discount rate of 5.0% is based on the 20-year Singapore dollar interbank swap offer rate plus a margin.

(See **Appendix H** to this Circular for further details on the Master Lease Agreements.)

3.2 Other transactions in connection with and pursuant to the REIT Transaction

There will be transactions that will be entered into by OPHL (directly or indirectly) pursuant to and as a consequence of the REIT Transaction.

(See **Appendix H** to this Circular for further details on some of these contracts to be entered into by OPHL (directly or indirectly) in connection with and pursuant to the REIT Transaction.)

3.3 Acquisition of shares in the REIT Manager and the Trustee-Manager

Following Shareholders' approval of Resolution 1 (the proposed restructuring of the Company), OPHL proposes to enter into a share purchase agreement with FEO Asset Management Pte Ltd ("**FAMPL**") for the acquisition of (i) 330,000 ordinary shares at S$330,000 (representing a 33.0% interest) in the REIT Manager and (ii) 33 ordinary shares at S$33 (representing a 33.0% interest) in the Trustee-Manager (the "**Share Purchase Agreement**"), on the terms and subject to the conditions therein. The acquisition of shares in the REIT Manager and the Trustee-Manager will be completed immediately prior to the lodgement of the preliminary prospectus with the MAS in connection with the initial public offering of Far East H-Trust.

3.4 Directors' service contracts in relation to the REIT Transaction

No person is proposed to be appointed as a Director in relation to the REIT Transaction or any other transactions contemplated in relation to the REIT Transaction.

3.5 Major Transaction – Chapter 10 of the Listing Manual

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

(a) non-discloseable transactions;

(b) discloseable transactions;

(c) major transactions; and

(d) very substantial acquisitions or reverse takeovers.

3.5.2 A proposed acquisition or divestment by OPHL may fall into any of the categories set out in paragraph 3.5.1 above depending on the size of the relative figures computed on the following bases of comparison set out in Rule 1006.

(a) the NAV of the assets to be disposed of, compared with the OPHL Group's NAV (this basis is not applicable to an acquisition of assets);

(b) the net profits attributable to the assets acquired or disposed of, compared with the OPHL Group's net profits; and

[1] "**Gross Operating Profit**" means Gross Operating Revenue less operating expenses.

(c) the aggregate value of the consideration given or received, compared with OPHL'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, unless such transaction is in the ordinary course of the Company's business.

3.5.3 The relative figures in relation to the REIT Transaction computed on the applicable bases of comparison set out above are as follows:

Rule 1006	Bases	Hospitality Assets (S$'000)	OPHL Group (S$'000)	Relative Figures (%)
(a)	NAV of the Hospitality Assets as at 31 December 2011, compared with the OPHL Group's NAV as at 31 December 2011	452,950	1,079,639	42.0
(b)	Net profits based on 100.0% of the Hospitality Assets' net profit for the financial year ended 31 December 2011 ("**FY2011**"), compared with the OPHL Group's net profits for FY2011	27,152	147,107	18.5
(c)	Consideration given for the Hospitality Assets, compared with OPHL's market capitalisation(1)	702,000	OPHL's market capitalisation(1): 599,460	117.1

Note:

(1) OPHL's market capitalisation is based upon 363,308,933 Shares in issue and S$1.65 per Share as at the Latest Practicable Date.

As the relative figures under Rules 1006(a) and 1006(c) exceed 20.0% and the REIT Transaction is not in the ordinary course of the Company's business, the REIT Transaction constitutes a major transaction for OPHL as defined in Chapter 10 of the Listing Manual.

3.6 OPHL ROFR

Pursuant to, and in connection with the initial public offering of Far East H-Trust, the Company proposes to grant, with effect from the Listing Date, the OPHL ROFR to the REIT Trustee and the Trustee-Manager on the following terms:

3.6.1 Scope of OPHL ROFR

The OPHL ROFR shall cover any proposed offer ("**Proposed Offer**") by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity ("**Proposed Disposal**").

A "**Relevant Entity**" means OPHL or any of its existing or future subsidiaries or existing or future private funds managed by OPHL ("**OPHL Private Funds**").

A "**Relevant Asset**" means a completed income-producing real estate in Singapore used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, where real estate used for "**hospitality**" purposes includes hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, and the term, "**serviced residences**", means apartments with full or partial services. For the avoidance of doubt, such real estate shall not include (a) residential units sold by a developer under the Housing Developers (Control and Licensing)

Act, Chapter 130 of Singapore[8]; and (b) the aforesaid residential units sold by such developer after the certificate of statutory completion and individual titles have been issued in respect of the development comprising such residential units, unless approval is granted by the relevant authorities for such units to be used as serviced residence. Where such real estate is held by a Relevant Entity through a special purpose vehicle ("**SPV**") established solely to own such real estate, the term, "**Relevant Asset**", shall refer to the shares or, as the case may be, equity interests in that SPV. Where such real estate is co-owned by a Relevant Entity as a tenant-in-common, the term, "**Relevant Asset**", shall refer to the ownership share of the Relevant Entity in such real estate.

If the Relevant Asset is owned jointly by a Relevant Entity together with one or more third parties and if consent of any of such third parties to offer the Relevant Asset to Far East H-REIT or Far East H-BT is required or is owned by OPHL's subsidiaries or OPHL Private Funds which are not wholly-owned by OPHL and whose other shareholder(s) or private fund investor(s) is/are third parties, and if consent from such shareholder(s) or private fund investor(s) to offer the Relevant Asset to Far East H-REIT or Far East H-BT is required, OPHL shall use its best endeavours to obtain the consent of the relevant third party(ies), other shareholder(s) or private fund investor(s), failing which the OPHL ROFR will exclude the disposal of such Relevant Asset.

3.6.2 Duration of OPHL ROFR

The OPHL ROFR subsists for so long as:

(i) FEO Hospitality Asset Management Pte. Ltd. or any of its related corporations remains the REIT Manager;

(ii) FEO Hospitality Trust Management Pte. Ltd. or any of its related corporations remains the Trustee-Manager; and

(iii) OPHL and/or any of its related corporations, alone or in aggregate, hold at least 15.0% of the total issued share capital of the REIT Manager and the Trustee-Manager.

3.6.3 Exceptions

The OPHL ROFR:

(i) is subject to any prior overriding contractual obligations which the Relevant Entity may have in relation to the Relevant Assets and/or the third parties that hold these Relevant Assets;

(ii) excludes the disposal of any interest in the Relevant Assets by a Relevant Entity to a related corporation of such Relevant Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or transfer of shares of the Relevant Entity between the Shareholders as may be provided in any Shareholders' agreement; and

(iii) is subject to the applicable laws, regulations and government policies.

3.6.4 In the event that the REIT Trustee and the Trustee-Manager fail or do not wish to exercise the OPHL ROFR, the Relevant Entity shall be entitled to dispose of its interest in the Relevant Asset to a third party on terms and conditions no more favourable to the third party than those offered by the Relevant Entity to the REIT Trustee and Trustee-Manager. However, if the completion of the disposal of the Relevant Assets by the Relevant Entity does not occur

8 "**Residential units sold by a developer under the Housing Developers (Control and Licensing) Act, Chapter 130 of Singapore**" refers to those residential units comprised in developments with five or more residential units that are developed and sold by licensed housing developers to purchasers.

within 12 months from the date of the written notice of the Proposed Disposal, any proposal to dispose of such Relevant Asset after the aforesaid 12-month period shall then remain subject to the OPHL ROFR.

3.6.5 In the event that Far East H-Trust exercises the OPHL ROFR, any sale of the Relevant Asset by the Relevant Entity to Far East H-Trust will be subject to Chapter 9 and Chapter 10 of the Listing Manual, where applicable.

4. DETAILS OF THE ASSET SWAP TRANSACTION

4.1 Purchase Consideration and Valuation for the Asset Swap Acquisition

As consideration for the acquisitions of the NMC Units, the NSC Units and the Hospitality Management Business, the Company will separately arrange for the Disposal Shares to be transferred to each of NPPL, TPPL and FEHS, with the balance (if any) to be paid in cash. The acquisitions of the NMC Units, the NSC Units and the Hospitality Management Business will be pursuant to Asset Swap SPAs (as defined herein) to be entered into between the respective parties. There will be no separate sale and purchase agreements entered into in relation to the transfer of the Disposal Shares.

Deloitte & Touche Financial Advisory Services Pte Ltd has been appointed by the Company as the independent valuer to value the Hospitality Management Business (the "**Independent Valuer for the Hospitality Management Business**"), while HVS has been appointed by the Company as the independent valuer to value the NMC Units and NSC Units (the "**Independent Valuer for the NMC Units and the NSC Units**"). The purchase consideration for the Asset Swap Acquisition was negotiated on a willing-buyer and willing-seller basis and is based on the open market value of the NMC Units and the NSC Units as at 1 May 2012 and the indicative fair value of the Hospitality Management Business as at 1 April 2012, which was independently appraised by the Independent Valuer for the NMC Units and the NSC Units and the Independent Valuer for the Hospitality Management Business based on accepted valuation procedures and practices.

The purchase consideration payable by the OPHL Group for the Asset Swap Acquisition will be satisfied by the Asset Swap Divestment where OPHL (through Jelco) will separately divest the Disposal Shares to NPPL, TPPL and FEHS at approximately S$362 million based on a price of S$1.80 per YHS share, which is at a premium of 40.6% to the last traded price of S$1.28 per YHS share as at the Latest Practicable Date. The difference of approximately S$58 million between the purchase consideration for the Asset Swap Acquisition and the sale consideration for the Asset Swap Divestment will be settled in cash by OPHL (through Jelco).

The following table sets out the appraised values by the Independent Valuer for the NMC Units and the NSC Units as at 1 May 2012 and the Independent Valuer for the Hospitality Management Business as at 1 April 2012 and the respective purchase considerations for the NMC Units, the NSC Units and the Hospitality Management Business:

Asset	Appraised Value (S$ million)	Purchase Consideration (S$ million)
NMC Units	145.28	145.28
NSC Units	160.07	160.07
Hospitality Management Business	115.0 to 125.0	115.0
Total	**420.35 to 430.35**	**420.35**

(See **Appendix F** to this Circular for the summary valuation certificates of the Independent Valuer for the NMC Units and the NSC Units and **Appendix G** to this Circular for the valuation letter prepared by the Independent Valuer for the Hospitality Management Business (the "**Valuation Letter**").)

4.2 Transaction-Related Costs

The following transaction costs are expected to be incurred by the Company in connection with the Asset Swap Transaction:

(i) an estimated stamp duty of approximately S$9 million chargeable on the Asset Swap Acquisition; and

(ii) estimated professional and other fees and expenses of approximately S$1 million incurred or to be incurred by the Company in connection with the Asset Swap Transaction.

Part of the proceeds raised from the sale of the Hospitality Assets will be used towards paying for the transaction costs set out in sub-paragraphs (i) and (ii) above (see paragraph 3.1.4 (Use of Proceeds from the sale of the Hospitality Assets) for further details on the use of proceeds from the sale of the Hospitality Assets).

4.3 Terms of the Asset Swap Transaction

The Company (through the relevant members of the OPHL Group) proposes to enter into the following conditional agreements in connection with the Asset Swap Transaction with certain members of Far East Organization on a date to be determined by the Board following Shareholders' approval of Resolution 1 (the proposed restructuring of the Company), on the terms and subject to the conditions therein:

(i) a conditional sale and purchase agreement with NPPL (a wholly-owned subsidiary of Glory Realty Co. Private Ltd., which is in turn part of Far East Organization), pursuant to which the Company will (through Jelco) acquire the NMC Units ("**NMC SPA**");

(ii) a conditional sale and purchase agreement with TPPL (a wholly-owned subsidiary of Glory Realty Co. Private Ltd.), pursuant to which the Company will (through Jelco) acquire the NSC Units ("**NSC SPA**"); and

(iii) a conditional business transfer agreement with FEHS, pursuant to which the Company will (through Jelco) acquire the Hospitality Management Business ("**Business Transfer Agreement**"),

(collectively, the "**Asset Swap SPAs**"),

in consideration for the transfer of the Disposal Shares (to be separately arranged for), with the balance of the consideration (if any) paid in cash to each of NPPL, TPPL and FEHS.

4.3.1 NMC SPA and NSC SPA

Conditions Precedent

Pursuant to the terms of the NMC SPA and the NSC SPA, the acquisitions of the NMC Units and the NSC Units are subject to and conditional upon the listing of the Stapled Securities and commencement of trading of the Stapled Securities on the SGX-ST on the Listing Date.

Termination

If the NMC Units and/or the NSC Units are damaged or destroyed prior to completion such that the total reinstatement costs exceed 50.0% of the purchase price of the NMC Units or, as the case may be, the NSC Units, Jelco may elect to terminate the NMC SPA or the NSC SPA, as the case may be. If the damage or destruction does not satisfy the above threshold, Jelco is not entitled to terminate the NMC SPA or, as the case may be, the NSC SPA, and NPPL or, as the case may be, TPPL shall at its own cost repair that damage to the state and condition prior to such damage.

Other key terms

Pending the delivery of possession of the NMC Units and NSC Units to Jelco, NPPL and TPPL shall maintain the NMC Units and NSC Units in its present state and condition, subject to fair wear and tear.

In respect of those NMC Units and NSC Units that are tenanted, the tenancy agreements are to be assigned and the tenancy security deposits transferred to Jelco. In respect of those NMC Units and NSC Units that are not tenanted, vacant possession shall be delivered to Jelco.

In relation to the NSC SPA, TPPL undertakes to obtain within six months from Listing Date issuance by the Singapore Land Authority of separate strata titles to the NSC Units. The legal completion will take place after the issuance of the strata titles. On the Listing Date, Jelco will pay 90.0% of the purchase price and take possession of the NSC Units. In the event that the listing of the Stapled Securities does not occur on the Listing Date, Jelco will in effect not be required to make any payment of the purchase price or take possession of the NSC Units. The balance of 10.0% of the purchase price of the NSC Units will be paid on legal completion. Following the issuance of the strata titles, Jelco will acquire the legal title to the NSC Units upon registration of the transfer instrument for the NSC Units with the Singapore Land Authority.

4.3.2 Business Transfer Agreement

Pursuant to the Business Transfer Agreement, FEHS will transfer to Jelco the Hospitality Management Business, which comprise assets used or owned by FEHS in connection with the Hospitality Management Business, including but not limited to the Hospitality Management Agreements, employees employed in the Hospitality Management Business and certain trademarks or brands used in the Hospitality Management Business, on the terms and subject to the conditions set out in the Business Transfer Agreement.

(See **Appendix H** to this Circular for details of some of the contracts to be transferred to Jelco in connection with and pursuant to the acquisition of the Hospitality Management Business.)

Conditions Precedent

Pursuant to the terms of the Business Transfer Agreement, the acquisition of the Hospitality Management Business is subject to and conditional upon the following conditions precedent being satisfied or, as the case may be, waived:

(a) the listing of the Stapled Securities and commencement of trading of the Stapled Securities on the SGX-ST on the Listing Date; and

(b) all material third party consents having been obtained.

Termination

A breach of or failure to perform the obligations for the completion of the acquisition by either Jelco or FEHS under the Business Transfer Agreement shall, *inter alia*, entitle either FEHS or Jelco to terminate the agreement, and a material breach of the warranties by FEHS prior to completion shall entitle Jelco to terminate the Business Transfer Agreement, in each case, in addition to and without prejudice to all other rights or remedies available to it including the right to claim damages.

Other key terms

Subject to the fulfilment or waiver of the conditions precedent set out above, completion of the transfer of the Hospitality Management Business from FEHS to Jelco will occur on the Listing Date. On completion, the Vendor, will, among other things, also procure that Far East

H-REIT or, as the case may be, Far East Residences, enter into the Property Management Agreements with Jelco to appoint Jelco as the property manager for the Excluded Commercial Premises.

The acquisition of the Hospitality Management Business is subject to certain representations and warranties given by both FEHS and Jelco.

4.4 Directors' service contracts in relation to the Asset Swap Transaction

No person is proposed to be appointed as a Director in relation to the Asset Swap Transaction or any other transactions contemplated in relation to the Asset Swap Transaction.

4.5 Major Transaction – Chapter 10 of the Listing Manual

4.5.1 The Asset Swap Acquisition

The relative figures in relation to the Asset Swap Acquisition computed on the applicable bases of comparison set out above, assuming the REIT Transaction had taken place prior to the Asset Swap Transaction, are as follows:

Rule 1006	Bases	NMC Units, NSC Units and the Hospitality Management Business (S$'000)	OPHL Group (S$'000)	Relative Figures (%)
(b)	Net profits of the NMC Units, the NSC Units and the Hospitality Management Business for FY2011 compared with the OPHL Group's net profits for FY2011(1)	8,837	103,491	8.5
(c)	Consideration given for the NMC Units, the NSC Units and the Hospitality Management Business compared with OPHL's market capitalisation(2)	420,000	OPHL's market capitalisation(2): 599,460	70.1

Notes:

(1) Adjusted for the REIT Transaction and the divestment of assets under the Asset Swap Transaction and the Dividend in Specie.

(2) OPHL's market capitalisation is based upon 363,308,933 Shares in issue and S$1.65 per Share as at the Latest Practicable Date.

4.5.2 The Asset Swap Divestment

The relative figures in relation to the Asset Swap Divestment computed on the applicable bases of comparison set out above, assuming the REIT Transaction had taken place prior to the Asset Swap Transaction, are as follows:

Rule 1006	Bases	YHS Shares (S$'000)	OPHL Group (S$'000)	Relative Figures (%)
(a)	NAV of the Disposal Shares as at 31 December 2011, compared with the OPHL Group's NAV as at 31 December 2011	247,287	1,079,639	22.9

Rule 1006	Bases	YHS Shares (S$'000)	OPHL Group (S$'000)	Relative Figures (%)
(b)	Proportionate share of the profits relating to the Disposal Shares for FY2011, compared with the OPHL Group's net profits for FY2011(1)	18,012	128,965	14.0
(c)	Consideration given for the Disposal Shares, compared with OPHL's market capitalisation(2)	362,000	OPHL's market capitalisation(2): 599,460	60.4

Notes:

(1) Adjusted for the REIT Transaction.

(2) OPHL's market capitalisation is based upon 363,308,933 Shares in issue and S$1.65 per Share as at the Latest Practicable Date.

As the relative figures under Rule 1006(c) for the Asset Swap Acquisition and the relative figures under Rules 1006(a) and 1006(c) for the Asset Swap Divestment exceed 20.0% and the Asset Swap Transaction is not in the ordinary course of the Company's business, the Asset Swap Transaction constitutes a major transaction for OPHL as defined in Chapter 10 of the Listing Manual. Accordingly, the Asset Swap Transaction is subject to the approval of Shareholders.

The Asset Swap Transaction is an extension of the OPHL Group's existing business and is intended to refine the OPHL Group's overall business strategy to expand its focus into the areas of hospitality management and the provision of healthcare real estate space. The extension of business into hospitality management and the investment in healthcare real estate space are not expected to materially alter the risk profile of OPHL. In any case, the Company will be seeking the approval of Shareholders for the Transactions.

5. INTERESTED PERSON TRANSACTIONS

5.1 Interested Person Transactions under Chapter 9 of the Listing Manual

Under Chapter 9 of the Listing Manual, where the Company proposes to enter into a transaction with an Interested Person[9] and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000 with the same Interested Person during the same financial year) is equal to or exceeds 5.0% of the Company's latest audited net tangible assets ("**NTA**"), Shareholders' approval is required in respect of the transaction.

Based on the audited consolidated financial statements of the OPHL Group for FY2011, the audited consolidated NTA of the OPHL Group as at 31 December 2011 (the "**Latest NTA**") was approximately S$1.08 billion. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by the Company with an Interested Person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S$100,000) entered into with the same Interested Person during the current financial year, equal to or is in excess of S$54 million (being 5.0% of the Latest NTA), such a transaction would be subject to Shareholders' approval.

The Interested Person Transactions into which the Company proposes to enter are set out below.

[9] "**Interested Person**" 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.

5.1.1 Interested Person Transactions under the REIT Transaction

The REIT Transaction SPAs and Master Lease Agreements

The Company (through OPHL, FCPPL and OPHRPL) proposes to enter into the REIT Transaction SPAs with Far East H-REIT for OPH and ACVH and with Far East Residences for CSVR respectively. Immediately after the completion of the sale of the Hospitality Assets, the Master Lease Agreements will be entered into between OPHL, FCPPL, OPHRPL and Far East H-REIT or, as the case may be, Far East Residences. The term of each Master Lease Agreement will commence from the Listing Date.

The Estate of Ng Teng Fong, Deceased (the "**Estate**") will, at the time of entry into the REIT Transaction, indirectly own more than 50.0% of Far East H-REIT. Far East H-REIT is therefore considered to be an associate[10] of the Estate, which is the controlling shareholder (as defined in the Listing Manual) of OPHL, FCPPL and OPHRPL, and constitutes an Interested Person of OPHL. The Minimum Aggregate Sale Consideration for the Hospitality Assets of approximately S$702 million is approximately 65.0% of the Latest NTA.

As such, the REIT Transaction (including the acquisition by the Company of the 33.0% stake in each of the REIT Manager and the Trustee-Manager) would constitute an "Interested Person Transaction" under Chapter 9 of the Listing Manual in respect of which the approval of Shareholders under Rule 906 of the Listing Manual.

The Share Purchase Agreement

The Company proposes to enter into the Share Purchase Agreement with FAMPL (a wholly-owned subsidiary of FEOC) to acquire (i) 330,000 ordinary shares at S$330,000 (representing a 33.0% interest) in the REIT Manager and (ii) 33 ordinary shares in the Trustee-Manager at S$33 (representing a 33.0% interest) in the Trustee-Manager.

As at the Latest Practicable Date, the Estate owns approximately 93.8% of the total number of ordinary shares in issue and 100.0% of the total number of redeemable cumulative preference shares in FEOC. FAMPL is therefore considered to be an associate of the Estate, which is the controlling shareholder of the Company, and constitutes an Interested Person of OPHL.

The aggregate purchase consideration for the ordinary shares (representing a 33.0% interest) in each of the REIT Manager and the Trustee-Manager of approximately S$0.3 million is less than 1.0% of the Latest NTA but when aggregated with the aggregate sale consideration for the Hospitality Assets which are being sold to an associate of the same Interested Person, the Estate, would exceed 5.0% of the Latest NTA.

As such, the acquisition of the ordinary shares in the REIT Manager and the Trustee-Manager by OPHL under the Share Purchase Agreement entered into pursuant to the REIT Transaction, which constitutes an "Interested Person Transaction" under Chapter 9 of the Listing Manual, would be subject to the approval of Shareholders under Rule 906 of the Listing Manual.

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10 "**associate**" means:

(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
   (i) his immediate family;
   (ii) the trustee 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.

Other REIT-related transactions

Upon acquiring the 33.0% interest in the REIT Manager and the Trustee-Manager, the Company and/or its subsidiaries and associated companies (including the REIT Manager and as the case may be, the Trustee-Manager), and will be entering into the various other agreements with Far East H-REIT or Far East H-BT as set out in **Appendix H** to this Circular, pursuant, and to give effect to, the REIT Transaction.

As at the Latest Practicable Date, the Estate indirectly owns more than 50.0% of Far East H-REIT and Far East H-BT. Far East H-REIT and Far East H-BT are therefore considered to be an associate of the Estate, which is the controlling shareholder of OPHL, and constitute Interested Persons of OPHL.

The value of the transactions to be entered into with Far East H-REIT and/or Far East H-BT as set out in **Appendix H** to this Circular pursuant to the REIT Transaction, when aggregated with the aggregate sale consideration for the Hospitality Assets which are being sold to an associate of the same Interested Person, the Estate, would exceed 5.0% of the Latest NTA.

As such, these transactions would constitute "Interested Person Transactions" under Chapter 9 of the Listing Manual in respect of which the approval of Shareholders is required under Rule 906 of the Listing Manual.

5.1.2 Interested Person Transactions under the Asset Swap Transaction

The Asset Swap SPAs

The Company (through Jelco) proposes to enter into the NMC SPA and the NSC SPA with NPPL and TPPL, for the NMC Units and the NSC Units respectively, and the Business Transfer Agreement with FEHS for the Hospitality Management Business, in consideration for the transfer of the Disposal Shares (to be separately arranged for) and the payment (if any) of cash to each of NPPL, TPPL and FEHS. There will be no separate sale and purchase agreements entered into in relation to the transfer of the Disposal Shares.

As at the Latest Practicable Date, the Estate owns approximately 100.0% of the issued share capital in Glory Realty Co. Private Ltd.. As NPPL and TPPL are wholly-owned subsidiaries of Glory Realty Co. Private Ltd., they are therefore considered to be associates of the Estate, which is the controlling shareholder of the Company, and constitute Interested Persons of OPHL.

As at the Latest Practicable Date, Mr Philip Ng Chee Tat, the Non-Executive Chairman, is a controlling shareholder of FEHS together with his mother, Mdm Tan Kim Choo. FEHS is therefore considered to be an associate of Mr Ng and Mdm Tan, and constitutes an Interested Person of OPHL. As Mr Ng and Mdm Tan are beneficiaries of the Estate together with their immediate family members, FEHS is considered to be part of the same Interested Person group as the other entities within Far East Organization (including Glory Realty Co. Private Ltd.) for purposes of aggregation of the value of Interested Person Transactions under Chapter 9 of the Listing Manual.

The aggregate purchase consideration for the NMC Units, the NSC Units and the Hospitality Management Business is approximately S$420 million which is approximately 39.0% of the Latest NTA.

As such, the Asset Swap Transaction would constitute "Interested Person Transactions" under Chapter 9 of the Listing Manual in respect of which the approval of Shareholders is required under Rule 906 of the Listing Manual.

Pursuant and to give effect to the Asset Swap Transaction, the Company (through its wholly-owned subsidiary, Jelco) will be entering into the various other agreements as set out in **Appendix H** to this Circular with other members within Far East Organization, which are associates of the Estate (which is the controlling shareholder of the Company) and constitute Interested Persons of OPHL.

The value of the transactions to be entered into pursuant to the Asset Swap Transaction as set out in **Appendix H** to this Circular, when aggregated with the aggregate sale consideration for the Hospitality Assets (which are being sold to an associate of the same Interested Person, the Estate), would exceed 5.0% of the Latest NTA.

As such, these transactions would constitute “Interested Person Transactions” under Chapter 9 of the Listing Manual in respect of which the approval of Shareholders is required under Rule 906 of the Listing Manual.

5.2 Existing Interested Person Transactions

Prior to the Latest Practicable Date, the Company had entered into several Interested Person Transactions with Far East Organization during the course of the current financial year (the “**Existing Interested Person Transactions**”). For the current financial year, the total value of all interested person transactions between OPHL and Far East Organization is S$2.7 million, and the total value of all interested person transactions entered into by OPHL with all interested persons as at the Latest Practicable Date is S$2.7 million.

Details of the Existing Interested Person Transactions may be found in **Appendix I** to this Circular.

6. FINANCIAL EFFECTS OF THE TRANSACTIONS

6.1 Bases and Assumptions

The financial effects have been prepared for illustrative purposes only and they do not reflect the future actual financial position of the OPHL Group post-Transactions, post-Special Dividend and post-Dividend in Specie. The significant assumptions and bases are set out as follows:

(i) for the REIT Transaction, adjustments are made for:

(a) an estimate of the amortisation of the deferred income arising from the grant of leasehold interest in OPH (assuming proceeds at the minimum sale consideration and deducting the carrying value of the leasehold land and building as at 1 January 2011);

(b) grant of the leasehold interests in ACVH and CSVR at the carrying amounts as at 1 January 2011 (for earnings per share (“**EPS**”) effects) and as at 31 December 2011 (for NAV effects);

(c) the operating profits of the Hospitality Assets for FY2011;

(d) an estimate of the Group’s share of the REIT Manager’s profits arising from the 33.0% interest in the REIT Manager, assuming that the trust deed constituting Far East H-REIT (which sets out the fees payable to the REIT Manager) was in place on 1 January 2011; and

(e) the interest expense incurred for the Hospitality Assets for FY2011, assuming all the related bank borrowings are repaid;

(ii) the Asset Swap Transaction is considered a business acquisition for accounting purposes. For the purposes of the financial effects, the value of the Disposal Shares used in calculating the consideration for the business acquisition is based on the closing price of the YHS shares as at the Latest Practicable Date. The actual cost of the acquisition will depend on the share price of the YHS shares at the date of the actual transfer of YHS shares at the completion of the Asset Swap Transaction. For the purposes of the financial effects, the net assets acquired in the acquisition are based on a preliminary purchase price allocation exercise. As the actual goodwill or gain on bargain purchase will be determined only on completion of the Asset Swap Transaction 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;

(iii) for the Asset Swap Acquisition, the effects on the EPS have also included the net income of the NMC Units, the NSC Units and the Hospitality Management Business. The net income of the NMC Units and the NSC Units are based on unaudited management accounts for the year ended 31 December 2011. The net income of the Hospitality Management Business is estimated based on the revenue from the Hospitality Management Agreements (as defined herein), the Property Management Agreements and related operating costs;

(iv) all estimated professional and other fees and expenses, including stamp duty chargeable on the Transactions, are included; and

(v) the Special Dividend is paid entirely in cash and the Dividend in Specie is based on the carrying amount of OPHL's remaining 14.5% stake in YHS as at 31 December 2011.

6.2 NAV per Share

Assuming the Transactions had been completed on 31 December 2011, the financial effects of the Transactions on the consolidated NAV of the OPHL Group as at 31 December 2011 are as follows:

	Before the Transactions[1]	**Post-Transactions**	**Post-Transactions, Special Dividend and Dividend in Specie**
NAV (S$'000)	1,079,639	1,156,129	1,009,872
No. of issued Shares ('000)	363,309	363,309	363,309
NAV per Share (S$)[2]	2.97	3.18	2.78

Notes:

(1) Based on the audited consolidated financial statements of the OPHL Group for FY2011.

(2) The NAV per Share for FY2011 is calculated based on the NAV of the OPHL Group as at 31 December 2011 and 363,308,933 Shares in issue as at 31 December 2011.

6.3 NTA per Share

Assuming the Transactions had been completed on 31 December 2011, the financial effects on the consolidated NTA of the OPHL Group as at 31 December 2011 are set out below. The NTA is determined by the consolidated NAV of the OPHL Group less the OPHL Group's share of intangible assets. The OPHL Group has no intangible assets as at 31 December 2011.

	Before the Transactions[1]	**Post-Transactions**	**Post-Transactions, Special Dividend and Dividend in Specie**
NTA (S$'000)	1,079,639	1,156,129	1,009,872
No. of issued Shares ('000)	363,309	363,309	363,309
NTA per Share (S$)[2]	2.97	3.18	2.78

Notes:

(1) Based on the audited consolidated financial statements of the OPHL Group for FY2011.

(2) The NTA per Share for FY2011 is calculated based on the NTA of the OPHL Group as at 31 December 2011 and 363,308,933 Shares in issue as at 31 December 2011.

6.4 Earnings per Share

Assuming the Transactions had been completed on 1 January 2011, the financial effects on the consolidated earnings of the OPHL Group for FY2011 are as follows:

	Before the Transactions[(1)]	Post-Transactions
Profit after tax and minority interests (S$'000)	124,189	182,951
Net profit attributable to ordinary shareholders (S$'000)	124,189	182,951
EPS		
No. of issued Shares ('000)	363,309	363,309
EPS (Singapore cents)[(2)]	34	50

Notes:

(1) Based on the audited consolidated financial statements of the OPHL Group for FY2011.

(2) The calculation of EPS is based on the net profit attributable to ordinary shareholders of the Company.

6.5 Gearing

Assuming that the Transactions had been completed on 31 December 2011, the financial effects on the net gearing of the Company and the OPHL Group for FY2011 are as follows:

	Before the Transactions[(1)]	Post-Transactions	Post-Transactions, Special Dividend and Dividend in Specie
Debt (interest bearing liabilities) (S$'000)[(2)]	455,660	69,760	69,760
Shareholders' equity (S$'000)[(3)]	1,079,639	1,156,129	1,009,872
Total debt + Shareholders' equity (S$'000)	1,535,299	1,225,889	1,079,632
Gearing[(4)]	29.7%	5.7%	6.5%

Notes:

(1) Based on the audited consolidated financial statements of the OPHL Group for FY2011.

(2) "**Debt**" means the aggregate of interest bearing liabilities.

(3) "**Shareholders' equity**" refers to the aggregate of the issued and paid-up share capital and other reserves of OPHL Group.

(4) Gearing is computed based on the ratio of Debt to the sum of Debt and Shareholders' equity.

6.6 Share Capital

Assuming that the Transactions had been completed on 31 December 2011, the financial effects on the share capital of the Company and the OPHL Group for FY2011 are as follows:

	Before the Transactions[(1)]		Post-Transactions	
	No. of shares ('000)[(2)]	S$'000	No. of shares ('000)	S$'000
Issued and fully paid (as at 31 December 2011)				
Shares	363,309	372,063	363,309	372,063

Notes:

(1) Based on the audited consolidated financial statements of the OPHL Group for FY2011.

(2) The number of issued and fully-paid shares before the Transactions is based on the number of Shares outstanding as at 31 December 2011.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

7.1 Interests of Directors

The Non-Executive Chairman of the Company, Mr Philip Ng Chee Tat, is the Chief Executive Officer of Far East Organization and a director of FEOPL, son of Mdm Tan Kim Choo, a beneficiary of the Estate and brother of Executive Director Mdm Ng Siok Keow. Mdm Tan Kim Choo and the Estate each hold a 50.0% shareholding interest in FEOPL (a member of Far East Organization), which is in turn a controlling shareholder of OPHL.

Mr Lucas Chow Wing Keung, the Chief Executive Officer 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 FEOPL, daughter of Mdm Tan Kim Choo, a beneficiary of the Estate and sister of Non-Executive Chairman Mr Philip Ng Chee Tat.

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

Each of Mr Philip Ng Chee Tat, Mdm Ng Siok Keow, Mdm Tan Siok Hwee and Mr Lucas Chow Wing Keung 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 Transactions to Shareholders.

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:

	Direct Interest		Deemed Interest	
Director	**No. of Shares**	**%(1)**	**No. of Shares**	**%(1)**
Mdm Ng Siok Keow	14,469	nm(2)	72,346	nm(2)

Notes:

(1) The percentage interest is based on total issued Shares of 363,308,933 as at the Latest Practicable Date.

(2) "nm" means "not meaningful".

7.2 Interests of substantial shareholders

As at the Latest Practicable Date, FEOPL holds 213,900,398 Shares, representing approximately 58.9% of the issued share capital of OPHL. 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:

	Direct Interest		Deemed Interest	
Substantial shareholder	**No. of Shares**	**%(1)**	**No. of Shares**	**%(1)**
FEOPL	213,900,398	58.87	-	-
The Estate of Khoo Teck Puat, Deceased	2,248,400	0.64	18,702,600(2)	5.33(2)
Tan Kim Choo	224,659	0.06	213,900,398(3)	58.87(3)
The Estate	-	-	213,900,398(4)	58.87(4)

Notes:

(1) The percentage interest is based on total issued Shares of 363,308,933 as at the Latest Practicable Date.

(2) 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.

(3) Mdm Tan Kim Choo is deemed to be interested in the shares of the Company held by FEOPL through her 50.0% shareholding in the issued share capital of FEOPL.

(4) The Estate is deemed to be interested in the shares of the Company held by FEOPL through its 50.0% shareholding in the issued share capital of FEOPL.

7.3 Save as disclosed in this paragraph 7 and based on information available to the Company as at the Latest Practicable Date, none of the Directors or substantial shareholders have any interest, direct or indirect, in the Transactions.

8. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS ON THE TRANSACTIONS

8.1 Independent Financial Adviser

PrimePartners Corporate Finance Pte. Ltd. has been appointed as the Independent Financial Adviser to advise the Independent Directors (being also the members of the Audit Committee) as at the date of this Circular, being Mr Cheng Hong Kok, Mr Heng Chiang Meng and Mdm Ee Choo Lin Diana, on whether the Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. A copy of the IFA Letter setting out the IFA's advice to the Independent Directors in respect of the Transactions is set out in **Appendix E** to this Circular and Shareholders are advised to read the IFA Letter carefully.

8.2 Advice

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 financial terms of the Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. Accordingly, the IFA advises the Independent Directors to recommend that minority Shareholders vote in favour of the Transactions.

9. RECOMMENDATIONS

9.1 On the Transactions

After taking into consideration the factors likely to affect the economics of the Transactions, including the opinion of the IFA (as set out in the IFA Letter in **Appendix E** to this Circular), the rationale of the Transactions (as set out in paragraph 2.6 (Rationale of the Proposals) of the Letter to Shareholders), the Summary Valuation Certificates (as set out in **Appendix F** to this Circular) and the Valuation Letter (as set out in **Appendix G** to this Circular), and after discussion with the management of the Company and the IFA, the Independent Directors (being also the members of the Audit Committee) currently comprising Mr Cheng Hong Kok, Mr Heng Chiang Meng and Mdm Ee Choo Lin Diana are of the view that the Transactions are based on normal commercial terms and would not be prejudicial to the interests of OPHL or its minority Shareholders. Accordingly, they recommend that Shareholders vote at the EGM in favour of Resolution 1 relating to the proposed restructuring of the Company.

The Independent Directors (being also the members of the Audit Committee) advise the Shareholders, in deciding whether to vote in favour of the 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 Independent Directors have 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 Independent Directors recommend 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.

9.2 On the Special Dividend and Dividend in Specie

Having regard to the rationale for the Special Dividend and the Dividend in Specie as set out in paragraph 2.6 above, the Board believes that the Special Dividend and the Dividend in Specie would be beneficial to, and is in the interests of, the Company and its Shareholders. Accordingly, the Board recommends that Shareholders vote at the EGM in favour of Resolution 2 relating to the proposed Special Dividend and the Dividend in Specie.

9.3 On the Share Issue Authority for the Special Dividend

Having regard to the rationale for the Special Dividend and the Share Issue Authority for the Special Dividend as set out in paragraph 2.6 above, the Board believes that the Share Issue Authority for the Special Dividend would be beneficial to, and is in the interests of, the Company and its Shareholders. Accordingly, the Board recommends that Shareholders vote at the EGM in favour of Resolution 3 relating to the Share Issue Authority for the proposed Special Dividend.

9.4 On the Name Change

Having regard to the rationale for the Name Change as set out in paragraph 2.6 above, the Board believes that the Name Change would be beneficial to, and is in the interests of, the Company and its Shareholders. Accordingly, the Board recommends that Shareholders vote at the EGM in favour of Resolution 4 relating to the proposed Name Change.

10. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 11 July 2012 at 10.30 a.m. at Antica I, 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, which is set out on pages K-1 to K-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 restructuring of the Company), Resolution 2 (the proposed Special Dividend and Dividend in Specie) and Resolution 3 (the Share Issue Authority for the proposed Special Dividend).

Approval by way of a Special Resolution is required in respect of Resolution 4 (the Proposed Name Change).

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 Transactions, FEOPL has undertaken that (i) it will abstain, and will procure that its Interested Persons will abstain, from voting at the EGM on the proposed restructuring of the Company, and (ii) will not, and will procure that its Interested Persons will not, accept appointments as proxies in relation to Resolution 1 on the proposed restructuring of the Company unless specific instructions as to voting are given.

In addition, each of Mr Philip Ng Chee Tat and Mdm Ng Siok Keow, being (i) the immediate family of Mdm Tan Kim Choo and (ii) beneficiaries of the Estate, has undertaken that (a) he/she will abstain, and will procure that his/her Interested Persons will abstain, from voting at the EGM on Resolution 1 on the proposed restructuring of the Company, and (b) will not, and will procure that his/her Interested Persons will not, accept appointments as proxies in relation to Resolution 1 on the proposed restructuring of the Company 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 the registered office of the Company at 14 Scotts Road #06-01, Far East Plaza, Singapore 228213, not later than 10.30 a.m. on 9 July 2012. 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 Special Dividend, the Dividend in Specie, the Share Issue Authority, the Name Change, 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. CONSENTS

14.1 Independent Financial Adviser to the Independent Directors on the Transactions

The IFA (being PrimePartners Corporate Finance Pte. Ltd.), 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.

14.2 Independent Valuer for the Hospitality Management Business

The Independent Valuer for the Hospitality Management Business (being Deloitte & Touche Financial Advisory Services Pte Ltd), 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 from Deloitte & Touche Financial Advisory Services Pte Ltd and all references thereto, in the form and context in which they are included in this Circular.

14.3 Independent Valuer for the NMC Units and the NSC Units

HVS, the Independent Valuer for the NMC Units and the NSC Units, 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 Certificate from HVS and all references thereto, in the form and context in which they are included in this Circular.

14.4 Independent Valuer for the REIT Transaction

HVS, the Independent Valuer for the REIT Transaction, 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 Certificate from HVS and all references thereto, in the form and context in which they are included in this Circular.

15. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 14 Scotts Road #06-01, Far East Plaza, Singapore 228213, during normal business hours from the date of this Circular up to and including the date falling three months after the date of this Circular:

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

(ii) audited consolidated financial statements of the OPHL Group for FY2011;

(iii) drafts of the REIT Transaction SPAs;

(iv) drafts of the Asset Swap SPAs;

(v) the valuation letter on the Hospitality Management Business prepared by Deloitte & Touche Financial Advisory Services Pte Ltd;

(vi) the full valuation report on the NMC Units and the NSC Units prepared by HVS;

(vii) the full valuation report on the Hospitality Assets prepared by HVS; and

(viii) the IFA Letter.

Yours faithfully
For and on behalf of
the Board of Directors of
ORCHARD PARADE HOLDINGS LIMITED

Mr Philip Ng Chee Tat
Non-Executive Chairman

19 June 2012

1. NOVENA MEDICAL CENTER

1.1 Description of NMC

Under the Asset Swap Transaction, OPHL will (through Jelco) acquire 45 units of medical suites in NMC. NMC comprises 144 suites that come with provisions for washrooms to suit the medical practitioners' needs and configure the layout to their requirements. The air-conditioning of each suite can be individually controlled and all units have broadband connectivity. NMC has its own special entrance on the ground floor with a waiting area for visitors. Lifts and escalators are located to bring visitors from the suites to a grand lobby.

NMC is accessible via MRT, taxi and buses. Sited above the Novena MRT Station, NMC is integrated with the Square 2 shopping mall. It is situated in a community characterised by a blend of residences, office buildings, malls and a medical cluster comprising major hospital and medical institutions.

1.2 Selected Information on NMC

The table below sets out a summary of selected information on NMC as at 1 May 2012 (unless otherwise indicated).

Address	10 Sinaran Drive, Singapore 307506
Tenure	Leasehold of 99 Years with effect from 28 August 2002
Description	Medical Center
Completion date	2007
Approximate site area (sq m)	7,822.6
Number of units	144
Carpark Lots	302
Valuation by HVS as at 1 May 2012 for the NMC Units	S$145,280,000

2. NOVENA SPECIALIST CENTER

2.1 Description of NSC

Under the Asset Swap Transaction, OPHL will (through Jelco) acquire 48 units of medical suites in NSC. NSC features 69 medical suites and is situated adjacent to the Oasia Hotel, within the same building. Most of the suites can accommodate up to three consultation rooms. If there is a need for larger space, two or more adjacent medical suites can be amalgamated. The accommodation also extends to the Oasia Hotel where Level 9 of the hotel is barrier-free to provide comfort for people with impaired mobility. Furthermore, the availability of adjoining rooms in the Hotel enables family and friends of the patients to stay close to them throughout the recovery process.

NSC has passage into Oasia Hotel Singapore, Novena MRT Station, Novena Surgery and Parkway Laboratory Services in NMC and Square 2 shopping mall.

2.2 Selected Information on NSC

The table below sets out a summary of selected information on NSC as at 1 May 2012 (unless otherwise indicated).

Address	8 Sinaran Drive, Singapore 307470
Tenure	Leasehold of 99 years with effect from 23 April 2007
Description	Medical Center
Completion date	2011
Approximate site area (sq m)	5,788.8
Number of units	69
Carpark Lots	144
Valuation by HVS as at 1 May 2012 for the NSC Units	S$160,070,000

3. THE HOSPITALITY MANAGEMENT BUSINESS

3.1 Description of the Hospitality Management Business

Under the Asset Swap Transaction, OPHL will (through Jelco) acquire the Hospitality Management Business from FEHS. FEHS is the exclusive hospitality operator of the Far East Organization group of hotels and serviced residences. It currently has sole rights to operate and manage all hotels and serviced residences of Far East Organization. The transfer will comprise, *inter alia*, the transfer of employees employed by FEHS, the hospitality management agreements entered into between the relevant Far East Organization entities and FEHS setting out the terms on which FEHS provides hospitality management services as the operator of the 18 hospitality assets in Far East Organization (including the properties to be owned by Far East H-REIT) (the "**Hospitality Management Agreements**"), which will be novated to Jelco pursuant to the Business Transfer Agreement, as well as certain intellectual rights used or owned by FEHS in connection with the Hospitality Management Business. It also owns the various hospitality brands which several of the Far East Organization hotels are currently operating under. These include the hospitality brands "Far East Hospitality", "Oasia", "The Village", "East Village", "Orchard" and "Quincy".

FEHS also has the licence to use, and operate, the central reservation system which all the hotels and serviced residences are using. It also operates the central marketing and sales teams which manages and drives room sales across all the hotels. FEHS currently employs a team of 96 employees, including the senior management team of the chief operating officer and director of the hospitality division, the call centre and the central sales and marketing teams.

3.2 Hospitality properties managed by FEHS

The hospitality properties managed by FEHS as at the date of this Circular are set out below:

Hotels	*Serviced Residences*
Albert Court Village Hotel	Central Square Village Residences
Changi Village Hotel	Far East Plaza
East Village Hotel	Hougang Village Residences
The Elizabeth Hotel	Leonie View
Landmark Village Hotel	Orchard Parksuites

Hotels	*Serviced Residences*
Oasia Hotel	Orchard Scotts Residences
Orchard Parade Hotel	Regency House
The Quincy Hotel	Riverside Village Residences
	Sri Tiara, Kuala Lumpur, Malaysia
	West Coast Village Residences

3.3 Details of Hospitality Management Fees

Under the terms of the Hospitality Management Agreements, the Hotel and Serviced Operator is entitled to:

(i) a basic fee equal to 2.0% of the total gross operating revenue ("**Gross Operating Revenue**") of the relevant hospitality property; and

(ii) an incentive fee equal to 5.0% of the Gross Operating Profit[1] of the relevant hospitality property.

(See paragraph 2.1 (Hospitality Management Agreements) of **Appendix H** to this Circular for further details on the Hospitality Management Agreements.)

[1] "**Gross Operating Profit**" means Gross Operating Revenue less operating expenses.

APPENDIX B
INFORMATION ON THE INITIAL PORTFOLIO OF FAR EAST H-TRUST

1. THE INITIAL PORTFOLIO

1.1 Description of the properties constituting the Initial Portfolio

The table below sets out certain information on the leasehold interests constituting the Initial Portfolio, including ACVH, OPH and CSVR.

Name of Property	Leasehold Tenure	Vendor and Master Lessee	Number of Available Rooms / Serviced Residence Units
Hotels			
Albert Court Village Hotel (ACVH)	Leasehold of 75 years commencing from completion date(1)	First Choice Properties Pte Ltd	210
Changi Village Hotel	Leasehold of 65 years commencing from completion date	Far East Organization Centre Pte. Ltd.	380
The Elizabeth Hotel	Leasehold of 75 years commencing from completion date	Golden Development Private Limited	256
Landmark Village Hotel	Leasehold of 66 years commencing from completion date	Golden Landmark Pte Ltd	393
Oasia Hotel	Leasehold of 92 years commencing from completion date	Transurban Properties Pte. Ltd.	428
Orchard Parade Hotel (OPH)	Leasehold of 50 years commencing from completion date(1)	Orchard Parade Holdings Limited	388
The Quincy Hotel	Leasehold of 75 years commencing from completion date	Golden Development Private Limited	108
Total Available Rooms			**2,163**
Serviced Residences			
Central Square Village Residences (CSVR)	Leasehold of 80 years commencing from completion date(1)	OPH Riverside Pte Ltd	128
Hougang Village Residences	Leasehold of 81 years commencing from completion date	Serene Land Pte Ltd	78
Regency House	Leasehold of 81 years commencing from completion date	Oxley Hill Properties Pte Ltd	90
Riverside Village Residences	Leasehold of 78 years commencing from completion date	Riverland Pte Ltd	72
Total Serviced Residence Units			**368**
Total Available Rooms / Serviced Residence Units			**2,531**

Note:

The "**completion date**" with respect to ACVH, OPH and CSVR is expected to be the Listing Date.

APPENDIX C
LIST OF FREEHOLD AND LEASEHOLD INTERESTS OWNED BY THE OPHL GROUP IN THE HOSPITALITY ASSETS

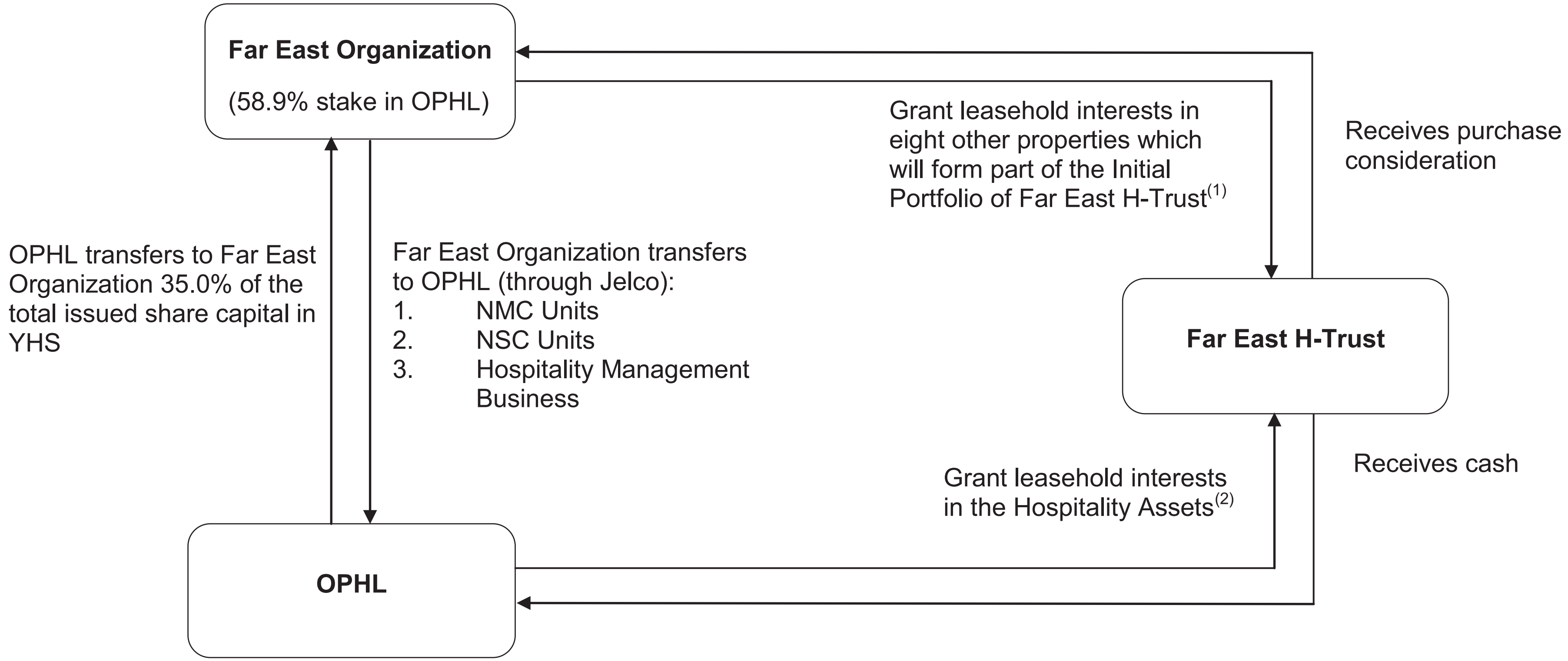
1. LIST OF FREEHOLD AND LEASEHOLD INTERESTS OWNED BY THE OPHL GROUP IN THE HOSPITALITY ASSETS

The table below sets out the freehold and leasehold interests in the Hospitality Assets currently owned by the OPHL Group:

Name of Property	Freehold / Leasehold Interest	Remaining Land Leasehold Tenure
Orchard Parade Hotel	*Lot 653V of Town Subdivision 24*: Estate in fee simple	N.A.
	Lot 656A of Town Subdivision 24: Estate in fee simple	N.A.
	Lot 659X of Town Subdivision 24: Leasehold of 99 years commencing from 1 April 1965	Approximately 52 years
	Lot 769W of Town Subdivision 24: Estate in fee simple	N.A.
Albert Court Village Hotel	*Lot 797T of Town Subdivision 12*: Leasehold of 99 years commencing from 10 September 1990	Approximately 77 years
	Lot 813N of Town Subdivision 12: Leasehold of 99 years commencing from 10 September 1990	Approximately 77 years
Central Square Village Residences	*Lot 320N of Town Subdivision 8*: Leasehold of 99 years commencing from 13 February 1995	Approximately 82 years

APPENDIX D
OVERVIEW OF THE TRANSACTIONS AND BUSINESSES OF THE OPHL GROUP IMMEDIATELY BEFORE AND IMMEDIATELY AFTER THE TRANSACTIONS

(A) OVERVIEW OF THE TRANSACTIONS



Notes:

1. Certain information on the Initial Portfolio is set out in **Appendix B** to this Circular.
2. The Hospitality Assets comprise ACVH, OPH and CSVR.

(B) BUSINESSES OF THE OPHL GROUP IMMEDIATELY BEFORE AND IMMEDIATELY AFTER THE TRANSACTIONS

1. BUSINESSES OF THE OPHL GROUP IMMEDIATELY BEFORE THE TRANSACTIONS

The businesses of the OPHL Group immediately before the Transactions are set out in the graph below.

PROPERTY DIVISION

Property Development

- Floridian
- euHabitat
- Land parcel 825 @ Robinson / Cecil Street
- 7 & 11 Bassein Road

Property Investment

- Office units in Tanglin Shopping Center
- Plaza Atrium, Kuala Lumpur, Malaysia
- Shops and offices at Orchard Parade Hotel
- Shops at Albert Court Village Hotel
- Shops and offices at Central Square Village Residences

HOSPITALITY DIVISION

Hospitality Properties

- Orchard Parade Hotel
- Albert Court Village Hotel
- Central Square Village Residences

INVESTMENT DIVISION

Investment Securities

- 49.5% interest in Yeo Hiap Seng Limited

2. BUSINESSES OF THE OPHL GROUP IMMEDIATELY AFTER THE TRANSACTIONS

The businesses of the OPHL Group immediately after the Transactions are set out in the graph below.

PROPERTY DIVISION

Property Development

- Floridian
- euHabitat
- Land parcel 825 @ Robinson / Cecil Street
- 7 & 11 Bassein Road

Property Investment

- Office units in Tanglin Shopping Center
- Plaza Atrium, Kuala Lumpur, Malaysia
- Medical suites in Novena Medical Center
- Medical suites in Novena Specialist Center

MANAGEMENT SERVICES DIVISION

Hospitality Management Services

Hotels

- Orchard Parade Hotel[1]
- Albert Court Village Hotel[1]
- Changi Village Hotel
- East Village Hotel
- The Elizabeth Hotel
- Landmark Village Hotel
- Oasia Hotel
- The Quincy Hotel

Serviced Residences

- Central Square Village Residences[1]
- Far East Plaza
- Hougang Village Residences
- Leonie View
- Orchard Parksuites
- Orchard Scott Residences
- Regency House
- Riverside Village Residences
- West Coast Village Residences
- Sri Tiara, Kuala Lumpur, Malaysia

INVESTMENT DIVISION

- 33.0% stake in the REIT Manager
- 33.0% stake in the Trustee-Manager

Note:

(1) These properties are leased back to OPHL under the Master Lease Agreements.

APPENDIX E
LETTER FROM PRIMEPARTNERS CORPORATE FINANCE PTE. LTD. TO THE INDEPENDENT DIRECTORS OF THE COMPANY

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

19 June 2012

To: The Independent Directors of
Orchard Parade Holdings Limited

Dear Sirs

INDEPENDENT FINANCIAL ADVICE WITH RESPECT TO:

(I) THE PROPOSED REIT TRANSACTION (AS DEFINED BELOW); AND

(II) THE PROPOSED ASSET SWAP TRANSACTION (AS DEFINED BELOW).

*For the purposes of this letter, capitalized terms not otherwise defined herein shall have the same meaning ascribed to them in the circular dated 19 June 2012 to the shareholders of Orchard Parade Holdings Limited (the "**Circular**")*

1. INTRODUCTION

On 13 June 2012, Orchard Parade Holdings Limited ("**OPHL**" or the "**Company**") announced the following proposed transactions:

(a) (i) the grant of leasehold interests in three of OPHL's hospitality properties (held directly or through its subsidiaries) to Far East Hospitality Real Estate Investment Trust ("**Far East H-REIT**"), a proposed real estate investment trust ("**REIT**") which will form part of Far East Hospitality Trust ("**Far East H-Trust**"), a proposed hospitality stapled group to be sponsored by the Sponsor (which is part of Far East Organization), and immediately upon completion of the sale of the leasehold interests in the Hospitality Assets, the entry into a Master Lease Agreement between each of the relevant members of the OPHL Group and Far East H-REIT (directly or, as the case may be, through Far East Residences (a sub-trust which will be wholly-owned by Far East H-REIT) ("**Far East Residences**")), in respect of the Hospitality Assets (excluding the Excluded Commercial Premises); and (ii) the acquisition of 330,000 ordinary shares in the share capital of FEO Hospitality Asset Management Pte. Ltd., the proposed manager of Far East H-REIT (the "**REIT Manager**") and 33 ordinary shares in the share capital of FEO Hospitality Trust Management Pte. Ltd., the proposed trustee-manager of Far East H-BT (the "**Trustee-Manager**") (representing a 33.0% interest in each of the REIT Manager and the Trustee-Manager),

(collectively, the "**REIT Transaction**"); and

(b) the Asset Swap Acquisition and Asset Swap Divestment (collectively, the "**Asset Swap Transaction**"), between OPHL and its subsidiaries (the "**OPHL Group**" or "**Group**") and certain members of Far East Organization.

The REIT Transaction and the Asset Swap Transaction (collectively, the "**Transactions**") are intended to be completed simultaneously on the Listing Date.

The Estate will, at the time of entry into the REIT Transaction, indirectly own more than 50.0% of Far East H-REIT. Far East H-REIT is therefore considered to be an associate of the Estate, which is the controlling shareholder of OPHL, FCPPL and OPHRPL, and constitutes an Interested Person of OPHL. The Minimum Aggregate Sale Consideration for the Hospitality Assets of approximately S$702 million is approximately 65.0% of the audited consolidated NTA of the OPHL Group as at

31 December 2011 (the "**Latest NTA**"). In addition, as at the Latest Practicable Date, the Estate owns approximately 100.0% of the issued share capital in Glory Realty Co. Private Ltd.. As NPPL and TPPL are wholly-owned subsidiaries of Glory Realty Co. Private Ltd., they are therefore considered to be associates of the Estate, which is the controlling shareholder of the Company, and constitute Interested Persons of OPHL. As at the Latest Practicable Date, Mr Philip Ng Chee Tat, the Non-Executive Chairman, is a controlling shareholder of FEHS together with his mother, Mdm Tan Kim Choo. FEHS is therefore considered to be an associate of Mr Ng and Mdm Tan, and constitutes an Interested Person of OPHL. As Mr Ng and Mdm Tan are beneficiaries of the Estate together with their immediate family members, FEHS is considered to be part of the same Interested Person group as the other entities within Far East Organization (including Glory Realty Co. Private Ltd.) for purposes of aggregation of the value of Interested Person Transactions under Chapter 9 of the Listing Manual. The aggregate purchase consideration for the NMC Units, the NSC Units and the Hospitality Management Business is approximately S$420 million which is approximately 39.0% of the Latest NTA.

Pursuant to Rule 906 of the Listing Manual where the value of a transaction with an Interested Person singly, or, on aggregation with the values of other transactions conducted with the same Interested Person in the same financial year equals to or exceeds 5% of the Latest NTA, that transaction shall be subject to shareholders' approval.

Based on the foregoing, the Transactions (including the entry into all agreements in connection therewith) therefore constitute "interested person transactions" under Chapter 9 of the Listing Manual in respect of which the approval of Shareholders is required under Rule 906 of the Listing Manual.

PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") has been appointed by the Company as the independent financial adviser to advise the Independent Directors on whether the Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. This letter sets out, *inter alia*, our views on and evaluation of the financial terms of the Transactions and our opinion thereon, and will form part of the Circular.

2. TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the Transactions and to provide an opinion on whether the financial terms of the Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

We were neither a party to the negotiations entered into by the OPHL Group and Far East Organization in relation to the Transactions nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Transactions. We have confined our evaluation to the financial terms of the Transactions and have not taken into account the commercial risks or commercial merits of the Transactions.

Our terms of reference do not require us to evaluate or comment on the strategic or long-term merits of the Transactions or on the future prospects of the Company or the Group or the negotiation process by which the Transactions are made or any other alternative methods by which the Transactions may be made. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter.

We were also not requested or authorised to solicit, and we have not solicited, any indications of interest from any third-party with respect to the Transactions. We are therefore not addressing the relative merits of the Transactions as compared to any alternative transaction that may be available to the Group in the future.

In the course of our evaluation of the financial terms of the Transactions, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Group and Far East Organization. We have also relied on information provided and representations made by the Directors and the management of the Company (the "**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 make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such reasonable enquiries and exercised our judgement on the reasonable use of such information as we deemed necessary and have found no reason to doubt the accuracy or reliability of the information.

We have relied upon the assurances of the Directors (including those who may have delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Circular (except our letter as set out in the Circular) which relate to the Transactions and the Group are fair and accurate and that there are no material facts the omission of which would make any statement in the Circular misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the financial terms of the Transactions and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company or the Group in connection with our opinion in this letter.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, investments) of the Company, the Group or the Transactions. We have only relied on the independent valuation reports prepared by HVS in relation to the Hospitality Assets, the NMC Units and the NSC Units as at 1 May 2012, as well as the independent valuation letter prepared by Deloitte & Touche Financial Advisory Services Pte Ltd ("**Deloitte**") in relation to the Hospitality Management Business as at 1 April 2012.

Our opinion as set out in this letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of the Latest Practicable Date. 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. Shareholders should further take note of any announcements relevant to their consideration of the Transactions which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his 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 as set out in the Circular). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than our letter as set out in the Circular).

Our opinion in respect of the Transactions, as set out in paragraph 7 of this letter, should be considered in the context of the entirety of this letter and the Circular.

3. THE REIT TRANSACTION, THE REIT RELATED IPTS (AS DEFINED HEREIN) AND INFORMATION ON THE HOSPITALITY ASSETS

The full text of the details of the REIT Transaction and other interested person transactions to be entered into in connection with the REIT Transaction (the "**REIT Related IPTs**") as well as the full text of the information on each of the Hospitality Assets in relation to the REIT Transaction are set out in paragraph 3 and Appendices B, C and H of the Circular. **We recommend that the Independent Directors advise the minority Shareholders to read these sections of the Circular very carefully.**

4. THE ASSET SWAP TRANSACTION, THE ASSET SWAP RELATED IPTS (AS DEFINED HEREIN) AND INFORMATION ON NMC, NSC AND THE HOSPITALITY MANAGEMENT BUSINESS

The full text of the details of the Asset Swap Transaction and other interested person transactions to be entered into in connection with the Asset Swap Transaction (the "**Asset Swap Related IPTs**") as well as the full text of the information on each of the NMC Units, NSC Units and the Hospitality Management Business in relation to the Asset Swap Transaction are set out in paragraph 4 and Appendices A and H of the Circular. **We recommend that the Independent Directors advise the minority Shareholders to read these sections of the Circular very carefully.**

5. EVALUATION OF THE TRANSACTIONS

In our evaluation of the financial terms of the Transactions, we have considered the following factors which we consider to be pertinent and to have a significant bearing on our assessment:

(1) Rationale for the Transactions;

(2) In respect of our evaluation of the REIT Transaction:

- (i) Independent valuations of the Hospitality Assets;
- (ii) Consideration for the Hospitality Assets;
- (iii) Comparison with recent valuations of properties comparable to the Hospitality Assets;
- (iv) Precedent transactions involving properties comparable to the Hospitality Assets;
- (v) Terms of the Master Lease Agreements;
- (vi) Management fees payable to the REIT Manager;
- (vii) Fees payable to the Trustee-Manager;

(3) In respect of our evaluation of the Asset Swap Transaction:

- (i) Independent valuations of the NMC Units, the NSC Units and the Hospitality Management Business;
- (ii) Consideration for the NMC Units, the NSC Units and the Hospitality Management Business;
- (iii) Precedent transactions involving properties comparable to the NMC Units and the NSC Units;
- (iv) Valuation ratios of selected listed companies broadly comparable to the Hospitality Management Business;
- (v) Market quotation and trading activity of the YHS shares;

(vi) Valuation ratios of selected listed companies broadly comparable to YHS; and

(4) Financial effects of the Transactions.

5.1 Rationale for the Transactions

The full text of the rationale for the Transactions is set out in paragraph 2.6 of the Circular and has been reproduced in italics below. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

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

2.6.1 New business lines that complement OPHL's strength in property development and investment and will give OPHL the opportunity to expand into the hospitality management and healthcare sectors

OPHL is the listed hospitality and property arm of Far East Organization. Through the Transactions, OPHL intends to complement its current businesses by extending its business into (i) hospitality management, (ii) the provision of healthcare real estate space and (iii) investment in the REIT Manager and the Trustee-Manager.

(a) Unlocking value in the Hospitality Assets

The REIT Transaction will unlock value in the Hospitality Assets, thereby allowing the Company to return part of the proceeds to its Shareholders as a Special Dividend, while retaining a significant amount of the cash proceeds to create growth capacity and to fund the Company's future business plans and requirements for growth. Part of the proceeds from the REIT Transaction will also go towards partially funding the Asset Swap Transaction. The proceeds will also allow the OPHL Group to reduce its borrowings and gearings. (See paragraph 3.1.4 (Use of Proceeds of the Sale of the Hospitality Assets) of the Letter to Shareholders for further details on the use of the cash proceeds.)

By acquiring a 33.0% interest in each of the REIT Manager and the Trustee-Manager, this will give the OPHL Group the opportunity to participate in the Far East H-Trust management business. This investment is expected to provide a sustainable and steady income stream with scalable growth to OPHL via a pro-rata share of the management fees to be received by the REIT Manager.

(b) Expansion into the hospitality management business

The OPHL Group's current hospitality portfolio includes OPH, ACVH and CSVR. The OPHL Group is currently the owner of each of these Hospitality Assets. OPHL believes that its expansion into the hospitality management business will be complementary to its strength as an established owner of its own hospitality properties. Through the Hospitality Management Business, OPHL will be a vertically-integrated hospitality operator, with the ability to both develop its own hospitality properties as well as manage a significant hospitality management business.

OPHL (through Jelco) will be acquiring an existing business, with an established portfolio of hospitality brands and experienced management, as well as hospitality management contracts and a fully functional central reservation system and process. This will allow OPHL to immediately leverage and grow the portfolio.

With the expansion, OPHL will also significantly increase its footprint, and will allow the OPHL Group to explore other hospitality businesses beyond Singapore and allow it to grow regionally. It will also derive synergies, cost savings and management know-how, as well as increase the OPHL Group's abilities and skills to ultimately operate hospitality assets for other third party owners.

By expanding its business to cover all aspects of the hospitality industry, OPHL believes that it will be able to generate for OPHL and its Shareholders a sustainable and recurring income stream in addition to the returns from OPHL's existing property development and investment business.

(c) Expansion into the provision of healthcare real estate space

The proposed extension of its business into the provision of healthcare real estate space will give OPHL the opportunity to participate in the growing healthcare industry in Singapore and in the increasing demand for healthcare space.

The Singapore population has been steadily increasing in recent years, and has grown from 4.8 million residents in 2008 to 5.1 million residents in 2010. Along with this growing population, the old-age dependency ratio has also increased during this corresponding period. With this growing and aging population, and the increasingly affluent residents, the demand for healthcare will continue to remain strong.

With one of the most developed economies in the world, the Singapore healthcare system is highly regarded, and widely recognized as the most advanced in the region. This has led to a vibrant and rapidly growing medical tourism industry, with many visitors coming specifically for medical treatment. The Singapore Government is actively promoting the country as a medical tourism hub, with many visitors to the country seeking medical care and to use the medical facilities.

Through the Asset Swap Transaction, OPHL will (through Jelco) acquire 45 units of medical suites in NMC and 48 units of medical suites in NSC. Some of these units will be held for long-term investment, and will be leased out for recurring income, while the remaining units will be available for sale. The Group intends to actively manage this portfolio of medical suites, and will continue to build on expanding this investment.

As an established property developer, OPHL believes that it can also leverage its existing strength and track record to expand into the business of developing healthcare properties. It will actively seek and identify new sites and opportunities to develop such healthcare real estate. OPHL has plans and intentions to be the premier private owner, operator and landlord of healthcare space in Singapore. The Board will also be exploring other opportunities in the healthcare sector when the appropriate opportunity arises.

(d) Ability to unlock the value in YHS at a premium

In deciding to transfer part of the Company's shareholdings in YHS as part consideration for the Asset Swap Acquisition, the Board has taken into account the following considerations:

(i) the Board believes that this is an opportune time for the Company to divest its investment in YHS. The Company has been a passive investor in and does not participate in the management of YHS, and deems its investment in YHS as non-core. One of the objectives of the Asset Swap Transaction is to enhance the recurring income stream of the Company. Utilising part of the shareholding of the Company in YHS as part consideration for the Asset Swap Acquisition will enable the OPHL Group to enjoy a regular and recurring income stream from these medical units and hospitality management business;

(ii) the Asset Swap will allow the Company to conserve its cash holding for further strategic investment, and allow the Company to more actively participate in future land tender and property developments. A full cash consideration for the Asset Swap Acquisition will be a significant drain on the Company's cash holdings; and

(iii) the offer of a premium above the market price is a good price at which to divest the Disposal Shares, and allows the Company to realise a profit upon divestment. The Company is unlikely to be able to realise such a premium in an outright open market sale.

2.6.2 Name Change to leverage on the Far East brand and to demonstrate its affiliation with Far East Organization

The Company proposes to change its name to "Far East Orchard Limited" to better reflect its close alignment with its controlling shareholder and to leverage on the "Far East" brand. This will ensure a distinct and clear association with Far East Organization."

5.2 Evaluation of the REIT Transaction

5.2.1 Independent valuations of the Hospitality Assets

HVS has been appointed by the Company as the Independent Valuer for the REIT Transaction and the relevant summary valuation certificates are attached as Appendix F of the Circular. Table 1 sets out a summary of the independent valuations as at 1 May 2012 for each of the Hospitality Assets.

Table 1 – Summary of independent valuations of the Hospitality Assets

Asset	Date of Valuation	Method of Valuation	Appraised Value (S$ million)
OPH	1 May 2012	Income approach using the discounted cash flow analysis on the projected net income stream	412
ACVH	1 May 2012	Income approach using the discounted cash flow analysis on the projected net income stream	110
CSVR	1 May 2012	Income approach using the discounted cash flow analysis on the projected net income stream	180
Total			**702**

With regard to the independent valuations of OPH, ACVH and CSVR, HVS had adopted the income approach as the method of valuation. The income approach is typically applied for the valuation of hotels and serviced apartments as the aforesaid properties generally change hands in the open market at prices based on their future income potential. We note that HVS is of the view that the income approach is an acceptable valuation method for OPH, ACVH and CSVR, subject to the reasonableness of the projected cash flows and discount rate applied.

As stated by HVS in the summary valuation certificates on the Hospitality Assets, the independent valuations of the Hospitality Assets are based on various assumptions and limiting conditions, which include, *inter alia*, usage of the property, accuracy of the information provided by the Management and continuation of the relatively stable political, economic and social environment in Singapore. **We recommend that the Independent Directors advise the minority Shareholders to read the aforesaid summary valuation certificates on the Hospitality Assets very carefully.**

5.2.2 Consideration for the Hospitality Assets

The sale consideration for the Hospitality Assets was negotiated on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the independent valuations of the Hospitality Assets by HVS. The sale of the Hospitality Assets is set at a minimum aggregate sale consideration of S$702 million which is based on the aggregate appraised value of the Hospitality Assets as set out below (the "**Minimum Aggregate Sale Consideration**") and will be fully satisfied in cash.

As set out in Table 2, we compare, for each of the Hospitality Assets, its appraised value by HVS as at 1 May 2012 against its minimum sale consideration.

Table 2 – Appraised values and minimum sale considerations of the Hospitality Assets

Asset	Appraised value (S$ million)	Minimum sale consideration (S$ million)
OPH	412	412
ACVH	110	110
CSVR	180	180
Total	**702**	**702**

Notwithstanding the Minimum Aggregate Sale Consideration, we note that the Board believes that the Shareholders should be given the opportunity to enjoy any potential upside based on the final pricing of the Stapled Securities for the initial public offering of Far East H-Trust. Accordingly, we understand that the final sale consideration for the Hospitality Assets will be the higher of the Minimum Aggregate Sale Consideration or the sale consideration determined according to a formula largely based on the market capitalization of the Stapled Securities at the point of issue as detailed in Appendix J of the Circular.

5.2.3 Comparison with recent valuations of properties comparable to the Hospitality Assets

We have compiled publicly available information in respect of recent valuations of hospitality properties which we consider to be broadly comparable to OPH, ACVH and CSVR (the "**OPH Comparable Properties**", the "**ACVH Comparable Properties**" and the "**CSVR Comparable Properties**" respectively, and collectively the "**Comparable Hospitality Properties**") in terms of, *inter alia*, location, grade, average room rate and tenure. Table 3 sets out information on the Comparable Hospitality Properties which we consider to be pertinent for the purpose of benchmarking the valuations per room of each Hospitality Assets with the valuations per room of the Comparable Hospitality Properties.

Table 3 – Comparison with recent valuations of Comparable Hospitality Properties							
Property	**Location[(1)]**	**Title**	**Years to lease expiry**	**Date of valuation**	**Market value[(2)] (S$ million)**	**No. of rooms**	**Valuation per room (S$'000)**
OPH Comparable Properties							
Novotel Clarke Quay	Singapore River	97 years from Apr 1980	65	31-Dec-11	296	403	734
Orchard Hotel	Orchard	75 years from Jul 2006	69	31-Dec-11	450	656	686
Grand Copthorne Waterfront Hotel	Singapore River	75 years from Jul 2006	69	31-Dec-11	350[(3)]	574[(3)]	610
M Hotel	Downtown core	75 years from Jul 2006	69	31-Dec-11	232	413	562
Maximum							**734**
Minimum							**562**
Average							**648**
Median							**648**
OPH	**Orchard**	**50 years from Listing Date[(4)]**	**50[(4)]**	**1-May-12**	**412[(5)]**	**388[(5)]**	**1,062**
ACVH Comparable Properties							
Parc Sovereign Hotel	Rochor	99 years from Sep 2009	96	31-Oct-11	108	170	635
Park Avenue Rochester	Queenstown	99 years from Feb 2005	92	31-Dec-11	165	271	609
Ibis on Bencoolen	Rochor	99 years from Feb 2007	94	31-Dec-11	318[(6)]	538	591
Studio M Hotel	Singapore River	99 years from Feb 2007	94	31-Dec-11	163	360	453
Copthorne King's Hotel	Singapore River	99 years from Feb 1968	55	31-Dec-11	129	310	416
PARKROYAL on Beach Road	Kallang	99 years from 1968	55	31-Dec-11	128	343	373
Maximum							**635**
Minimum							**373**
Average							**513**
Median							**522**
ACVH	**Rochor**	**75 years from Listing Date[(4)]**	**75[(4)]**	**1-May-12**	**110[(5)]**	**210[(5)]**	**524**
CSVR Comparable Properties							
Somerset Grand Cairnhill	Orchard	99 years from 1983	70	31-Dec-11	272	146	1,863
Somerset Liang Court	Singapore River	97 years from 1980	65	31-Dec-11	209	197	1,061
PARKROYAL Serviced Suites	Kallang	99 years from 1968	55	31-Dec-11	78[(7)]	91[(7)]	857
Citadines Mount Sophia	Rochor	96 years from 2008	93	31-Dec-11	132	154	857
Maximum							**1,863**
Minimum							**857**
Average							**1,160**
Median							**959**
CSVR	**Singapore River**	**80 years from Listing Date[(4)]**	**80[(4)]**	**1-May-12**	**180[(5)]**	**128[(5)]**	**1,406**

Sources: Annual reports, prospectuses and public announcements released by the entities that own the properties

Notes:

(1) In accordance with the planning boundaries set out under the Master Plan 2008 by the Urban Redevelopment Authority, Singapore.

(2) Valuation figures stated in the annual reports of the companies or REITs that own the respective properties include valuations for any retail, food and beverage, and/or office space that form part of the hotel site. The corresponding valuation per room figures would therefore incorporate the valuation attributable to components other than the hotel component.

(3) Includes La Residenza's 24 serviced suites.

(4) The independent valuations of OPH, ACVH and CSVR are based on the leasehold interests of 50 years, 75 years and 80 years commencing from the Listing Date respectively.

(5) Based on the summary valuation certificates of each of the respective Hospitality Assets attached as Appendix F of the Circular.

(6) The figure is an average of the market values in the independent valuation reports issued by Jones Lang Lasalle Hotels and Cushman & Wakefield Singapore.

(7) Includes one owner-occupied apartment.

In reviewing the information set out in Table 3, we note the following:

(i) The valuation per room of OPH of approximately S$1,062,000 is higher than the maximum valuation per room of S$734,000 in respect of the OPH Comparable Properties;

(ii) The valuation per room of ACVH of approximately S$524,000 is within the range of between S$373,000 and S$635,000 and is higher than both the average of S$513,000 and the median of S$522,000 in respect of the valuations per room of the ACVH Comparable Properties; and

(iii) The valuation per room of CSVR of approximately S$1,406,000 is within the range of between S$857,000 and S$1,863,000 and is higher than both the average of S$1,160,000 and the median of S$959,000 in respect of the valuations per room of the CSVR Comparable Properties.

It is important to note that the above analysis is limited in its utility to the extent that each of the Hospitality Assets differs from the respective Comparable Hospitality Properties in terms of title, building specifications, site area, gross floor area, location, branding, accessibility, market risks, track record, future prospects and other relevant criteria. In addition, we note that the valuations of the Comparable Hospitality Properties were undertaken at different points in time under different market and economic conditions, and the list of Comparable Hospitality Properties is by no means exhaustive and has been compiled from relevant public sources where available. Consequently, the Independent Directors should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

5.2.4 Precedent transactions involving properties comparable to the Hospitality Assets

We have identified and reviewed past completed transactions, over a two-year period from 1 June 2010 up to the Latest Practicable Date, that involved hospitality properties which we consider to be broadly comparable to OPH, ACVH and CSVR (the **"OPH Comparable Transactions"**, the **"ACVH Comparable Transactions"** and the **"CSVR Comparable Transactions"** respectively, and collectively the **"Comparable Hospitality Transactions"**) in terms of, *inter alia*, location, grade, average room rate and tenure. Table 4 sets out information, where publicly available, on the Comparable Hospitality Transactions which we consider to be pertinent for the purpose of benchmarking the minimum sale considerations per room in relation to the REIT Transaction with the considerations per room in relation to the Comparable Hospitality Transactions.

Table 4 – Comparison with the considerations of Comparable Hospitality Transactions							
Contract date	**Property name**	**Location[(1)]**	**Title**	**Years to lease expiry from contract date**	**Consideration (S$ million)**	**No. of rooms**	**Consideration per room (S$'000)**
OPH Comparable Transactions							
Oct-11	Park Regis	Singapore River	99 years from 2008	94	185[(2)]	203	911
Aug-10	Park Regis	Singapore River	99 years from 2008	95	131[(2)]	203	645
Average							**778**
Jun-12[(3)]	**OPH**	**Orchard**	**50 years from Listing Date[(4)]**	**50[(4)]**	**412[(5)]**	**388**	**1,062**
ACVH Comparable Transactions							
Mar-11	Studio M	Singapore River	99 years from Feb 2007	95	154	360	428
Aug-10	Ibis Singapore on Bencoolen	Rochor	99 years from Feb 2007	95	210	538	390
Average							**409**
Jun-12[(3)]	**ACVH**	**Rochor**	**75 years from Listing Date[(4)]**	**75[(4)]**	**110[(5)]**	**210**	**524**
CSVR Comparable Transaction							
Aug-10	Citadines Mount Sophia	Rochor	96 years from 2008	94	107	154	695
Jun-12[(3)]	**CSVR**	**Singapore River**	**80 years from Listing Date[(4)]**	**80[(4)]**	**180[(5)]**	**128**	**1,406**

Sources: The independent tourism and hotel market overview report issued by CBRE Pte. Ltd. attached as Appendix IV to the preliminary prospectus issued by M&L Hospitality Trusts on 12 April 2012 and press releases and announcements in respect of the Comparable Hospitality Transactions

Notes:

(1) In accordance with the planning boundaries set out under the Master Plan 2008 by the Urban Redevelopment Authority, Singapore.

(2) The consideration for Park Regis includes payment for an office building. The consideration per room would therefore incorporate the amount paid for the office space.

(3) Based on the date of announcement of the proposed Transactions by the Company.

(4) The independent valuations of OPH, ACVH and CSVR are based on the leasehold interests of 50 years, 75 years and 80 years commencing from the Listing Date respectively.

(5) Assumed to be equal to the respective minimum sale consideration as set out in Table 2.

In reviewing the information set out in Table 4, we note the following:

(i) The minimum sale consideration per room in respect of OPH of approximately S$1,062,000 is higher than the maximum consideration per room of S$911,000 in respect of the OPH Comparable Transactions;

(ii) The minimum sale consideration per room in respect of ACVH of approximately S$524,000 is higher than the maximum consideration per room of S$428,000 in respect of the ACVH Comparable Transactions; and

(iii) The minimum sale consideration per room in respect of CSVR of approximately S$1,406,000 is higher than the consideration per room of S$695,000 in respect of the CSVR Comparable Transaction.

The Independent Directors should note that certain circumstances and terms relating to the Comparable Hospitality Transactions are unique and might not be identical to the REIT Transaction and are largely dependent on the market sentiments prevailing at the time of such Comparable Hospitality Transactions.

The properties subject to the Comparable Hospitality Transactions may differ from the Hospitality Assets in terms of title, building specifications, site area, gross floor area, branding, accessibility, market risks, track record, future prospects and other relevant criteria. In addition, the list of Comparable Hospitality Transactions is by no means exhaustive. Consequently, the Independent Directors should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

5.2.5 Terms of the Master Lease Agreements

The REIT Transaction is conditional upon the relevant members of the OPHL Group entering into the Master Lease Agreements with (i) Far East H-REIT in relation to ACVH and OPH and (ii) Far East Residences in relation to CSVR, pursuant to which the relevant members of the OPHL Group will be the master lessees of the Hospitality Assets (the "**Master Lessees**").

As set out in Appendix H of the Circular, the term of each Master Lease Agreement is for 20 years commencing from the Listing Date, with an option for the Master Lessee to obtain an additional lease for a further 20 years on the same terms and conditions, save for amendments required due to change in law and excluding any further option to renew. Under the Master Lease Agreements, the Hospitality Assets will be leased to the Master Lessees, and the Master Lessees will be required to pay monthly rent comprising the following:

(a) A fixed rent of:

  (i) S$10.0 million per annum in respect of OPH; and

  (ii) S$3.5 million per annum in respect of ACVH;

  (iii) S$3.5 million per annum in respect of CSVR; and

(b) A variable rent computed based on the sum of a fixed portion of the relevant Hospitality Asset's Gross Operating Revenue for and a fixed portion of the relevant Hospitality Asset's Gross Operating Profit for the relevant fiscal year, less the fixed rent for that fiscal year, and if the calculation of the variable rent yield a negative figure, the variable rent will be deemed to be zero. The fixed portions of the relevant Hospitality Asset's Gross Operating Revenue and the relevant Hospitality Asset's Gross Operating Profit in a fiscal year, for the purpose of computing the variable rent for the Hospitality Assets, are as follows:

Hospitality Asset	Percentage of the relevant Hospitality Asset's Gross Operating Revenue (%)	Percentage of the relevant Hospitality Asset's Gross Operating Profit (%)
OPH	33	37
ACVH	33	25
CSVR	33	41

The percentage pegged to each Hospitality Asset's Gross Operating Revenue is set at 33.0% for consistency across the Initial Portfolio. The percentage pegged to Gross Operating Profit varies across properties depending on each individual Hospitality Asset's operating performance (which in turn varies, according to each Hospitality Asset's location and size, among other factors).

The quantum of the variable rent will be adjusted at the end of each fiscal year based on the audited profit and loss statement of each Hospitality Asset for such fiscal year.

We note that the current structure of the Master Lease Agreements is broadly similar with that of the other master lease agreements entered into between comparable REITS in the hospitality sector and their respective master lessees of hotels and/or serviced residences.

5.2.6 Management fees payable to the REIT Manager

We have made comparisons of the management fees payable to the REIT Manager with fees payable to managers of comparable REITs. We set out in Table 5 publicly available information in respect of the fees payable to the managers of comparable REITs in the hospitality sector, noting that the bases for computation of the fees payable vary among the REITs.

Table 5 – Comparison with fees payable to managers of comparable REITs

	Fees payable to manager of REIT				
Name of REIT	**Base[(1)] (%)**	**Performance[(2)] (%)**	**Acquisition[(3)] (%)**	**Divestment[(3)] (%)**	**Development[(4)] (%)**
Ascott Residence Trust	0.30	4.0[(5)]	1.0	0.5	-
CDL Hospitality REIT	0.25	5.0	1.0	0.5	-
M&L Hospitality REIT	0.30[(6)]	4.0	1.0	0.5	3.0
Average	**0.28**	**4.3**	**1.0**	**0.5**	**3.0**
Far East H-REIT	**0.30**	**4.0**	**1.0[(7)]**	**0.5**	**3.0**

Sources: Latest annual reports of Ascott Residence Trust and CDL Hospitality Trusts and the preliminary prospectus lodged by M&L Hospitality Trusts.

Notes:

(1) Based on the value of the deposited properties or gross assets of the respective REITs.

(2) Based on the net property income of the respective REITs.

(3) Based on acquisition price, sale price, enterprise value or underlying value of the entity or asset acquired or divested as the case may be.

(4) Based on total project costs incurred in a development project undertaken by the manager on behalf of the respective REITs.

(5) In the event that the Ascott group's share of gross profit increases by more than 6% annually, an outperformance fee of 1% of the difference between the Ascott group's share of that financial year's gross profit and 106% of the Ascott group's share of the preceding year's gross profit.

(6) If the value of the properties is below S$50 million, the manager will not be entitled to the fee for the period where the value is below S$50 million.

(7) 0.75% for acquisitions from Related Parties.

Based on Table 5, we note that the management fees payable to the REIT Manager are in line with the fees payable to the managers of comparable REITs and hence do not appear to be unreasonable.

It is important to note that the above analysis is limited in its utility to the extent that the fees payable to the REIT Manager are not directly comparable to the fees payable to the managers of other REITs as different managers will have additional, different or distinct roles. In addition, the REITs differ in terms of investment objective, industry and geographical focus, risk appetite, future prospects and other relevant criteria. The list of comparable REITs is by no means exhaustive and had been compiled from relevant public sources where available. Consequently, the Independent Directors should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

5.2.7 Fees payable to the Trustee-Manager

We have made comparisons of the fees payable to the Trustee-Manager with fees payable to the trustee-managers of comparable business trusts. We set out in Table 6 publicly available information in respect of the fees payable to the trustee-managers of comparable business trusts in the hospitality sector, noting that the bases for computation of the fees payable vary among the business trusts.

Table 6 – Comparison with fees payable to trustee-managers of comparable business trusts

	Fees payable to trustee-manager of business trust				
Name of business trust	**Management[1] (%)**	**Trustee[2] (%)**	**Acquisition[3] (%)**	**Divestment[3] (%)**	**Development[4] (%)**
CDL Hospitality Business Trust	10.0	0.100[5]	0.10	-	-
M&L Hospitality Business Trust	4.3[6]	0.027[7]	1.00	0.5	3.0
Average	7.0	0.064	0.55	0.5	3.0
Far East H-BT	10.0	0.100[8]	1.00[9]	0.5	3.0

Sources: Latest annual report of CDL Hospitality Trusts and the preliminary prospectus lodged by M&L Hospitality Trusts.

Notes:

(1) Based on the profit before interest and tax (calculated before accounting for the management fee) of the respective business trusts.

(2) Based on the value of the deposited properties of the respective business trusts.

(3) Based on acquisition price, sale price, enterprise value or underlying value of the entity or asset acquired or divested as the case may be.

(4) Based on total project costs incurred in a development project undertaken by the trustee-manager on behalf of the respective business trusts.

(5) Subject to a minimum fee of S$10,000 per month if the value of the deposited properties is at least S$50 million.

(6) Management fee comprises base fee of 0.3% of the value of the deposited properties of the business trust provided that the value is at least S$50 million and performance fee of 4.0% of the net property income.

(7) Subject to a minimum fee of S$50,000 per year if the value of the deposited properties is at least S$50 million.

(8) Subject to a minimum fee of S$10,000 per month provided that the value of the Far-East H-BT Trust Property is at least S$50 million.

(9) 0.75% for acquisitions from Interested Persons.

Based on Table 6, we note that the fees payable to the Trustee-Manager are in line with the fees payable to the trustee-managers of comparable business trusts and hence do not appear to be unreasonable.

It is important to note that the above analysis is limited in its utility to the extent that the fees payable to the Trustee-Manager is not directly comparable to the fees payable to the other trustee-managers as different trustee-managers will have additional, different or distinct roles. In addition, the business trusts differ in terms of investment objective, industry and geographical focus, risk appetite, future prospects and other relevant criteria. The list of comparable business trusts is by no means exhaustive and had been compiled from relevant public sources where available. Consequently, the Independent Directors should note that the above comparison is merely for illustrative purposes and serves as a general guide only

5.3 Evaluation of the Asset Swap Transaction

5.3.1 Independent valuations of the NMC Units, the NSC Units and the Hospitality Management Business

HVS has been appointed by the Company as the independent valuer for the NMC Units and the NSC Units, while Deloitte has been appointed by the Company as the independent valuer for the Hospitality Management Business. The summary valuation certificates for the NMC Units and the NSC Units, and the valuation letter for the Hospitality Management Business, are attached as Appendix F and Appendix G of the Circular respectively. Table 7 sets out a summary of the independent valuations for the NMC Units and the NSC Units as at 1 May 2012 and the independent valuation for the Hospitality Management Business as at 1 April 2012.

Table 7 – Summary of independent valuations of the NMC Units, the NSC Units and the Hospitality Management Business

Asset	Date of valuation	Method of valuation	Appraised value (S$ million)
NMC Units	1 May 2012	Sales comparison approach with reference to recent transactions of similar properties on the open market	145.28
NSC Units	1 May 2012	Sales comparison approach with reference to recent transactions of similar properties on the open market	160.07
Hospitality Management Business	1 April 2012	Income approach using the discounted cash flow method; and Market approach using the guideline public company method	115.0 - 125.0
Total			**420.35 - 430.35**

With regard to the independent valuations of the NMC Units and the NSC Units, we note that HVS had adopted the sales comparison approach as the method of valuation. The sales comparison approach estimates the value of a subject property by comparing it to similar properties recently sold on the open market. The sales prices of the comparable properties are adjusted for any dissimilarity between the comparable properties and the subject property. As medical suites are homogeneous and the adjustments are few in number and relatively simple to compute, we note that HVS is of the view that the sales comparison approach is an acceptable valuation method for the NMC Units and the NSC Units.

With regards to the independent valuation of the Hospitality Management Business, we note that Deloitte had adopted the income approach using the discounted cash flow method and the market approach using the guideline public company method as the methods of valuation. We note that Deloitte is of the view that the income approach and the market approach are acceptable valuation methods for the Hospitality Management Business as it is either profitable or expected to be profitable going forward and as such, both valuation methods will capture the value of the Hospitality Management Business.

As stated by HVS in the summary valuation certificates on the NMC Units and the NSC Units, the independent valuations of the NMC Units and the NSC Units are based on various assumptions and limiting conditions, which include, *inter alia*, usage of the property, accuracy of the information provided by the Management and continuation of the relatively stable political, economic and social environment in Singapore. The independent valuation of the Hospitality Management Business is also subject to various key assumptions as stated by Deloitte in the valuation letter on the Hospitality Management Business, which include, *inter alia*, operating period, sustainability of future earnings and continuation of existing market conditions under which the Hospitality Management Business operates.

We recommend that the Independent Directors advise the minority Shareholders to read the aforesaid summary valuation certificates on the NMC Units and the NSC Units, and valuation letter on the Hospitality Management Business very carefully.

5.3.2 Consideration for the NMC Units, the NSC Units and the Hospitality Management Business

The purchase consideration for the Asset Swap Acquisition was negotiated on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the independent valuations of the NMC Units and the NSC Units by HVS, and the independent valuation of the Hospitality Management Business by Deloitte. In satisfaction of the purchase consideration for the Asset Swap Acquisition, the Company will separately arrange for the Disposal Shares to be transferred to each of NPPL, TPPL and FEHS, with the balance (if any) to be paid in cash.

As set out in Table 8, we compare, for each of the NMC Units, the NSC Units and the Hospitality Management Business, their appraised values against their respective purchase considerations.

Table 8 – Appraised values and purchase considerations of the NMC Units, the NSC Units and the Hospitality Management Business

Asset	Appraised value (S$ million)	Purchase consideration (S$ million)
NMC Units	145.28	145.28
NSC Units	160.07	160.07
Hospitality Management Business	115.0 to 125.0	115.0
Total	**420.35 to 430.35**	**420.35**

We note that the purchase consideration for the NMC Units and the NSC Units have been set at the appraised values by HVS and the purchase consideration for the Hospitality Management Business has been set at the lower end of the fair value range as indicated by Deloitte. Consequently, the total purchase consideration for the Asset Swap Acquisition will be S$420.35 million.

5.3.3 Precedent transactions involving properties comparable to the NMC Units and the NSC Units

Based on the valuation report on the NMC Units and the NSC Units, HVS has identified past completed transactions that involved medical properties which are considered to be comparable to the NMC Units and the NSC Units (the **"Comparable Medical Transactions"**). Table 9 sets out information on the Comparable Medical Transactions which we consider to be pertinent for the purpose of benchmarking the purchase considerations per square metre ("**sq m**") in relation to the acquisition of the NMC Units and the NSC Units with the considerations per sq m in relation to the Comparable Medical Transactions.

Table 9 – Comparison with considerations of Comparable Medical Transactions

Property	Location(1)	Title	Years to lease expiry	Consideration per strata area (S$ per sq m)(2)
Mount Elizabeth Medical Centre	Newton	67 years from Aug 2007	62	54,358
Gleneagles Medical Centre	Tanglin	75 years from Aug 2007	70	50,053
Parkway Novena (Mount E Novena)	Novena	99 years from 2008	95	39,824
Maximum				54,358
Minimum				39,824
Average				48,078
Median				50,053
NMC Units	**Novena**	99 years from Aug 2002	89	42,995(3)
NSC Units	**Novena**	99 years from Apr 2007	94	45,218(3)

Source: Valuation report on the NMC Units and NSC Units prepared by HVS

Notes:

(1) In accordance with the planning boundaries set out under the Master Plan 2008 by the Urban Redevelopment Authority, Singapore.

(2) Average consideration per sq m based on the valuation report on the NMC Units and NSC Units by HVS.

(3) Based on the net lettable areas of 3,379 sq m and 3,540 sq m for the NMC Units and the NSC Units respectively.

In reviewing the information set out in Table 9, we note the following:

(i) The consideration per strata area in respect of the NMC Units of approximately S$42,995 per sq m is within the range of between S$39,824 per sq m and S$54,358 per sq m and is lower than the average of S$48,078 per sq m and the median of S$50,053 per sq m in respect of the consideration per strata area of the Comparable Medical Transactions; and

(ii) The consideration per strata area in respect of the NSC Units of approximately S$45,218 per sq m is within the range of between S$39,824 per sq m and S$54,358 per sq m and is lower than the average of S$48,078 per sq m and the median of S$50,053 per sq m in respect of the consideration per strata area of the Comparable Medical Transactions.

The Independent Directors should note that certain circumstances and terms relating to the Comparable Medical Transactions are unique and might not be identical to the acquisitions of the NMC Units and the NSC Units and are largely dependent on the market sentiments prevailing at the time of such Comparable Medical Transactions.

The properties subject to the Comparable Medical Transactions may differ from the NMC Units and NSC Units in terms of title, building specifications, strata area, location, facilities, amenities, accessibility, composition of tenants, market risks, track record, future prospects and other relevant criteria. In addition, the list of Comparable Medical Transactions is by no means exhaustive. Consequently, the Independent Directors should note that the above comparison is merely for illustrative purposes and serves as a general guide only

5.3.4 Valuation ratios of selected listed companies broadly comparable to the Hospitality Management Business

For the purpose of evaluating the purchase consideration for the Hospitality Management Business, we have made reference to the valuation ratios of selected companies listed on the SGX-ST that are operating in the hotel industry which we consider to be broadly comparable to the Hospitality Management Business (the "**Hospitality Management Business Comparable Companies**") to get an indication of the current market expectations with regard to such companies. Brief descriptions of the Hospitality Management Business and the Hospitality Management Business Comparable Companies are set out below:

Company	Business description
Hospitality Management Business	Comprises employees employed by FEHS, the hospitality management agreements entered into between the relevant Far East Organization entities and FEHS setting out the terms on which FEHS provides hospitality management services as the operator of the 18 hospitality assets in Far East Organization (including the properties to be owned by Far East H-REIT) which will be novated to Jelco pursuant to the Business Transfer Agreement, as well as certain intellectual rights used or owned by FEHS in connection with the Hospitality Management Business. It also owns the various hospitality brands which several of the Far East Organization hotels are currently operating under. These include hospitality brands, "Far East Hospitality", "Oasia", "The Village", "East Village", "Orchard" and "Quincy". Please refer to section 3 of Appendix A to the Circular for further details.
Hotel Properties Limited	Hotel Properties Limited, through its subsidiaries, operates and manages hotels. The company also operates restaurants and retails and distributes food and fashion merchandise. In addition, Hotel Properties Limited trades shares, develops and invests in properties, hotels and resorts.
Hotel Grand Central Limited	Hotel Grand Central Limited owns, operates and manages hotels. The company also collects rent, develops properties and provides marketing and support services.
Pan Pacific Hotels Group Limited	Pan Pacific Hotels Group Limited owns and manages hotels and properties. The company's hotel operations comprise development, operation and management of hotels.
Amara Holdings Limited	Amara Holdings Limited operates hotels and restaurants, provides food and beverage catering services as well as develops and invests in properties. The company owns and operates Amara Hotel and invests in shares.
Hotel Royal Limited	Hotel Royal Limited owns and operates the Hotel Royal in Singapore. The company, through its subsidiaries, also manages and invests in properties in Malaysia and New Zealand.

Source: Bloomberg L.P.

We recognise that there is no company listed on the SGX-ST which we may consider to be identical to the Hospitality Management Business in terms of, *inter alia,* geographical markets, composition of business activities, scale of business operations, risk profile, asset base, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Independent Directors should note that any comparison made with respect to the Hospitality Management Business Comparable Companies merely serve to provide an illustrative perceived market valuation of the Hospitality Management Business as at the Latest Practicable Date.

In our evaluation, we have considered the following valuation parameters:

(i) Price to earnings (the "**P/E**") multiple illustrates the ratio of the market capitalisation of a company relative to its net income attributable to equity holders. It is derived based on the market capitalisation as at the Latest Practicable Date over the net profit attributable to equity holders from the audited financial results of the latest financial year. The P/E multiple is affected by differences in accounting policies including depreciation and asset valuation policies.

(ii) Enterprise value to earnings before interest and tax (the "**EV/EBIT**") multiple illustrates the ratio of the enterprise value of a company relative to its operating income before interest and tax expense. Enterprise value is the market capitalisation as at the Latest Practicable Date, plus the preferred equity, minority interest and total debt less cash and cash equivalents derived from the audited financial results of the latest financial year. Operating income before interest and tax is also derived from the audited financial results of the latest financial year.

For illustration, we have made comparisons of the valuation ratios of the Hospitality Management Business with the valuation ratios of the Hospitality Management Business Comparable Companies as set out in Table 10:

Table 10 – Comparison with valuation ratios of the Hospitality Management Business Comparable Companies

Comparable companies	Market capitalisation[1] (S$ million)	P/E (times)	EV/EBIT (times)
Hotel Properties Limited	953.94	13.54	22.67
Hotel Grand Central Limited	409.44	14.85	4.66
Pan Pacific Hotels Group Limited	1,095.00	13.89	16.88
Amara Holdings Limited	204.81	6.97	25.89
Hotel Royal Limited	195.72	33.23	21.97
Maximum		33.23	25.89
Minimum		6.97	4.66
Average		16.50	18.41
Median		13.89	21.97
Hospitality Management Business	**115.00[2]**	**17.19[3]**	**14.02[3]**

Sources: Bloomberg L.P, respective annual reports

Notes:

(1) As at the Latest Practicable Date.

(2) Based on the purchase consideration for the Hospitality Management Business.

(3) Based on pro-forma FY2011 figures provided by the Management.

As set out in Table 10, we note that:

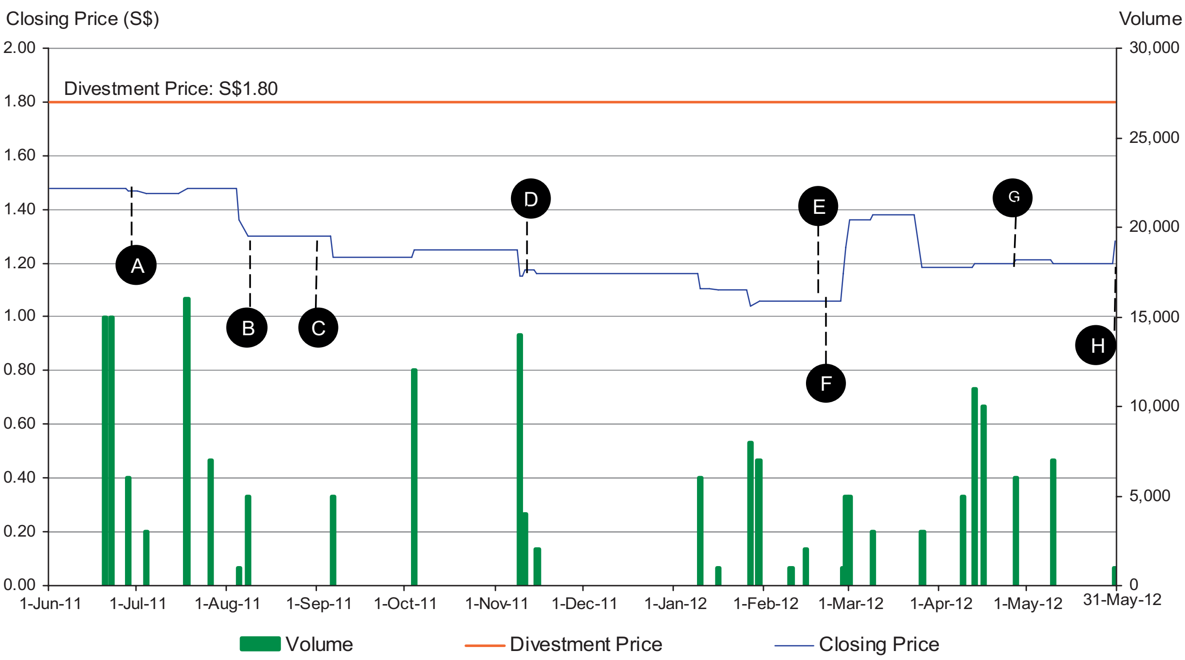
(i) The implied P/E ratio of 17.19 times is within the range of between 6.97 times and 33.23 times and higher than the average of 16.50 times and median of 13.89 times in respect of the P/E ratios of the Hospitality Management Business Comparable Companies; and

(ii) The implied EV/EBIT ratio of 14.02 times is within the range of between 4.66 times and 25.89 times and lower than the average of 18.41 times and median of 21.97 times in respect of the EV/EBIT ratios of the Hospitality Management Business Comparable Companies.

5.3.5 Market quotation and trading activity of the YHS shares

We have compared the divestment price for the Disposal Shares of S$1.80 per YHS share (the "**Divestment Price**") against the historical market prices of the YHS shares. Chart 1 below shows the Divestment Price relative to the daily closing prices and daily trading volume of the YHS shares for the 1-year period from 1 June 2011 to the Latest Practicable Date.

Chart 1 - Daily closing prices and daily trading volume of the YHS shares



Source: Bloomberg L.P.

Selected announcements:

(A) 1 July 2011 - Renewed its exclusive bottling appointment with PepsiCo, Inc. and The Concentrate Manufacturing Company of Ireland

(B) 10 August 2011 – YHS announced its unaudited second quarter results for the period ended 30 June 2011

(C) 2 September 2011 - YHS Beverage (International) Pte Ltd, a wholly-owned subsidiary of Yeo Hiap Seng (Malaysia) Berhad has been dissolved on 30 August 2011 pursuant to the Singapore's Companies Act, Cap. 50.

(D) 11 November 2011 – YHS announced its unaudited third quarter results for the period ended 30 September 2011

(E) 20 February 2012 – YHS released its unaudited full year results for the period ended 31 December 2011

(F) 22 February 2012 – YHS declared tax-exempted (1-tier) dividend of S$0.01 per 1 ordinary share for the financial year ended 31 December 2011

(G) 26 April 2012 – YHS announced its unaudited first quarter results for the period ended 31 March 2012. All resolutions were passed at its annual general meeting

(H) 30 May 2012 – YHS announced the privatization of Yeo Hiap Seng (Malaysia) Berhad by way of selective capital reduction

Based on Chart 1 above, we observe the following:

(i) The YHS shares did not trade at or above the Divestment Price of S$1.80 per share from 1 June 2011 up to the Latest Practicable Date based on the daily closing price; and

(ii) the average daily trading volume of the YHS shares over the 1-year period up to and including the Latest Practicable Date was approximately 742, based on the total volume of Shares traded during the period divided by the number of market days over the same period.

We have also compared the Divestment Price against the volume weighted average price ("**VWAP**") of the YHS shares for varying reference periods prior to and up to the Latest Practicable Date in Table 11:

Table 11 – Premium implied by the Divestment Price over VWAP of the YHS shares

Periods prior to and up to the Latest Practicable Date	VWAP[(1)] (S$)	Premium of Divestment Price over VWAP (%)	Lowest closing price (S$)	Highest closing price (S$)
1-year	1.286	39.97%	1.040	1.480
6-month	1.180	52.54%	1.040	1.380
3-month	1.227	46.70%	1.185	1.380
1-month	1.210	48.76%	1.200	1.280
Latest Practicable Date	1.280[(2)]	40.63%	1.280	1.280

Source: Bloomberg L.P.

Note:

(1) VWAP is calculated as the total traded value divided by the total traded volume for the relevant period.

(2) This represents the last transacted price of the Shares (instead of VWAP) on the Latest Practicable Date.

Based on Table 11, we note the following:

(i) The Divestment Price represents a premium of approximately 39.97%, 52.54%, 46.70% and 48.76% over the 1-year, 6-month, 3-month and 1-month VWAP of the YHS shares respectively;

(ii) The Divestment Price represents a premium of approximately 40.63% over the last transacted price of the YHS shares on the Latest Practicable Date; and

(iii) During the 1-year period prior to and up to the Latest Practicable Date, the closing prices of the YHS shares ranged between a low of S$1.040 and a high of S$1.480. The Divestment Price represents a premium of S$0.320 (or approximately 21.62%) over the highest closing price of the YHS shares during the 1-year period.

Shareholders are advised that the past trading performance of the YHS shares should not, in any way, be relied upon as an indication or a promise of its future trading performance.

5.3.6 Valuation ratios of selected listed companies broadly comparable to YHS

For the purpose of evaluating the financial terms of the Asset Swap Divestment, we have made reference to the valuation ratios of selected companies listed on the SGX-ST that are engaged in the food and beverage business which we consider to be broadly comparable to YHS (the "**YHS Comparable Companies**") to get an indication of the current market expectations with regard to the perceived market valuation of YHS. Brief descriptions of YHS and the YHS Comparable Companies are set out below:

Company	Business description
YHS	YHS manufactures, distributes, and exports canned food, sauces, and non-alcoholic beverages. Through its subsidiaries, the company also rents beverage vending machines. YHS develops and invests in properties.
Super Group Ltd.	Super Group Ltd. manufactures, packages, and distributes instant cereal flakes, instant beverages, instant coffee powder, and other convenience food products. The company also provides vending machine services.
Viz Branz Limited	Viz Branz Limited manufactures and distributes instant beverages comprising mainly cereal mix, coffee mix, and tea mix. The company also produces and distributes snack food, and provides flexible packaging printing services.
Fraser and Neave Limited	Fraser and Neave Limited is a property development company. The company also operates food and beverages as well as publishing and printing businesses and develops and invests in properties.

Source: Bloomberg L.P.

We recognise that there is no company listed on the SGX-ST which we may consider to be identical to YHS in terms of, *inter alia,* geographical markets, composition of business activities, scale of business operations, risk profile, asset base, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Independent Directors should note that any comparison made with respect to the YHS Comparable Companies merely serve to provide an illustrative perceived market valuation of YHS as at the Latest Practicable Date.

In our evaluation, we have considered the following widely used valuation parameters:

(i) Enterprise value to earnings before interest, taxation, depreciation and amortisation (the "**EV/EBITDA**") multiples of companies are based on their enterprise values as at the Latest Practicable Date. Enterprise value is the market capitalisation as at the Latest Practicable Date, plus the preferred equity, minority interest and total debt less cash and cash equivalents derived from the audited financial results of the latest financial year. EBITDA is calculated as operating income plus depreciation and amortisation based on the audited financial results of the latest financial year.

(ii) Price to book (the "**P/B**") multiple illustrates the ratio of the market capitalisation of a company relative to its book value attributable to equity holders. It is derived based on the market capitalisation as at the Latest Practicable Date over the book value attributable to equity holders from the audited financial results of the latest financial year. The P/B multiple is affected by differences in accounting policies including depreciation and asset valuation policies.

(iii) Price to earnings (the "**P/E**") multiple illustrates the ratio of the market capitalisation of a company relative to its net income attributable to equity holders. It is derived based on the market capitalisation as at the Latest Practicable Date over the net profit attributable to equity holders from the audited financial results of the latest financial year. The P/E multiple is affected by differences in accounting policies including depreciation and asset valuation policies.

For illustration, we have made comparisons of the valuation ratios of YHS implied by the Divestment Price with the valuation ratios of the YHS Comparable Companies as set out in Table 12:

Table 12 – Comparison with valuation ratios of the YHS Comparable Companies

Comparable companies	Market capitalisation(1) (S$ million)	EV/EBITDA (times)	P/B (times)	P/E (times)
Super Group Ltd.	1,104.32	13.91	3.01	17.84
Viz Branz Limited	200.53	7.44	2.16	17.45
Fraser and Neave Limited	9,095.70	10.43	1.32	10.39
Maximum		13.91	3.01	17.84
Minimum		7.44	1.32	10.39
Average		10.59	2.16	15.23
Median		10.43	2.16	17.45
YHS(2)	**1,033.42**	**16.54**	**2.12**	**25.09**

Sources: Bloomberg L.P, respective annual reports

Notes:

(1) As at the Latest Practicable Date.

(2) Based on the Divestment Price of S$1.80 for each YHS share.

As set out in Table 12, we note that at the Divestment Price:

(i) The implied EV/EBITDA ratio of 16.54 times is higher than the maximum EV/EBITDA ratio of 13.91 times in respect of the YHS Comparable Companies;

(ii) The implied P/B ratio of 2.12 times is within the range of between 1.32 times and 3.01 times, and marginally lower than the average and median of 2.16 times in respect of the P/B ratios of the YHS Comparable Companies; and

(iii) The implied P/E ratio of 25.09 times is higher than the maximum P/E ratio of 17.84 times in respect of the YHS Comparable Companies.

5.4 Financial effects of the Transactions

The full text of the financial effects of the Transactions is set out in paragraph 6 of the Circular and we have reproduced an extract of the financial effects in italics below. Shareholders should note that the financial effects have been prepared for illustration purposes only and they do not reflect the future actual financial position of the OPHL Group post-Transactions, post-Special Dividend and post-Dividend in Specie. All terms and expressions used in the extract below shall have the same meaning as those defined in the Circular, unless otherwise defined.

"6.2 NAV per Share

Assuming the Transactions had been completed on 31 December 2011, the financial effects of the Transactions on the consolidated NAV of the OPHL Group as at 31 December 2011 are as follows:

	Before the Transactions[(1)]	***Post-Transactions***	***Post-Transactions, Special Dividend and Dividend in Specie***
NAV (S$'000)	*1,079,639*	*1,156,129*	*1,009,872*
No. of issued Shares ('000)	*363,309*	*363,309*	*363,309*
NAV per Share (S$)[(2)]	*2.97*	*3.18*	*2.78*

Notes:

(1) Based on the audited consolidated financial statements of the OPHL Group for FY2011.

(2) The NAV per Share for FY2011 is calculated based on the NAV of the OPHL Group as at 31 December 2011 and 363,308,933 Shares in issue as at 31 December 2011.

6.3 NTA per Share

Assuming the Transactions had been completed on 31 December 2011, the financial effects on the consolidated NTA of the OPHL Group as at 31 December 2011 are set out below. The NTA is determined by the consolidated NAV of the OPHL Group less the OPHL Group's share of intangible assets. The OPHL Group has no intangible assets as at 31 December 2011.

	Before the Transactions[(1)]	***Post-Transactions***	***Post-Transactions, Special Dividend and Dividend in Specie***
NTA (S$'000)	*1,079,639*	*1,156,129*	*1,009,872*
No. of issued Shares ('000)	*363,309*	*363,309*	*363,309*
NTA per Share (S$)[(2)]	*2.97*	*3.18*	*2.78*

Notes:

(1) Based on the audited consolidated financial statements of the OPHL Group for FY2011.

(2) The NTA per Share for FY2011 is calculated based on the NTA of the OPHL Group as at 31 December 2011 and 363,308,933 Shares in issue as at 31 December 2011.

6.4 Earnings per Share

Assuming the Transactions had been completed on 1 January 2011, the financial effects on the consolidated earnings of the OPHL Group for FY2011 are as follows:

	Before the Transactions[1]	***Post-Transactions***
Profit after tax and minority interests (S$'000)	*124,189*	*182,951*
Net profit attributable to ordinary shareholders (S$'000)	*124,189*	*182,951*
EPS		
No. of issued Shares ('000)	*363,309*	*363,309*
EPS (Singapore cents)[2]	*34*	*50*

Notes:

(1) Based on the audited consolidated financial statements of the OPHL Group for FY2011.

(2) The calculation of EPS is based on the net profit attributable to ordinary shareholders of the Company.

6.5 Gearing

Assuming that the Transactions had been completed on 31 December 2011, the financial effects on the net gearing of the Company and the OPHL Group for FY2011 are as follows:

	Before the Transactions[1]	***Post-Transactions***	***Post-Transactions, Special Dividend and Dividend in Specie***
Debt (interest bearing liabilities) (S$'000)[2]	*455,660*	*69,760*	*69,760*
Shareholders' equity (S$'000)[3]	*1,079,639*	*1,156,129*	*1,009,872*
Total debt + Shareholders' equity (S$'000)	*1,535,299*	*1,225,889*	*1,079,632*
Gearing[4]	*29.7%*	*5.7%*	*6.5%*

Notes:

(1) Based on the audited consolidated financial statements of the OPHL Group for FY2011.

*(2) "**Debt**" means the aggregate of interest bearing liabilities.*

*(3) "**Shareholders' equity**" refers to the aggregate of the issued and paid-up share capital and other reserves of OPHL Group.*

(4) Gearing is computed based on the ratio of Debt to the sum of Debt and Shareholders' equity.

6.6 Share Capital

Assuming that the Transactions had been completed on 31 December 2011, the financial effects on the share capital of the Company and the OPHL Group for FY2011 are as follows:

	Before the Transactions[(1)]		***Post-Transactions***	
	No. of shares ('000)[(2)]	***S$'000***	***No. of shares ('000)***	***S$'000***
Issued and fully paid (as at 31 December 2011)				
Shares	*363,309*	*372,063*	*363,309*	*372,063*

Notes:

(1) Based on the audited consolidated financial statements of the OPHL Group for FY2011.

(2) The number of issued and fully-paid shares before the Transactions is based on the number of Shares outstanding as at 31 December 2011."

Based on the above figures in relation to the financial effects of the Transactions, we note the following:

(i) The NTA per Share of the OPHL Group as at 31 December 2011 would have increased from S$2.97 to S$3.18;

(ii) The EPS of the OPHL Group for FY2011 would have increased from S$0.34 to S$0.50; and

(iii) The gearing of the OPHL Group as at 31 December 2011 would have decreased from 29.7% to 5.7%.

6. OTHER RELEVANT CONSIDERATIONS

6.1 Reversion of remaining leasehold interest in each of the Hospitality Assets

Under the REIT Transaction, only a specified partial leasehold interest in each of the Hospitality Assets will be sold to Far East H-REIT. Upon the expiry of Far East H-REIT's leasehold term in the Hospitality Assets as set out in Appendix B to the Circular, title to the Hospitality Assets will revert back to the OPHL Group without any payment to be made by the OPHL Group to Far East H-REIT. This is to provide the OPHL Group with sufficient time and flexibility to make an application to the relevant authorities for renewal of the Hospitality Assets' current lease terms after the expiry of the aforementioned leasehold interests.

6.2 The Company will own an approximate 33.0% interest in each of the REIT Manager and the Trustee-Manager

As part of the REIT Transaction, the Company will acquire an approximate 33.0% interest in each of the REIT Manager and the Trustee-Manager. Consequently, upon the completion of the initial public offering of Far East H-Trust on the Main Board of the SGX-ST, the Company will be able to participate in the Far East H-Trust management business. This is in line with the Company's extension into new business lines which complement its strength in property development and investment. The Company will also be able to enjoy a sustainable and steady income stream via a *pro-rata* share of the fees to be received by the REIT Manager and the Trustee-Manager.

6.3 The Company will manage all the hospitality properties held under Far East Organization

Under the Asset Swap Transaction, OPHL will (through its wholly-owned subsidiary, Jelco) acquire the Hospitality Management Business from FEHS. FEHS is the exclusive hospitality operator of the Far East Organization group of hotels and service residences. It currently has sole rights to operate and manage all hotels and serviced residences of Far East Organaization. The transfer will include, *inter alia*, employees employed by FEHS, the hospitality management agreements entered into between the relevant Far East Organization entities and FEHS setting out the terms on which FEHS provides hospitality management services as the operator of the 18 hospitality assets in Far East Organization (including the properties to be owned by Far East H-REIT) which will be novated to Jelco pursuant to the Business Transfer Agreement and licences for the use of certain information technology systems and computer software as well as certain intellectual rights used and/or owned by FEHS in connection with the Hospitality Management Business.

We note that the hospitality management and operations business is one of the new business lines in which OPHL intends to expand into. By acquiring the Hospitality Management Business from FEHS, OPHL can therefore continue to maintain day-to-day control over the Hospitality Assets as the operator. Concurrently, OPHL can also expect to receive a sustainable and recurring income stream in the form of management fees generated from the management and operation of the 18 hospitality assets in Far East Organization (including the properties to be owned by Far East H-REIT).

6.4 Right of First Refusal

Pursuant to, and in connection with the initial public offering of Far East H-Trust, the Company will voluntarily grant a right of first refusal to Far East H-Trust over completed, income-producing real estate located in Singapore which the OPHL Group may divest in future, subject to certain terms and conditions (the "**OPHL ROFR**").

We understand that the OPHL ROFR will continue to remain in existence for so long as:

(i) FEO Hospitality Asset Management Pte. Ltd. or any of its related corporations remains the REIT Manager;

(ii) FEO Hospitality Trust Management Pte. Ltd. or any of its related corporations remains the Trustee Manager; and

(iii) The Company and/or any of its related corporations, alone or in aggregate, hold at least 15.0% of the total issued share capital of the REIT Manager and the Trustee-Manager.

With the OPHL ROFR, Far East H-Trust therefore has the first opportunity to acquire additional hospitality assets from the OPHL Group which may be earnings and distribution accretive. Similarly, we note that the Company may benefit from the divestments of hospitality assets to Far East H-Trust in future pursuant to the OPHL ROFR, as the dividend income via its controlling stakes in the REIT Manager and the Trustee-Manager may potentially increase due to the acquisitions of additional hospitality assets from the OPHL Group which may be earnings and distribution accretive.

In the event that the REIT Trustee and the Trustee-Manager fail or do not wish to exercise the OPHL ROFR, the Relevant Entity shall be entitled to dispose of its interest in the Relevant Assets to third-parties on terms and conditions no more favourable than what was offered to the REIT Trustee and the Trustee-Manager.

6.5 Funding for the Asset Swap Acquisition

We understand that the purchase consideration for the Asset Swap Acquisition of S$420.35 million will be partially satisfied by the sale consideration for the Asset Swap Divestment of approximately S$362 million. The difference between the purchase consideration for the Asset Swap Acquisition and the sale consideration for the Asset Swap Divestment of approximately S$58 million (the "**Balance Consideration**") will be settled in cash by OPHL (through Jelco).

We note that OPHL expects to settle the Balance Consideration by using part of the gross proceeds from the sale of the Hospitality Assets. Consequently, OPHL does not need to utilise any of its existing cash balances to fund the Asset Swap Acquisition.

7. OPINION

In arriving at our opinion in respect of the Transactions, we have deliberated on various factors which we consider to be pertinent and to have a significant bearing on our assessment of the commercial terms of the Transactions, including, *inter alia*, the following:

(a) Rationale for the Transactions.

(b) For the purpose of the REIT Transaction, the Company had appointed HVS to value the Hospitality Assets. We understand that the independent valuations of the Hospitality Assets have adopted the income approach as the method of valuation and are based on various assumptions and limiting conditions.

(c) We note that the sale consideration for the Hospitality Assets was negotiated on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the independent valuation of the Hospitality Assets by HVS.

(d) The Minimum Aggregate Sale Consideration for the Hospitality Assets will at least be equal to their total appraised value by HVS and there may be a potential upside based on the final pricing of the Stapled Securities for the initial public offering of Far East H-Trust.

(e) With respect to the recent valuations of the OPH Comparable Properties, the valuation per room of OPH of approximately S$1,062,000 is higher than the maximum valuation per room of S$734,000.

(f) With respect to the recent valuations of the ACVH Comparable Properties, the valuation per room of ACVH of approximately S$524,000 is within the range of between S$373,000 and S$635,000 and is higher than both the average of S$513,000 and the median of S$522,000.

(g) With respect to the recent valuations of the CSVR Comparable Properties, the valuation per room of CSVR of approximately S$1,406,000 is within the range of between S$857,000 and S$1,863,000 and is higher than both the average of S$1,160,000 and the median of S$959,000.

(h) With respect to the OPH Comparable Transactions, the minimum sale consideration per room of approximately S$1,062,000 in respect of OPH is higher than the maximum consideration per room of S$911,000.

(i) With respect to the ACVH Comparable Transactions, the minimum sale consideration per room of approximately S$524,000 in respect of ACVH is higher than the maximum consideration per room of S$428,000.

(j) With respect to the CSVR Comparable Transaction, the minimum sale consideration per room of approximately S$1,406,000 in respect of CSVR is higher than the consideration per room of S$695,000.

(k) We note that the current structure of the Master Lease Agreements is broadly similar with that of the other master lease agreements entered into between comparable REITS in the hospitality sector and their respective master lessees of hotels and/or serviced residences.

(l) We note that the management fees payable to the REIT Manager are in line with the fees payable to the managers of comparable REITs and hence do not appear to be unreasonable.

(m) We note that the fees payable to the Trustee-Manager are in line with the fees payable to the trustee-managers of comparable business trusts and hence do not appear to be unreasonable.

(n) For the purpose of the Asset Swap Transaction, the Company had appointed HVS to value the NMC Units and the NSC Units, and also appointed Deloitte to value the Hospitality Management Business.

(o) We understand that the independent valuations of the NMC Units and the NSC Units by HVS have adopted the sales comparison approach as the method of valuation and are based on various assumptions and limiting conditions. As for the independent valuation of the Hospitality Management Business, both the income approach and the market approach are used by Deloitte which are subject to various key assumptions.

(p) We note that the purchase consideration for the Asset Swap Acquisition was negotiated on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the independent valuations of the NMC Units and the NSC Units by HVS, and the independent valuation of the Hospitality Management Business by Deloitte.

(q) With respect to the Comparable Medical Transactions, the purchase consideration per strata area of both the NMC Units and the NSC Units of approximately S$42,995 per sq m and S$45,218 per sq m respectively are within the range of between S$39,824 per sq m and S$54,358 per sq m and are lower than both the average of S$48,078 per sq m and the median of S$50,053 per sq m.

(r) With respect to the Hospitality Management Business Comparable Companies, the implied P/E ratio of 17.19 times is within the range of between 6.97 times and 33.23 times and higher than the average of 16.50 times and median of 13.89 times; the implied EV/EBIT ratio of 14.02 times is within the range of between 4.66 times and 25.89 times and lower than the average of 18.41 times and median of 21.97 times.

(s) We note that the YHS shares did not trade at or above the Divestment Price of S$1.80 per share from 1 June 2011 up to the Latest Practicable Date based on the daily closing price.

(t) In our analysis of the financial terms of the Asset Swap Divestment, we note that the Divestment Price of S$1.80 represents a premium of approximately 39.97%, 52.54%, 46.70%, 48.76% and 40.63% over the 1-year, 6-month, 3-month, 1-month VWAP and the last transacted price of the YHS shares on the Latest Practicable Date respectively. We also note that the Divestment Price represents a premium of approximately 21.62% over the highest closing price of the YHS shares during the 1-year period prior to and up to the Latest Practicable Date.

(u) In our analysis of the financial terms of the Asset Swap Divestment, we note that the implied EV/EBITDA ratio and the implied P/E ratio of YHS at the Divestment Price are 16.54 times and 25.09 times respectively and are higher than the maximum EV/EBITDA ratio and the maximum P/E ratio of 13.91 times and 17.84 times respectively with respect to the YHS Comparable Companies; the implied P/B ratio of YHS of 2.12 times is within the range of between 1.32 times and 3.01 times, and marginally lower than the average and median of 2.16 times in respect of the P/B ratios of the YHS Comparable Companies.

(v) The Transactions would be earnings accretive, NAV accretive and NTA accretive to the OPHL Group.

(w) We note that OPHL Group will retain the reversionary interest in each of the Hospitality Assets, providing the OPHL Group with sufficient time and flexibility to make an application to the relevant authorities for renewal of the Hospitality Assets' current lease terms after the expiry of the leasehold interests in respect of the Hospitality Assets.

(x) The Company will own an approximate 33.0% interest in each of the REIT Manager and the Trustee-Manager, giving the Company the opportunity to participate in the Far East H-Trust management business and to also enjoy a sustainable and steady income stream via a *pro-rata* share of the fees to be received by the REIT Manager and the Trustee-Manager.

(y) The Company will (through its wholly-owned subsidiary, Jelco) acquire the Hospitality Management Business of FEHS and therefore continue to maintain day-to-day control over the Hospitality Assets as the operator and can also expect to receive a sustainable income stream in the form of management fees generated from the management and operation of the 18 hospitality assets in Far East Organization (including the properties to be owned by Far East H-REIT).

(z) The Company may benefit from the divestments of hospitality assets to Far East H-Trust in future pursuant to the OPHL ROFR, as the dividend income via its controlling stakes in the REIT Manager and the Trustee-Manager may potentially increase due to the acquisitions of additional hospitality assets from the OPHL Group which may be earnings and distribution accretive.

(aa) The purchase consideration for the Asset Swap Acquisition of S$420.35 million will be partially satisfied by the sale consideration for the Asset Swap Divestment of approximately S$362 million. The Balance Consideration of approximately S$58 million will be settled in cash by OPHL (through Jelco), which will be funded by part of the gross proceeds from the sale of the Hospitality Assets.

Having regard to all the considerations set out in this letter and the information available as at the Latest Practicable Date, we are of the opinion that the financial terms of the Transactions are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. Accordingly, we advise the Independent Directors to recommend that minority Shareholders vote in favour of the Transactions.

Independent Directors should also note that transactions in the shares of the Company are subject to possible market fluctuations and accordingly, our opinion on the Transactions does not and cannot take into account the future transactions or price levels that may be established for the shares of the Company since these are governed by factors beyond the ambit of our review.

This letter has been prepared for the benefit of the Independent Directors, in connection with and for the purpose of their consideration of the financial terms of the Transactions only. The recommendation made by the Independent Directors to the minority Shareholders in relation to the Transactions shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this letter may be reproduced in the Circular, and in relation to the Transactions, 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. 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 CERTIFICATES

45 UNITS AT NOVENA MEDICAL CENTRE AND 48 UNITS AT NOVENA SPECIALIST CENTRE

SINGAPORE

Prepared by:
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Submitted to:

Mr Vincent Yik
Chief Financial Officer
Orchard Parade Holdings Ltd
1 Tanglin Road #05-01
Orchard Parade Hotel
Singapore 247905

6 June 2012

HVS No: 2012120015-19

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6 June 2012

Mr Vincent Yik
Chief Financial Officer
Orchard Parade Holdings Ltd
1 Tanglin Road #05-01
Orchard Parade Hotel
Singapore 247905

Dear Mr Yik,

VALUATION CERTIFICATES FOR 45 UNITS AT NOVENA MEDICAL CENTRE AND 48 UNITS AT NOVENA SPECIALIST CENTRE, SINGAPORE

We are pleased to submit to you our Valuation Certificates for the following properties:-

1. 45 units at Novena Medical Centre; and
2. 48 units at Novena Specialist Centre

1.0 Client Brief and Purpose of Valuation

We have been instructed to undertake the valuation of the properties as at 1 May 2012 for the proposed acquisition of the properties listed.

HVS has assessed the property interests as independent appraisers. We hereby certify that we have no undisclosed interest in the property and our employment and compensation are not contingent upon our findings and valuations.

2.0 Basis of Valuation

The valuation is prepared in accordance with the International Valuation Standards Committee ('IVSC') definition of Market Value, which is:

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

Additionally, our assessment will be on the basis of the existing use of the property only with appropriate approvals and licenses in place.

HVS
CONSULTING & VALUATION

3.0 Information Utilised

We have been provided with financial, leases and other information relevant to our assessment of the property and whilst due care has been taken in the application of the information; its accuracy cannot be verified by HVS.

Should it be revealed that any of this information is inaccurate or misleading so that its use would affect the valuation, HVS seeks to be informed of such discrepancies and accordingly reserves the right to amend its opinion of value.

4.0 Use of Valuation Report

This Valuation Certificate is prepared for the client for the proposed acquisition of the properties listed.

This valuation has been prepared for the purpose stated above only.

5.0 Assumptions and Limiting Conditions

A list of major assumptions made in the valuation of the property and the limiting conditions under which the opinion is given is detailed in the Addendum to this valuation certificate. It is a condition of the use of the valuation that the recipient of the certificate accepts these statements.

The Valuation Certificates included herein should be read in conjunction with the full valuation report, dated 4 June 2012, which detailed the basis under which the valuation has been prepared.

Yours sincerely
HVS

Zhang Jiahao Associate	Chee Hok Yean Managing Director Valuation and Advisory

HVS Singapore (Reg. No. 52885191L) is the trading name of SG&R Singapore Pte Ltd (Reg. No. 199900143N)

HVS
CONSULTING & VALUATION

VALUATION CERTIFICATE

Property	:	**45 units at Novena Medical Centre (the 'Property')** 10 Sinaran Drive Singapore 307506
Property Interest Valued	:	Leasehold interest in the subject Property, including land, buildings and other improvements including furniture, fixtures and equipment.
Tenure	:	Novena Medical Centre has been developed atop a ±7,822.6-square-metre rectangular plot of land. The legal description of the land is Lot Number TS29-838P in Singapore Town, held in Certificate of Title Volume 612 Folio 200, on a 99-year lease from 28 August 2002.
Location	:	Novena Medical Centre is situated directly above Novena MRT station, next to Novena Square 2 and near the junction of Thomson and Newton Roads. The Property is easily accessible by the Pan Island Expressway and Central Expressway and is connected to the mass rapit transport (MRT) network through Novena MRT station. Situated at the fringe of the city, the surrounding area of the subject property include private residences, shopping centres, offices and various entertainment and food and beverage outlets.
Property Description	:	The Novena Medical Centre currently comprises 45 medical suites which range from 63 square metres to 94 square metres. The Novena Medical Centre comprises suites that have provisions for washrooms to suit the medical practitioners' needs and configure the layout to their requirements. Novena Medical Centre has its own special entrance on the ground floor with a generous waiting area for visitors.
Site Area	:	7,822.6 square metres
Net Lettable Area	:	3,379 square metres
Market Value, Existing Use Basis	:	S$145,280,000
Date of Valuation	:	1 May 2012
Notice	:	This Valuation Certificate should be read in conjunction with the full valuation report, dated 4 June 2012, which details the conditions and assumptions under which this valuation is prepared.

HVS
CONSULTING & VALUATION

VALUATION CERTIFICATE

Property	:	**48 units at Novena Specialist Centre (the 'Property')** 8 Sinaran Drive Singapore 307470
Property Interest Valued	:	Leasehold interest in the subject Property, including land, buildings and other improvements including furniture, fixtures and equipment.
Tenure	:	Novena Specialist Centre has been developed atop a ±5,788.8-square-metre rectangular plot of land. The legal description of the land is Lot Number TS29-928T in Singapore Town, held in Certificate of Title Volume 649 Folio 157, on a 99-year lease from 23 April 2007.
Location	:	Novena Specialist Centre is located across the road from Novena Medical Centre and connected via an overhead bridge. The Property is easily accessible by the Pan Island Expressway and Central Expressway and are connected to the mass rapid transport (MRT) network through Novena MRT station. Situated at the fringe of the city, the surrounding area of the subject property include private residences, shopping centres, offices and various entertainment and food and beverage outlets.
Property Description	:	The Novena Specialist Centre currently comprises 48 medical suites which range from 62 square metres to 134 square metres. The Novena Specialist Centre is situated adjacent to the Oasia Hotel, within the same building. The centre offers well-designed and configured medical suites, allowing specialists to practise in comfort. As the suites are well planned and designed, most of the suites can accommodate up to 3 consultation rooms. If there is a need for larger space, 2 or more adjacent medical suites can be amalgamated as an option.
Site Area	:	5,788.8 square metres
Net Lettable Area	:	3,540 square metres
Market Value, Existing Use Basis	:	S$160,070,000
Date of Valuation	:	1 May 2012
Notice	:	This Valuation Certificate should be read in conjunction with the full valuation report, dated 4 June 2012, which details the conditions and assumptions under which this valuation is prepared.

Addendum 1 – Statement of Assumptions and Limiting Conditions

1. We have relied on information given by the Owner, Client and their representatives (if any) and have accepted advice given to us on such matters as land titles, easements, tenure, planning approvals, statutory notices, tenancy schedule, site and floor plans, building plans, floor areas, building design, building costs, operating and income statements and all other relevant matters. We have assumed the information given to us as correct and have not conducted independent checks to verify them, and no responsibility is assumed or implied by us. Interested parties are advised to seek further due diligence of qualified solicitors, engineers and other professionals as appropriate prior to making any legal, financial or other commitments. Should it be revealed that any information provided is inaccurate or misleading so that its use would affect the valuation, we seek to be informed of such discrepancies and accordingly reserve the right to amend our assessment.
2. The property including its land titles, use rights and improvements is assumed to be transferable, marketable and free of any deed restrictions, easements, encumbrances or other impediments of an onerous nature that would affect the value of the property. We have not conducted independent checks to verify and likewise advice interested parties to engage qualified solicitors to perform such checks and verifications as appropriate.
3. There are no hidden or unapparent conditions of the property, subsoil or structures that would render it more or less valuable. No responsibility is assumed for these conditions or any engineering that may be required to discover them. We have not considered the existence of potentially hazardous materials used in the construction or maintenance of the buildings, such as asbestos, urea formaldehyde foam insulation, or PCBs. We are thus unable to report that the property is free from risk in this respect and have assumed that any investigation would not reveal the presence of hazardous materials. The valuers are not qualified to detect these substances and urge the Client to retain an expert in this field if desired. We have not investigated whether the site is or has been in the past contaminated and are therefore unable to warrant that the property is free from any defect or risk in this respect. Our report is

therefore based on the assumption that the land is not contaminated and any specialist investigation would not disclose the presence of any adverse conditions on the site or within the building.

4. In the course of the property inspection, particular investigation has not been made on environmental matters that are either an inherent feature of the property itself or the surrounding area, which could impact on the property interest. Examples include the historic mining activity or electricity transmission equipment. We therefore value on the assumption that the property is not affected by any such environmental matters.
5. No cadastral survey of the property has been made by the valuers and no responsibility is assumed in connection with such matters. Sketches, pictures, maps and other exhibits are included to assist the Client in visualising the property. It is assumed that the use of the land and premises is within the boundaries of the property described and that there is no encroachment or trespass unless noted.
6. This Valuation Report is neither a structural survey nor a survey on the electrical and mechanical services in terms of both hardware and software. We therefore value on the assumption that the property is of sound design and construction, and free from any inherent defect. No detailed inspection or tests have been carried out by us on any of the services or items of equipment; therefore, no warranty can be given with regard to their serviceability, efficiency, safety or adequacy for their purpose. We express no opinion or advice upon the condition of uninspected parts and our report should not be read as making any implied representation or statement about such parts. We have assumed that the property together with the services therein is in a good state of repair and condition and that there are no outstanding items of expenditure required.
7. We have not inspected any of the property's city, local and private consents, licences, approvals, permits or certificates for its use and operations. It is assumed that the property will be in full compliance with all applicable city, local and private codes, laws, consents, licences and regulations (including a fire certificate and relevant alcohol licences where appropriate), and that all licences, permits, certificates, franchises and so forth can be freely renewed and/or transferred to a purchaser. It is advisable for interested parties to seek full legal due diligence advice of a qualified legal solicitor prior to making any legal, financial or other commitments.
8. All mortgages, liens, encumbrances, leases, servitudes, arrears and penalties have been disregarded unless specified otherwise.
9. HVS is not required to give testimony or attendance in court by reason of this economic and valuation study without previous

arrangements and only when our standard *per diem* fees and travel costs are paid prior to the appearance.

10. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material contained in this report, it is recommended that the reader contact HVS.
11. The quality of a property's on-site management has a direct effect on a property's economic viability and market value. The financial forecasts presented in this Valuation Report assume both responsible ownership and competent management. Any variance from this assumption may have a significant impact on the forecast operating results.
12. The estimated operating results presented in this report are based on an evaluation of the current overall economy of the area and neither take into account nor make provision for the effect of any sharp rise or decline in local or economic conditions. To the extent that wages and other operating expenses may advance during the economic life of the property, it is expected that the prices of rooms, food, beverages and services will be adjusted to at least offset these advances. HVS does not warrant that the estimates will be attained, but they have been prepared on the basis of information obtained during the course of this study and are intended to reflect the expectations of typical investors.
13. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based upon numbers carried out to three or more decimal places. In the interest of simplicity, most numbers presented in this report have been rounded. Thus, these figures may be subject to small rounding errors in some cases.
14. Our valuation opinion is current as at the date of valuation. It is likely that the value assessed may be subject to significant and unexpected changes over a relatively short period due to reasons including, but not limited to, the result of general market movements and/or other factors specific to the subject property. We are not liable for any losses arising from any of such subsequent changes in value and neither do we accept any liability where our value opinion is relied upon after the expiration of three months from the date of valuation. We shall not be responsible for any delay to the performance of our valuation exercise, where matters beyond our control cause such delay.
15. Valuing real estate is both a science and an art. Although this valuation employs various mathematical calculations, the final estimate is subjective and may be influenced by the consultant's experience and other factors not specifically set forth in this report.

16. It is assumed that the relationship between the currencies used in this report and other major world currencies remains constant as at the date of our fieldwork.

17. Whilst the information contained herein is believed to be correct, it is subject to change. Nothing contained herein is to be construed as a representation or warranty of any kind.

18. Until the time that all of our professional fees and other charges have been paid in full, the draft or final report, which is provided to you as a professional courtesy, remains the intellectual property of HVS and shall not be utilised in attempting to: a) obtain financial capital (whether debt or equity); b) further any litigation, mediation, or arbitration processes; or c) assist the Client in any cause, action or endeavour.

    If HVS has not been paid in full for its outstanding professional fees and other charges, and the draft or final report is used in violation of this agreement, HVS will be entitled to seek injunctive relief, monetary damages, and the cost of attorney fees and collection expenses.

19. It is agreed that the liability of HVS, its employees and anyone else associated with this assignment is limited to the amount of the fee paid as liquidated damages. You acknowledge that any opinions, recommendations and conclusions expressed during this assignment will be rendered by the staff of HVS acting solely as employees and not as individuals. Any responsibility of HVS is limited to the Client, and use of our product by third parties shall be solely at the risk of the Client and/or third parties.

20. This assessment and study has been undertaken by HVS as an independent overseas consultant.

21. Throughout this report, 'HVS' refers to the trading name of SG&R Singapore Pte Ltd (Registration Number 199900143N), a wholly owned subsidiary of SG&R Valuation Services Company.

Valuation Certificates

Portfolio of Two Hotels and One Serviced Residence

Singapore

Prepared by:

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Submitted to:

Mr Vincent Yik
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Orchard Parade Hotel
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6 June 2012

HVS No: 2012120015-19

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6 June 2012

Mr Vincent Yik
Chief Financial Officer
Orchard Parade Holdings Ltd
1 Tanglin Road #05-01
Orchard Parade Hotel
Singapore 247905

Dear Sir,

VALUATION CERTIFICATES FOR THREE PROPERTIES IN SINGAPORE

We are pleased to submit to you our Valuation Certificates for the following properties:-

1. Orchard Parade Hotel
2. Albert Court Village Hotel; and
3. Central Square

1.0 Client Brief and Purpose of Valuation

We have been instructed to perform a valuation of the properties as at 1 May 2012 based on its existing use and subject to the existing leases.

HVS has assessed the property interests as independent appraisers. We hereby certify that we have no undisclosed interest in the property and our employment and compensation are not contingent upon our findings and valuations.

2.0 Basis of Valuation

The valuation is prepared in accordance with the International Valuation Standards Committee ('IVSC') definition of Market Value, which is:

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

Additionally, our assessment will be on the basis of the existing use of the property only with appropriate approvals and licenses in place.

HVS
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3.0 Information Utilised

We have been provided with financial, leases and other information relevant to our assessment of the property and whilst due care has been taken in the application of the information; its accuracy cannot be verified by HVS.

Should it be revealed that any of this information is inaccurate or misleading so that its use would affect the valuation, HVS seeks to be informed of such discrepancies and accordingly reserves the right to amend its opinion of value.

4.0 Use of Valuation Report

This Valuation Certificate is prepared for purposes of intending sale to the proposed real estate investment trust (REIT).

This valuation has been prepared for the purpose as stated above only.

5.0 Assumptions and Limiting Conditions

A list of major assumptions made in the valuation of the property and the limiting conditions under which the opinion is given is detailed in the Addendum to this valuation certificate. It is a condition of the use of the valuation that the recipient of the certificate accepts these statements.

The Valuation Certificate included herein should be read in conjunction with the full valuation reports, dated 4 June 2012, which detailed the basis under which the valuations have been prepared.

Yours sincerely
HVS

Teo Junrong Senior Associate	Chee Hok Yean Managing Director Valuation and Advisory

HVS Singapore (Reg. No. 52885191L) is the trading name of SG&R Singapore Pte Ltd (Reg. No. 199900143N)

HVS
CONSULTING & VALUATION

VALUATION CERTIFICATE

Property	:	**Orchard Parade Hotel (the 'Property')** 1 Tanglin Road Singapore 247905
Property Interest Valued	:	Unexpired interest in the land, buildings and other improvements including furniture, fixtures and equipment.
Tenure	:	The Orchard Parade Hotel has been developed atop a ±8,143-square-metre plot of land. The plot of land is held under four lots, with three under freehold tenure and one on a leasehold tenure for 99 years from 1 April 1965. The legal descriptions of the land which the Property rests on are Lot Number TS24-653W, TS24-656A, TS24-769W and TS24-659X. For the purpose of this valuation, we have been instructed to value the Property subject to an unexpired leasehold interest of 50 years.
Location	:	Orchard Parade Hotel is located within main shopping and entertainment district in the city-state, within proximity to numerous malls, hotels and upscale residential properties. Changi International Airport is a 30-minute drive away from the Property. Being in a prime shopping district which is popular with tourists, the Property is also well-connected via different modes of transportation. Orchard station is just a five minute walk away.
Property Description	:	Orchard Parade Hotel is a development comprising of a 5-storey podium, a 17 storey tower block and an 8-storey car park/hotel extension. Opened originally as Ming Court before it became Orchard Parade Hotel in 1990, the Property has a total of 388 guestrooms. Other than the hotel component, the Property has a substantial amount of office and retail space. The net lettable areas for the office and retail components are approximately 1,739 square metres and 3,694 square metres, respectively. There are also 174 car parking lots within the Property.
Site Area	:	8,143 square metres
Market Value, Existing Use Basis	:	Hotel: S$329 million Retail: S$61 million Office: S$22 million **Total: S$412 million**
Date of Valuation	:	1 May 2012
Notice	:	This Valuation Certificate should be read in conjunction with the full valuation report dated 4 June 2012, which details the conditions and assumptions under which this valuation is prepared.

HVS
CONSULTING & VALUATION

VALUATION CERTIFICATE

Property	:	**Albert Court Village Hotel (the 'Property')** 180 Albert Street Singapore 189971
Property Interest Valued	:	Unexpired leasehold interest in the land, buildings and other improvements including furniture, fixtures and equipment.
Tenure	:	The Albert Court Village Hotel has been developed atop a ±4,273-square-metre plot of land. The plot of land is held under two lots, both on a 99-year leasehold tenure from 10 September 1990. The legal descriptions of the land which the Property rests on are Lot Number TS12-797T and TS12-813N.
Location	:	Albert Court Village Hotel (the 'Property') is located at 180 Albert Street, Singapore. The Property is located on the fringe of the heritage district of Little India and within proximity to Orchard Road, Singapore's premier shopping and entertainment belt. Changi International Airport is a 25-minute drive away from the Property. Albert Court Village Hotel is also well-connected by the local subway network, with both the Bugis and the Little India stations a ten-minute walk away. In addition, the Property also offers complimentary one-way shuttle service to City Hall Station.
Property Description	:	The Albert Court Village Hotel is a ten-storey hotel development with a two-storey basement carpark. Opened in 1998, the Property comprises a total of 210 guestrooms. Other than the hotel component, the Property has a substantial retail space, with total net lettable area totalling approximately 1,003 square metres.
Site Area	:	4,273 square metres
Market Value, Existing Use Basis	:	Hotel: S$104 million Retail: S$6 million **Total: S$110 million**
Date of Valuation	:	1 May 2012
Notice	:	This Valuation Certificate should be read in conjunction with the full valuation report dated 4 June 2012, which details the conditions and assumptions under which this valuation is prepared.

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VALUATION CERTIFICATE

Property	:	**Central Square (the 'Property')** 20 Havelock Road Singapore 059765
Property Interest Valued	:	Unexpired leasehold interest in the land, buildings and other improvements including furniture, fixtures and equipment.
Tenure	:	The Central Square has been developed atop a ±6,238-square-metre plot of land. The plot of land is held under on a 99-year leasehold tenure from 13 February 1995. The legal description of the land which the Property rests on is Lot Number TS8-320N.
Location	:	Central Square is located at 20 Havelock Road, Singapore. Central Square consists of a development named Central Square Village Residences, which has serviced apartments and serviced offices, together with retail and office spaces. The Property is situated within proximity of the precinct of Chinatown, the city's Central Business District and also the entertainment and dining hub in Clarke Quay. Changi International Airport is a 30-minute drive away from the Property. Central Square is also well-connected by the local mass rapid transport network, with both the Chinatown and Clarke Quay stations an eight-minute walk away.
Property Description	:	The Central Square is part of a commercial and residential mixed-use development with a basement carpark. Opened in 1994, the Property comprises 127 units of serviced apartments under Central Square Village Residences. Other than the serviced apartment units, which are located from the 4th to 7th floor, the Property also has serviced office units on the 2nd floor and office units on the 3rd floor. The 1st floor of the development offers retail space and is occupied by shops and restaurants. The net lettable area of the office and retail spaces is at approximately 1,474 square metres.
Site Area	:	8,143 square metres
Market Value, Existing Use Basis	:	Hotel: S$150 million Retail: S$14 million Office: S$16 million **Total: S$180 million**
Date of Valuation	:	1 May 2012
Notice	:	This Valuation Certificate should be read in conjunction with the full valuation report dated 4 June 2012, which details the conditions and assumptions under which this valuation is prepared.

Addendum 1 – Statement of Assumptions and Limiting Conditions

1. We have relied on information given by the Owner, Client and their representatives (if any) and have accepted advice given to us on such matters as land titles, easements, tenure, planning approvals, statutory notices, tenancy schedule, site and floor plans, building plans, floor areas, building design, building costs, operating and income statements and all other relevant matters. We have assumed the information given to us as correct and have not conducted independent checks to verify them, and no responsibility is assumed or implied by us. Interested parties are advised to seek further due diligence of qualified solicitors, engineers and other professionals as appropriate prior to making any legal, financial or other commitments. Should it be revealed that any information provided is inaccurate or misleading so that its use would affect the valuation, we seek to be informed of such discrepancies and accordingly reserve the right to amend our assessment.
2. The property including its land titles, use rights and improvements is assumed to be transferable, marketable and free of any deed restrictions, easements, encumbrances or other impediments of an onerous nature that would affect the value of the property. We have not conducted independent checks to verify and likewise advice interested parties to engage qualified solicitors to perform such checks and verifications as appropriate.
3. There are no hidden or unapparent conditions of the property, subsoil or structures that would render it more or less valuable. No responsibility is assumed for these conditions or any engineering that may be required to discover them. We have not considered the existence of potentially hazardous materials used in the construction or maintenance of the buildings, such as asbestos, urea formaldehyde foam insulation, or PCBs. We are thus unable to report that the property is free from risk in this respect and have assumed that any investigation would not reveal the presence of hazardous materials. The valuers are not qualified to detect these substances and urge the Client to retain an expert in this field if desired. We have not investigated whether the site is or has been in the past contaminated and are therefore unable to warrant that the property is free from any defect or risk in this respect. Our report is

therefore based on the assumption that the land is not contaminated and any specialist investigation would not disclose the presence of any adverse conditions on the site or within the building.

4. In the course of the property inspection, particular investigation has not been made on environmental matters that are either an inherent feature of the property itself or the surrounding area, which could impact on the property interest. Examples include the historic mining activity or electricity transmission equipment. We therefore value on the assumption that the property is not affected by any such environmental matters.

5. No cadastral survey of the property has been made by the valuers and no responsibility is assumed in connection with such matters. Sketches, pictures, maps and other exhibits are included to assist the Client in visualising the property. It is assumed that the use of the land and premises is within the boundaries of the property described and that there is no encroachment or trespass unless noted.

6. This Valuation Report is neither a structural survey nor a survey on the electrical and mechanical services in terms of both hardware and software. We therefore value on the assumption that the property is of sound design and construction, and free from any inherent defect. No detailed inspection or tests have been carried out by us on any of the services or items of equipment; therefore, no warranty can be given with regard to their serviceability, efficiency, safety or adequacy for their purpose. We express no opinion or advice upon the condition of uninspected parts and our report should not be read as making any implied representation or statement about such parts. We have assumed that the property together with the services therein is in a good state of repair and condition and that there are no outstanding items of expenditure required.

7. We have not inspected any of the property's city, local and private consents, licences, approvals, permits or certificates for its use and operations. It is assumed that the property will be in full compliance with all applicable city, local and private codes, laws, consents, licences and regulations (including a fire certificate and relevant alcohol licences where appropriate), and that all licences, permits, certificates, franchises and so forth can be freely renewed and/or transferred to a purchaser. It is advisable for interested parties to seek full legal due diligence advice of a qualified legal solicitor prior to making any legal, financial or other commitments.

8. All mortgages, liens, encumbrances, leases, servitudes, arrears and penalties have been disregarded unless specified otherwise.

9. HVS is not required to give testimony or attendance in court by reason of this economic and valuation study without previous

arrangements and only when our standard *per diem* fees and travel costs are paid prior to the appearance.

10. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material contained in this report, it is recommended that the reader contact HVS.
11. The quality of a property's on-site management has a direct effect on a property's economic viability and market value. The financial forecasts presented in this Valuation Report assume both responsible ownership and competent management. Any variance from this assumption may have a significant impact on the forecast operating results.
12. The estimated operating results presented in this report are based on an evaluation of the current overall economy of the area and neither take into account nor make provision for the effect of any sharp rise or decline in local or economic conditions. To the extent that wages and other operating expenses may advance during the economic life of the property, it is expected that the prices of rooms, food, beverages and services will be adjusted to at least offset these advances. HVS does not warrant that the estimates will be attained, but they have been prepared on the basis of information obtained during the course of this study and are intended to reflect the expectations of typical investors.
13. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based upon numbers carried out to three or more decimal places. In the interest of simplicity, most numbers presented in this report have been rounded. Thus, these figures may be subject to small rounding errors in some cases.
14. Our valuation opinion is current as at the date of valuation. It is likely that the value assessed may be subject to significant and unexpected changes over a relatively short period due to reasons including, but not limited to, the result of general market movements and/or other factors specific to the subject property. We are not liable for any losses arising from any of such subsequent changes in value and neither do we accept any liability where our value opinion is relied upon after the expiration of three months from the date of valuation. We shall not be responsible for any delay to the performance of our valuation exercise, where matters beyond our control cause such delay.
15. Valuing real estate is both a science and an art. Although this valuation employs various mathematical calculations, the final estimate is subjective and may be influenced by the consultant's experience and other factors not specifically set forth in this report.

16. It is assumed that the relationship between the currencies used in this report and other major world currencies remains constant as at the date of our fieldwork.

17. Whilst the information contained herein is believed to be correct, it is subject to change. Nothing contained herein is to be construed as a representation or warranty of any kind.

18. Until the time that all of our professional fees and other charges have been paid in full, the draft or final report, which is provided to you as a professional courtesy, remains the intellectual property of HVS and shall not be utilised in attempting to: a) obtain financial capital (whether debt or equity); b) further any litigation, mediation, or arbitration processes; or c) assist the Client in any cause, action or endeavour.

    If HVS has not been paid in full for its outstanding professional fees and other charges, and the draft or final report is used in violation of this agreement, HVS will be entitled to seek injunctive relief, monetary damages, and the cost of attorney fees and collection expenses.

19. It is agreed that the liability of HVS, its employees and anyone else associated with this assignment is limited to the amount of the fee paid as liquidated damages. You acknowledge that any opinions, recommendations and conclusions expressed during this assignment will be rendered by the staff of HVS acting solely as employees and not as individuals. Any responsibility of HVS is limited to the Client, and use of our product by third parties shall be solely at the risk of the Client and/or third parties.

20. This assessment and study has been undertaken by HVS as an independent overseas consultant.

21. Throughout this report, 'HVS' refers to the trading name of SG&R Singapore Pte Ltd (Registration Number 199900143N), a wholly owned subsidiary of SG&R Valuation Services Company.

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13 June 2012

The Board of Directors
Orchard Parade Holdings 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 Orchard Parade Holdings Limited dated 13 June 2012 (the "Announcement") shall have the same meaning herein.

1. Introduction

Deloitte & Touche Financial Advisory Services Pte Ltd ("Deloitte") has been engaged by Orchard Parade Holdings Limited ("OPHL" 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 "Hospitality Management Business") of Far East Hospitality Services Pte Ltd ("FEHS") as at 1 April 2012, on a desk-top basis (the "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...".

We understand that OPHL intends to acquire the Hospitality Management Business from FEHS (the "Transaction"). FEHS is a wholly owned subsidiary of Far East Organisation Pte. Ltd. ("FEO"), which is also the controlling shareholder of OPHL.

We have been instructed to perform the Valuation on the basis that the Hospitality Management Business, as defined in the Announcement and based on the terms of the Business Transfer Agreement, had been effected as at 1 January 2011, i.e. the Hospitality Management Business had the following agreements (the "Management Agreements") effected as at 1 January 2011:

(i) The Hospitality Management Agreements with the 8 hotels and 10 serviced residences as set out in the Business Transfer Agreement (the "18 Hospitality Properties"); and

(ii) The Property Management Agreements with 8 of the above 18 Hospitality Properties (the "8 Office/ Retail Properties").

The Valuation is to assist OPHL's internal decision-making process relating to the Transaction. For the avoidance of doubt, the decision as to the final purchase price at which the Transaction is done rests solely with OPHL.

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2. Terms of Reference

This letter has been prepared for inclusion in the Circular and is addressed to the Board of Directors ("Directors") of OPHL (the "Board") solely for its use in connection with, and limited to, the Transaction only. Other than for this intended purpose, this letter cannot be used or relied upon for any other purpose and/or by any other person including, without limitation, any of the Shareholders or OPHL's employees or any of the Directors as individuals or any investor or any other persons.

Our estimate of the range of indicative fair values of the Hospitality Management Business will not form a basis of the price at which the Hospitality Management Business is to be acquired. This letter and the data on which this letter is prepared is not intended to form the basis of any acquisition decision in relation to the Transaction and does not contain all the information that is necessary to fully evaluate the Transaction.

Other than our engagement as set out above, Deloitte has had no involvement in any other aspect pertaining to the Transaction including, without limitation, the negotiations, the deliberations or the decision by the respective parties to enter into the Transaction. 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 Transaction or the relative merits of the Transaction as compared to any alternative transaction previously considered by OPHL or that otherwise may be available to OPHL in the future or on the future growth prospects or earnings potential of OPHL and/or the Hospitality Management Business. 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 Transaction and, accordingly, it may not be relied upon as such by any person and, in particular, by any Shareholder. Such person or Shareholder should seek his/her own professional advice in connection with the Transaction and the Circular.

The management of OPHL 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 OPHL and the Hospitality Management Business 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.

In connection with our engagement, we held discussions with the management of OPHL and relied on the pro-forma financials (the "Pro-formas"), financial forecasts (the "Projections") and other information provided to us by OPHL which is the sole responsibility of OPHL. In performing the Valuation, we placed reliance on the Pro-formas and Projections of the Hospitality Management Business. 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 Hospitality Management Business, (iii) the validity, rights, obligations and completeness of the licences and operating permits and approvals required to operate the Hospitality Management Business, and (iv) the validity, rights, obligations and completeness of the agreements between the Hospitality Management Business and FEO and/ or companies controlled by FEO, 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 OPHL. We have not carried out any work which constitutes an audit in accordance with generally accepted auditing standards including

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any in-depth investigation into the business and affairs of OPHL and/ or the Hospitality Management Business and their respective subsidiaries. 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 OPHL. 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 OPHL in preparing the Pro-formas and the Projections of the Hospitality Management Business. 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 Hospitality Management Business 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 Hospitality Management Business 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 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 Hospitality Management Business. 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 Hospitality Management Business to be both reasonable and defensible based on our scope and the information available to us, others may place a different value on the Hospitality Management Business.

Our estimate of the range of indicative fair values of the Hospitality Management Business is based on the market, economic, industry and other conditions prevailing at the time when the Valuation was conducted and the information made available to us by the management of OPHL. 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 Hospitality Management Business or any factors or assumptions contained herein.

3. Valuation Approach

We performed the Valuation of the Hospitality Management Business 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 Valuation, we considered, *inter alia*, the following:

a. The Pro-formas, Projections and supporting information as provided by OPHL. The Pro-formas cover the financial year ended 31 December 2011, the 3-month period ended 31 March 2011 and the 3 month period ended 31 March 2012 and the Projections cover the period from 1 April 2012 to 31 December 2013;

b. Relevant information provided by OPHL which includes, *inter alia*, the Pro-formas, Projections, draft copies of the Property Management Agreements dated 31 May 2012, draft copies of the Hospitality Management Agreements dated 5 June 2012, draft copy of the Business Transfer Agreement for the Hospitality Management Business dated 8 June 2012 and draft copy of the Circular dated 12 June 2012;

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c. Discussions and correspondences with the management of OPHL as well as its advisors;

d. As at the Valuation Date, the Hospitality Management Business, as described in the Announcement and based on the terms of the Business Transfer Agreement, i.e. the Management Agreements with the 18 Hospitality Properties and the 8 Office/ Retail Properties, as the case may be, is not effected yet;

e. The Valuation is performed on the basis that the Hospitality Management Business, as described in the Announcement and based on the terms of the Business Transfer Agreement, i.e. the Management Agreements with the 18 Hospitality Properties and the 8 Office/ Retail Properties, as the case may be, had been effected as at 1 January 2011;

f. Our assessment of the terminal growth rates and discount rates applicable to the Hospitality Management Business;

g. Guideline pricing multiples of publicly listed companies operating in the hotel industry which we view as broadly comparable to the Hospitality Management Business. We highlight that we have not identified any publicly listed company which is truly comparable to the Hospitality Management Business 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 Hospitality Management Business 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:

a. The information provided fairly reflects the financial and operating positions of the Hospitality Management Business;

b. The Pro-formas fairly reflect the financials of the Hospitality Management Business if it had existed as at 1 January 2011;

c. The Hospitality Management Business achieves the Projections;

d. The Projections are based on the Management Agreements with the 18 Hospitality Properties and the 8 Office/ Retail Properties, as the case may be;

e. The Hospitality Management Business will be able to replace any or all of the Management Agreements with the 18 Hospitality Properties and the 8 Office/ Retail Properties, as the case may be, with other management agreements on the same financial and commercial terms going forward;

f. The estimate of the maintainable earnings of the Hospitality Management Business is sustainable going forward;

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g. The Hospitality Management Business 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 Hospitality Management Business and FEO and/ or companies controlled by FEO, including the Management Agreements and the Business Transfer Agreement for the Hospitality Management Business, are on an arms-length basis and are maintained going forward;

i. As at the Valuation Date, the Hospitality Management Business, based on the Pro-formas, does not have any debt, surplus cash or working capital;

j. There will be no material changes, after the date of this Valuation, in the market conditions under which the Hospitality Management Business 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 Hospitality Management Business;

l. There are no surplus assets not disclosed to us, which would have a material impact on the value of the Hospitality Management Business; and

m. The other assumptions used in this Valuation hold true.

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 Hospitality Management Business to be as follows:

S$'million	Low	High
Estimated range of indicative fair values of the Hospitality Management Business	112	129

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 Hospitality Management Business:

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Estimated range of indicative fair values of the Hospitality Management Business	Fluctuation of -10%		Fluctuation of +10%	
S$'million	Low	High	Low	High
Proforma and projected revenues	101	116	124	142
Proforma and projected costs	125	144	99	115
Terminal growth rate, discount rate*, guideline pricing multiples	98	112	131	152

* 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 Hospitality Management Business to be **S$115 million to S$125 million**.

Our estimation of the range of indicative fair values of the Hospitality Management Business 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 of OPHL and/or the special general meeting of shareholders to be convened by OPHL in connection with the Transaction, 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

Andrew Ooi
Executive Director

APPENDIX H
FURTHER DETAILS OF THE TRANSACTIONS

1. FURTHER DETAILS IN RELATION TO THE REIT TRANSACTION

In connection with and as part of the REIT Transaction, the OPHL Group will enter into certain other agreements with Far East Organization to give effect to the REIT Transaction. These agreements which will be entered into in connection with the REIT Transaction include, but are not limited to, the following:

1.1 REIT Transaction SPAs

1.1.1 On legal completion, the relevant members of the OPHL Group will, as vendors, issue a registrable lease to Far East H-REIT for the leasehold estate of each of OPH and ACVH and to Far East Residences for the leasehold estate of CSVR.

1.1.2 The purchase price for the Hospitality Assets will be paid in cash.

1.1.3 Certain limited representations and warranties are made by each vendor relating to the Hospitality Assets. Claims for breach of warranties are subject to an aggregate maximum limit per Hospitality Asset, and must be made within 18 months after the completion of the sale and purchase. If, prior to completion, it is found that there is a material breach of warranty by the relevant vendor, Far East H-REIT or, as the case may be, Far East Residences shall be entitled to rescind the sale and purchase, without prejudice to its other rights including the right to claim damages.

1.1.4 Under the sale and purchase agreement for OPH, OPHL is required at its own cost, to carry out and complete certain upgrading works by no later than 30 June 2013.

1.1.5 On the Listing Date, all tenancy agreements relating to tenancies in the Excluded Commercial Premises of each of the Hospitality Assets will be assigned by the vendors to Far East H-REIT or, as the case may be, Far East Residences. Concurrently with the assignment of the tenancy agreements, the tenancy security deposits held by the vendors in relation to such tenancy agreements will be transferred and all bank guarantees covering such tenancy security deposits will be assigned to Far East H-REIT or, as the case may be, Far East Residences.

1.2 Master Lease Agreements

1.2.1 Immediately after completion of the sale of the Hospitality Assets, each of the Master Lessees will enter into a Master Lease Agreement with (i) Far East H-REIT in relation to OPH and ACVH, and (ii) Far East Residences in relation to CSVR, excluding the Excluded Commercial Premises. Under the Master Lease Agreements, Far East H-REIT will lease the Hotels, and Far East Residences will lease the Serviced Residences, to the Master Lessees, together with the plant and equipment therein but excluding the Excluded Commercial Premises. The term of each Master Lease Agreement will commence from the Listing Date.

1.2.2 The Master Lessee is required to pay rent on a monthly basis in arrears on the 24th day of the following month, which rent shall comprise:

(a) a fixed rent of:

(i) S$10.0 million per annum in respect of OPH;

(ii) S$3.5 million per annum in respect of ACVH; and

(iii) S$3.5 million per annum in respect of CSVR; and

(b) a variable rent computed based on the sum of a fixed portion of the relevant Hospitality Asset's Gross Operating Revenue and a fixed portion of the relevant Hospitality Asset's Gross Operating Profit[1] for the relevant fiscal year, less the fixed rent for that fiscal year, and if the calculation of the variable rent yield a negative figure, the variable rent will be deemed to be zero. The fixed portions of the relevant Hospitality Asset's Gross Operating Revenue and the relevant Hospitality Asset's Gross Operating Profit in a fiscal year, for the purpose of computing the variable rent for the Hospitality Assets, are as follows:

Hospitality Asset	Percentage of the relevant Hospitality Asset's Gross Operating Revenue (%)	Percentage of the relevant Hospitality Asset's Gross Operating Profit (%)
OPH	33	37
ACVH	33	25
CSVR	33	41

The percentage pegged to each Hospitality Asset's Gross Operating Revenue is set at 33.0% for consistency across the Initial Portfolio. The percentage pegged to Gross Operating Profit varies across properties depending on each individual Hospitality Asset's operating performance (which in turn varies, according to each Hospitality Asset's location and size, among other factors).

The quantum of the variable rent will be adjusted at the end of each fiscal year based on the audited profit and loss statement of each Hospitality Asset for such fiscal year.

1.2.3 If the relevant Hospitality Asset is damaged or destroyed, the relevant Master Lessee is not liable to pay rent for the period that the Hospitality Asset cannot be used. If part of the Hospitality Asset is damaged or destroyed but still useable and:

(i) if the total reinstatement costs exceed 25.0% of the purchase price of the Hospitality Asset, in respect of the period from the date such damage occurred until the date of completion of restoration and reinstatement, the Master Lessee will pay a reduced rent equivalent to the sum of (a) the fixed portions of the Hospitality Asset's Gross Operating Revenue and the Hospitality Asset's Gross Operating Profit applicable to the computation of the variable rent for such period, less an amount equivalent to half the fixed rent for such period and (b) an amount equivalent to half the fixed rent for such period; and

(ii) if the total reinstatement costs is less than 25.0% of the purchase price of the Hospitality Asset, in respect of the period from the date such damage occurred until the date of completion of restoration and reinstatement, the Master Lessee will continue to pay the rent for such period, without any abatement of the fixed rent amount.

1.2.4 Each Master Lessee will provide a security deposit, by way of cash or bank guarantee, of an amount equivalent to six months of the monthly fixed rent. In lieu of such security deposit, the Master Lessee may provide a corporate guarantee for the payment of rent.

1.2.5 The Master Lessee must, at its cost, repair and maintain the Hospitality Asset, its services infrastructure, plant and equipment in good and substantial condition and repair and in working order required for the operation of the Hospitality Asset but the Master Lessee is not responsible for works which are in the nature of capital improvements. The Master

[1] "**Gross Operating Profit**" means Gross Operating Revenue less operating expenses.

Lessee must, at its cost, repair and replace all furniture, fixtures and equipment ("**FF&E**") and Operating equipment required for the operations of the Hospitality Asset. All necessary licenses and permits must be obtained and maintained by the Master Lessee at its cost.

1.2.6 The Master Lessor may sell or assign its interest in a Hospitality Asset subject to the terms of the Master Lease Agreement. Alternatively, the Master Lessor may sell or assign its interest in the Hospitality Asset at any time free and clear of the Master Lease Agreement and such sale or assignment will not be subject to the Master Lease Agreement if the Master Lessor terminates the Master Lease Agreement with written notice to the Master Lessee and pays the Master Lessee a termination fee equal to the fair market value of the Master Lessee's leasehold interest in the remaining term and the option term (the "**fair market value**") or such other amount as may be mutually agreed between the Master Lessor and the Master Lessee. The fair market value is computed on the present value of "**A**" for each year of the unexpired term and the option term using a discount rate of 5.0%, where "**A**" means a per annum amount which is the average of the adjusted Gross Operating Profit of the Hospitality Asset for the three fiscal years preceding the completion of such sale, or if the Hospitality Asset has not been in operation for at least three fiscal years, then the average during the preceding fiscal years that have elapsed, and "**adjusted Gross Operating Profit**" in respect of a fiscal year means the Gross Operating Profit of the Hospitality Asset for that fiscal year less the gross rent payable to the Master Lessor for that fiscal year.

1.2.7 If the Master Lessor intends to sell the Hospitality Asset, it shall first give written notice to the Master Lessee of such intention and grant to the Master Lessee a right of first refusal to purchase the Hospitality Asset at the same purchase price and on terms and conditions no less favourable than the terms and conditions offered or proposed to be offered to or received from any third party purchaser. The purchase price (which shall not be lower than the valuation) which the Master Lessor wishes to accept from a third party purchaser shall be the same purchase price as that offered by the Master Lessor to the Master Lessee. If the Master Lessee does not accept the Master Lessor's offer, the Master Lessor shall be entitled to accept any offer from a third party purchaser at a purchase price which shall not be lower than the purchase price stated in the Master Lessor's offer. If no sale and purchase agreement is entered into between the Master Lessor and any third party purchaser within 12 months from the date of expiry of the acceptance period, the right of first refusal to the Master Lessee and its successors to purchase the Hospitality Asset shall continue to apply. The benefit of the right of first refusal provision is personal to the Master Lessee or a related corporation of FEOPL as long as the Master Lessee or such related corporation is the tenant of the Hospitality Asset.

1.3 Shared Services Agreements

1.3.1 Immediately after completion of the sale of the Hospitality Assets, each of the Master Lessees will enter into a shared services agreement with Far East H-REIT or, as the case may be, Far East Residences in respect of the Hospitality Assets (the "**Shared Services Agreements**"). Under the Shared Services Agreements, the Vendors (as Master Lessees) will, after closing of the sale and purchase, continue to provide or procure provision of certain services for the Hospitality Assets including the Excluded Commercial Premises. The range of services include, but are not limited to, cleaning and maintenance services, fire alarm system maintenance, lifts and elevators maintenance, landscape maintenance, waste disposal services, provision of security services, chiller plant maintenance, air con maintenance and other services, and the specific services to be provided for each set of Excluded Commercial Premises will be agreed between the Master Lessee and Far East H-REIT or (as the case may be) Far East Residences, having regard to the needs of the relevant Excluded Commercial Premises. Under each of the Shared Services Agreements, Far East H-REIT or (as the case may be) Far East Residences will pay to the Master Lessee monthly, a share of the costs of the applicable services provided to and attributable to the Excluded Commercial Premises based on an agreed proportion of the total costs and expenses incurred, such proportion to be computed based on the proportion which the NLA of the Excluded Commercial Premises bears to the NLA of the entire property in each such case.

1.4 Shared Electricity Services Agreements

1.4.1 Immediately after completion of the sale of the Hospitality Assets, each of the Master Lessees will enter into a shared electricity services agreement with Far East H-REIT or, as the case may be, Far East Residences in respect of the Hospitality Assets (the "**Shared Electricity Services Agreements**").

1.4.2 The Vendors (as Master Lessees) will, after closing of the sale and purchase, continue to purchase electricity under the existing electricity agreements for the whole of the premises comprised in the Hospitality Assets, including the Excluded Commercial Premises. Far East H-REIT or (as the case may be) Far East Residences will pay to the Master Lessee for electricity supplied only to part(s) of the Excluded Commercial Premises which are not regarded as common property (if the Hospitality Asset is subdivided) or which would not reasonably be treated as common parts of the Building for common use or benefit (if the Hospitality Asset had been strata subdivided), as follows:

(i) in respect of such part(s) of the Excluded Commercial Premises, for which electricity supplied can be separately monitored (e.g. through sub-meters or other means), for usage based on the actual amount of electricity supplied to such part(s), and at such rate as determined by the Master Lessee, having regard to the market rates charged by the supplier; and

(ii) in respect of such part(s) of the Excluded Commercial Premises for which electricity supplied cannot be separately monitored, on a tiered fixed rate, based on the NLA of such part(s). These rates will be adjusted from time to time, in line with market rates.

1.5 Corporate Guarantees

1.5.1 Under the corporate guarantees to be entered into between the REIT Trustee and OPHL, in its capacity as guarantor (the "**Guarantor**"), in respect of the Master Lease Agreements in relation to ACVH and CSVR (the "**Corporate Guarantees**"), the Guarantor unconditionally and irrevocably guarantees to Far East H-REIT that the Master Lessee of ACVH or, as the case may be, CSVR will punctually pay the rent and all other sums payable under the relevant Master Lease Agreement.

1.5.1 Upon the default of the Master Lessee of ACVH or, as the case may be, CSVR, the Guarantor will pay the rent and other sums payable under the relevant Master Lease Agreement. The obligations of the Guarantor will cease six months after the Master Lessee of ACVH or, as the case may be, the Master Lessee of CSVR yields up vacant possession of the Hospitality Asset in accordance with the terms of the relevant Master Lease Agreement, on the expiry or termination of the term.

1.6 Property Management Agreements (in relation to the Excluded Commercial Premises)

1.6.1 Jelco (a wholly-owned subsidiary of OPHL) will after Shareholders' approval being obtained on Resolution 1, enter into the Property Management Agreements.

1.6.2 Pursuant to the Property Management Agreements, the Property Manager will be appointed from the Listing Date to operate, maintain, manage and market all the Excluded Commercial Premises of Far East H-REIT and Far East Residences located in Singapore, subject to the terms and conditions of the Property Management Agreements. The property management of the Excluded Commercial Premises of Far East H-REIT and Far East Residences will be subject to the overall management by the REIT Manager and FEO Hospitality Asset Management Pte. Ltd., in its capacity as manager of Far East Residences (the "**Far East Residences Manager**") respectively.

1.6.3 The Property Management Agreement for the Excluded Commercial Premises of Far East H-REIT will be entered into by the REIT Trustee, the REIT Manager and the Property Manager while the Property Management Agreement for the Excluded Commercial Premises of Far East Residences will be entered into by the DBS Trustee Limited as trustee of Far East Residences (the "**Far East Residences Trustee**"), the Far East Residences Manager and the Property Manager.

1.6.4 The initial term of the Property Management Agreements is 20 years from the Listing Date.

1.6.5 Six months prior to expiry of the initial term of the Property Management Agreements, the Property Manager may request to extend its appointment for a further 20 years on the same terms and conditions, except for revision of all fees payable to the Property Manager to revised rates determined by the REIT Trustee or the Far East Residences Trustee, as the case may be, on the recommendation of the REIT Manager or the Far East Residences Manager, as the case may be, having regard to prevailing market rates.

1.6.6 The REIT Trustee or the Far East Residences Trustee, as the case may be, shall, based on the recommendation of the REIT Manager, or the Far East Residences Manager, as the case may be, agree to extend the appointment of the Property Manager for the extension term, on the revised fees determined as aforesaid.

1.6.7 If the Property Manager disagrees with the decision of the REIT Trustee, or the Far East Residences Trustee, as the case may be, on the prevailing market rates for the extension term, the dispute shall be referred for determination by an expert in accordance with the terms of the Property Management Agreements.

Property Manager's Services

1.6.8 The services provided by the Property Manager for each Excluded Commercial Premise under its management include the following:

(i) property management services, recommending third party contracts for provision of property maintenance services, supervising the performance of contractors and ensuring compliance with building and safety regulations;

(ii) lease management services, including coordinating tenants' fitting-out requirements, administration of rental collection, management of rental arrears, and administration of all property tax matters, arranging for adequate insurances; and

(iii) marketing and marketing coordination services, including managing public relations, initiating lease renewals and negotiation of terms.

Fees

1.6.9 Under the Property Management Agreements, the Property Manager is entitled to the fees set out below, to be borne out of the Excluded Commercial Premises, for each Excluded Commercial Premise located in Singapore under its management.

Property Management Fees, Lease Management Fees and Marketing Services Fees

1.6.10 For property management services, lease management services and marketing services rendered by the Property Manager for an Excluded Commercial Premise located in Singapore, the REIT Trustee, or the Far East Residences Trustee, as the case may be, will pay the Property Manager for each such Excluded Commercial Premise a fee of 3.0% per annum of the Net Property Income[2] of the relevant Excluded Commercial Premise.

2 "**Net Property Income**", in relation to the Excluded Commercial Premises, means gross revenue less property expenses.

Reimbursable Amounts

1.6.11 In addition to its fees, the Property Manager will be fully reimbursed for each Excluded Commercial Premise under its management for the agreed employee expenditure (as defined therein) incurred for each month.

Expenses

1.6.12 The Property Manager is authorised to utilise funds deposited in operating accounts maintained in the name of the REIT Trustee, or the Far East Residences Trustee, as the case may be, and to make payment for all costs and expenses incurred in the operation, maintenance, management and marketing of each Excluded Commercial Premise within each annual budget approved by the REIT Trustee, or the Far East Residences Trustee, as the case may be, on the recommendation of the REIT Manager, or the Far East Residences Manager, as the case may be.

Provision of office space

1.6.13 Where applicable, the REIT Trustee, or the Far East Residences Trustee, as the case may be, or the REIT Manager, or the Far East Residences Manager, as the case may be, shall permit employees of the Property Manager engaged to manage an Excluded Commercial Premise to occupy suitable office space at such Excluded Commercial Premise (as approved by the REIT Trustee, or the Far East Residences Trustee, as the case may be, on the recommendation of the REIT Manager, or the Far East Residences Manager, as the case may be) without the Property Manager being required to pay any rent, service charge, utility charges or other sums.

Termination

1.6.14 The REIT Trustee, or the Far East Residences Trustee, as the case may be, or the REIT Manager, or the Far East Residences Manager, as the case may be, may terminate the appointment of the Property Manager in relation to all the Excluded Commercial Premises of Far East H-REIT and Far East Residences under the management of the Property Manager on the occurrence of certain specified events, which include the liquidation or cessation of business of the Property Manager.

1.6.15 The REIT Trustee, or the Far East Residences Trustee, as the case may be, or the REIT Manager, or the Far East Residences Manager, as the case may be, may also terminate the appointment of the Property Manager in relation to all the Excluded Commercial Premises of Far East H-REIT and Far East Residences under its management without cause by giving three months' written notice to the Property Manager. In the event of a sale of an Excluded Commercial Premise, the REIT Trustee, or the Far East Residences Trustee, as the case may be, or the REIT Manager, or the Far East Residences Manager, as the case may be, may terminate the appointment of the Property Manager specifically in relation to such Excluded Commercial Premises under its management by giving not less than 30 days' prior written notice to the Property Manager.

1.6.16 In addition, if the Property Manager or REIT Trustee, or the Far East Residences Trustee, as the case may be, or the REIT Manager, or the Far East Residences Manager, as the case may be, within 90 days of receipt of written notice, fails to remedy any breach (which is capable of remedy) of its obligations in relation to a property, the party who is not in breach may terminate the appointment of the Property Manager in relation only to such Excluded Commercial Premise in respect of which the breach relates, upon giving 30 days' written notice to the party in breach.

1.6.17 On the termination of the appointment of the Property Manager, the REIT Manager, or the Far East Residences Manager, as the case may be, shall, as soon as practicable, procure the appointment of a replacement Property Manager for the affected Excluded Commercial Premise.

Assignability

1.6.18 The REIT Trustee, or the Far East Residences Trustee, as the case may be, and the REIT Manager, or the Far East Residences Manager, as the case may be, are entitled to novate their respective rights, benefits and obligations under the Property Management Agreements to a new trustee of Far East H-REIT and Far East Residences or a new manager of Far East H-REIT and Far East Residences appointed in accordance with the terms of the Trust Deed. The Property Manager is also entitled to novate its respective rights, benefits and obligations under the Property Management Agreements to a related company (as defined in the Companies Act) of FEOPL.

Exclusion of Liability

1.6.19 In the absence of fraud, negligence, default or breach of the Property Management Agreements by the Property Manager, it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Property Management Agreements.

1.6.20 In addition, the REIT Trustee, or the Far East Residences Trustee, as the case may be, shall indemnify the Property Manager against any actions, costs, claims, damages, expenses or demands to which it may suffer or incur as Property Manager, save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, negligence, default or breach of the Property Management Agreements by the Property Manager, its employees or agents.

No Restriction on Property Manager

1.6.21 The Property Manager may provide services similar to those contemplated under the Property Management Agreements to other parties operating in the same or similar business as Far East H-REIT and Far East Residences, or in other businesses.

1.7 The Far East H-REIT Trust Deed

1.7.1 REIT management fees payable to the REIT Manager

Upon OPHL acquiring a 33.0% interest in the REIT Manager, the REIT Manager will thereafter enter into Far East H-REIT Trust Deed with the REIT Trustee and be appointed as manager of Far East H-REIT. It is expected that the REIT Manager will be entitled to the following fees in connection with the management of the operations of Far East H-REIT:

Management Fees:

(a) a base fee of 0.3% per annum of the value of gross assets of Far East H-REIT for the time being held or deemed to be held by Far East H-REIT under the Far East H-REIT Trust Deed; and

(b) a performance fee of 4.0% per annum of Far East H-REIT's Net Property Income[3] in the relevant financial year;

Acquisition Fee and Divestment Fee:

(c) an acquisition fee of 0.75% for acquisitions from Related Parties[4] and 1.0% for all other cases (or such lower percentage as may be determined by the REIT Manager in its absolute discretion) of any of the following as is applicable (subject to there being no double-counting)[5]:

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3 "**Net Property Income**" consists of the gross operating revenue of the properties held by Far East H-REIT less property expenses.

4 "**Related Party**" refers to an Interested Person (as defined in the Listing Manual) and/or, as the case may be, Interested Party (as defined in the Property Funds Appendix).

5 For the avoidance of doubt, no Acquisition Fee is payable to the REIT Manager for the acquisition of the Initial Portfolio.

(i) the acquisition price of any real estate purchased by Far East H-REIT, whether directly or indirectly through a holding of shares, units or any other interests in one or more SPVs, plus any other payments[6] in addition to the acquisition price by Far East H-REIT or its SPV made to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of Far East H-REIT's interest);

(ii) the underlying value[7] of any real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by Far East H-REIT, whether directly or indirectly through one or more SPVs, plus any other payments[6] made by Far East H-REIT or its special purpose vehicles to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable to the proportion of Far East H-REIT's interest); or

(iii) the acquisition price of any investment purchased by Far East H-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate;

(d) a divestment fee of 0.5% of any of the following as is applicable (subject to there being no double-counting):

(i) the sale price of any real estate sold or divested by Far East H-REIT, whether directly or indirectly through one or more SPVs, plus any other payments[8] in addition to the sale price received by Far East H-REIT or its SPVs from the purchaser in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of Far East H-REIT's interest);

(ii) the underlying value[9] of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by Far East H-REIT, whether directly or indirectly through one or more SPVs, plus any other payments[8] received by the Far East H-REIT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of Far East H-REIT's interest); or

(iii) the sale price of the investment sold or divested by Far East H-REIT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate;

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[6] "**other payments**" refer to additional payments to the vendor of the real estate, for example, where the vendor has already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the purchase price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

[7] For example, if Far East H-REIT acquires a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity paid by Far East H-REIT as purchase price and any debt of the special purpose company.

[8] "**other payments**" refer to additional payments to Far East H-REIT or its SPVs for the sale of the real estate, for example, where Far East H-REIT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

[9] For example, if Far East H-REIT sells or divests a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity received by Far East H-REIT as sale price and any debt of the special purpose company.

Development Management Fee:

(e) a development fee of 3.0% of the total project costs incurred in a Development Project (as defined herein) undertaken by the REIT Manager on behalf of Far East H-REIT. Far East H-REIT will only undertake development activities within the limits of Appendix 6 to the CIS Code issued by the Authority in relation to REITs (the "**Property Funds Appendix**") (which currently allows a REIT to commit no more than 10.0% of its deposited property to development and investment in uncompleted property developments). "**Development Project**" means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by Far East H-REIT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovation works, provided always that the Property Funds Appendix shall be complied with for the purposes of such development.

When the estimated total project costs are greater than S$100.0 million, the REIT Trustee and the REIT Manager's independent directors will first review and approve the quantum of the development management fee, whereupon the REIT Manager may be directed to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the REIT Manager's view, materially lower than the development management fee, the REIT Manager will have the discretion to accept a development management fee which is less than 3.0% of the total project costs incurred in a Development Project undertaken by the REIT Manager on behalf of Far East H-REIT.

For the avoidance of doubt, no acquisition fee shall be paid when the REIT Manager receives the development management fee for a Development Project.

1.7.2 The REIT Manager may be removed by notice given in writing by the REIT Trustee if:

(i) the REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the REIT Manager;

(ii) the REIT Manager ceases to carry on business;

(iii) the REIT Manager fails or neglects after reasonable notice from the REIT Trustee to carry out or satisfy any material obligation imposed on the REIT Manager by the Far East H-REIT Trust Deed;

(iv) the holders of Far East H-REIT Units, by a resolution duly passed by a majority greater than 50.0% of the total number of votes cast for and against such resolution with no participants being disenfranchised at a meeting of holders of Far East H-REIT Units duly convened and held in accordance with the provisions of the Far East H-REIT Trust Deed, shall so decide;

(v) for good and sufficient reason, the REIT Trustee is of the opinion, and so states in writing, that a change of the REIT Manager is desirable in the interests of the holders of Far East H-REIT Units; or

(vi) the MAS directs the REIT Trustee to remove the REIT Manager.

Where the REIT Manager is being removed pursuant to paragraph (v) above, the REIT Manager has a right under the Far East H-REIT Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the REIT Manager, the REIT Trustee and all the holders of Far East H-REIT Units.

1.8 The Far East H-BT Trust Deed

Upon OPHL acquiring a 33.0% interest in the Trustee-Manager, the Trustee-Manager will thereafter enter into Far East H-BT Trust Deed to constitute Far East H-BT and be appointed as trustee-manager of Far East H-BT. It is expected that the Trustee-Manager will be entitled to the following fees in connection with the management of the operations of Far East H-BT:

1.8.1 Fees payable to the Trustee-Manager

Pursuant to the REIT Transaction, OPHL will acquire a 33.0% interest in the Trustee-Manager. In the event that Far East H-BT becomes active, it is expected that the Trustee-Manager will be entitled to the following fees in connection with the establishment and on-going management of the operations of Far East H-BT:

Management and Trustee fees:

(a) Management fee: 10.0% of the profit before interest and tax of Far East H-BT in the relevant financial year (calculated before accounting for this management fee in that financial year). For the purpose of calculating the management fee, if Far East H-BT holds only a partial interest in an investment from which such profit is derived, such profit shall be pro-rated in proportion to the partial interest held. The management fee is payable to the Trustee-Manager in the form of cash and/or Stapled Securities or, as the case may be, Far East H-BT Units (as the Trustee-Manager may elect); and

(b) Trustee fee: 0.1% per annum of the value of the Trust Property (as defined in the Business Trusts Act, Chapter 31A of Singapore (the "**BTA**")) of Far East H-BT (the "**Far East H-BT Trust Property**") and subject to a minimum fee of S$10,000 per month, provided that the value of the Far East H-BT Trust Property is at least S$50.0 million. For the purpose of calculating the trustee fee, if Far East H-BT holds only a partial interest in any of the Far East H-BT Trust Property, such Far East H-BT Trust Property shall be pro-rated in proportion to the partial interest held.

1.8.2 *Acquisition Fee and Divestment Fee:*

(c) an acquisition fee of 0.75% for acquisitions from Interested Persons[10] and 1.0% for all other cases of any of the following as is applicable (subject to there being no double-counting)[11]:

   (i) in the case of an acquisition of real estate, the acquisition price of any real estate purchased by Far East H-BT, whether directly or indirectly through a holding of shares, units or any other interests in one or more SPVs, plus any other payments[12] in addition to the acquisition price by Far East H-BT or its SPV made to the vendor in connection with the purchase of the real estate (pro-rated if applicable to the proportion of Far East H-BT's interest);

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10 "**Interested Person**" refers to an Interested Person as defined in the Listing Manual.

11 For the avoidance of doubt, no Acquisition Fee is payable to the Trustee-Manager for the acquisition of the Initial Portfolio.

12 "**other payments**" refer to the additional payments to the vendor of the real estate, for example, where the vendor has already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the purchase price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

(ii) in the case of an acquisition of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value[13] of such real estate which is taken into account when computing the acquisition price payable for the equity interests of any vehicle holding directly or indirectly the real estate, purchased by Far East H-BT, whether directly or indirectly through one or more SPVs, plus any other payments[14] made by Far East H-BT or its SPVs to the vendor in connection with the purchase of such equity interests (pro-rated, if applicable to the proportion of Far East H-BT's interest); or

(iii) the acquisition price of any investment purchased by Far East H-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate;

(d) a divestment fee of 0.5% of any of the following as is applicable (subject to there being no double-counting):

(i) the sale price of any real estate sold or divested, whether directly or indirectly through one or more SPVs, by Far East H-BT, plus any other payments[15] in connection with the sale or divestment of the real estate (pro-rated if applicable to the proportion of Far East H-BT's interest);

(ii) the underlying value[16] of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested by Far East H-BT, whether directly or indirectly through one or more SPVs, plus any other payments[15] received by the Far East H-BT or its SPVs from the purchaser in connection with the sale or divestment of such equity interests (pro-rated if applicable to the proportion of Far East H-BT's interest); or

(iii) the sale price of the investment sold or divested by Far East H-BT, whether directly or indirectly through one or more SPVs, in any debt securities of any property corporation or other SPV owning or acquiring real estate or any debt securities which are secured whether directly or indirectly by the rental income from real estate;

Development Management Fee:

(e) a development fee of 3.0% of the total project costs incurred in a Development Project (as defined herein) undertaken by the Trustee-Manager on behalf of Far East H-BT. "**Development Project**" means a project involving the development of

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13 For example, if Far East H-BT acquires a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity paid by Far East H-BT as purchase price and any debt of the special purpose company.

14 "**other payments**" refer to the additional payments to the vendor of the real estate, for example, where the vendor has already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the purchase price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

15 "**other payments**" refer to additional payments to Far East H-BT or its SPVs for the sale of the real estate, for example, where Far East H-BT or its SPVs have already made certain payments for enhancements to the real estate, and the value of the asset enhancements are not reflected in the sale price as the asset enhancements are not completed, but "other payments" do not include stamp duty or other payments to third party agents and brokers.

16 For example, if Far East H-BT sells or divests a special purpose company which holds real estate, such underlying value would be the value of the real estate derived from the amount of equity received by Far East H-BT as sale price and any debt of the special purpose company.

land, or buildings, or part(s) thereof on land which is acquired, held or leased by Far East H-BT, including major development, re-development, refurbishment, retrofitting, addition and alteration and renovation works.

When the estimated total project costs are greater than S$100.0 million, the Trustee-Manager's independent directors will first review and approve the quantum of the development management fee, whereupon the Trustee-Manager may be directed to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the Trustee-Manager's view, materially lower than the development management fee, the Trustee-Manager will have the discretion to accept a development management fee which is less than 3.0% of the total project costs incurred in a Development Project undertaken by the Trustee-Manager on behalf of Far East H-BT.

For the avoidance of doubt, no acquisition fee shall be paid when the Trustee-Manager receives the development management fee for a Development Project.

1.8.3 Under the BTA, the Trustee-Manager may only be removed, as trustee-manager of Far East H-BT, if a resolution to remove the Trustee-Manager is approved by holders of Far East H-BT Units holding in the aggregate not less than three-fourths of the voting rights of all the holders of the Far East H-BT Units who, being entitled to do so, vote in person or where proxies are allowed, by proxy present at a meeting of the holders of Far East H-BT Units, or the Trustee-Manager may resign as trustee-manager. Any removal or resignation of the Trustee-Manager must be made in accordance with such procedures as the MAS may prescribe. Any purported change of the trustee-manager of a registered business trust is ineffective unless it is made in accordance with the BTA.

1.8.4 The Trustee-Manager will remain the trustee-manager of Far East H-BT until another person is appointed by:

(i) the holders of Far East H-BT Units to be the trustee-manager of Far East H-BT; or

(ii) the court under Section 21(1) of the BTA to be the temporary trustee-manager of Far East H-BT,

and such appointment shall be effective from the date stated in the resolution of the holders of Far East H-BT Units or court order as the effective date of the appointment of the trustee-manager or, as the case may be, temporary trustee-manager.

2. DETAILS OF THE ASSET SWAP TRANSACTION

In connection with and as part of the Asset Swap Transaction, the OPHL Group will enter into certain other agreements with Far East Organization to give effect to the Asset Swap Transaction. These agreements which will be entered into in connection with the Asset Swap Transaction include, but are not limited to, the following:

2.1 Hospitality Management Agreements

2.1.1 As part of the transfer of the Hospitality Management Business, the Hospitality Management Agreements between FEHS and each of the following Far East Organization entities will be novated to Jelco on the Listing Date, namely:

(i) FCPPL;

(ii) FEOC;

(iii) Golden Development Private Limited;

(iv) Golden Landmark Pte Ltd;

(v) TPPL;

(vi) OPHL;

(vii) OPHRPL;

(viii) Serene Land Pte Ltd;

(ix) Oxley Hill Properties Pte Ltd;

(x) Riverland Pte Ltd;

(xi) Orchard Landmark Pte Ltd;

(xii) Orchard Parksuites Pte Ltd;

(xiii) Dollar Land Singapore Private Limited;

(xiv) Orchard Mall Pte Ltd; and

(xv) Far East Land & Housing Development Company Sdn Berhad.

With effect from the completion of the transfer of the Hospitality Management Business to Jelco, each of the 18 hospitality properties in Far East Organization will be operated and managed by Jelco in its capacity as the operator of these 18 hospitality properties as the Hotel and Serviced Residence Operator[17] in accordance with the terms of the Hospitality Management Agreements as set out below.

2.1.2 The initial term of the Hospitality Management Agreement is 20 years from 1 June 2012. Upon the expiry of the initial term, subject to the master lessee of the relevant hospitality property having exercised its option to extend the relevant master lease agreement and provided that the Hotel and Serviced Residence Operator is not in default, the Hotel and Serviced Residence Operator will have the right to extend the term for another 20 years.

2.1.3 The fees payable to the Hotel and Serviced Residence Operator comprise:

(i) a basic fee equal to 2.0% of the total Gross Operating Revenue of the hospitality property; and

(ii) an incentive fee equal to 5.0% of the Gross Operating Profit of the hospitality property.

The master lessee of the relevant hospitality property will also pay for the hospitality property's share of costs incurred by the Hotel and Serviced Residence Operator in providing centralised services to the group of hotels or serviced residences (as the case may be) operated by the Hotel and Serviced Residence Operator.

2.1.4 Under the terms of the Hospitality Management Agreements, the Hotel and Serviced Residence Operator is to operate and manage the 18 hospitality properties in a manner consistent with an annual budget. During the operating term, an amount equal to the FF&E Reserve Percentage of the total Gross Operating Revenue of the Property will be set aside in a reserve, which is to be used for the replacement and refurbishing of the Property's furniture, fixtures and equipment. The "**FF&E Reserve Percentage**" means: (i) with respect to the first 10 years of the operating term, 2.5%, and (ii) thereafter, such percentage applicable between the master lessee and master lessor of the relevant hospitality property under the terms of the relevant master lease agreement.

[17] "**Hotel and Serviced Residence Operator**" means the operator of the hospitality properties of Far East Organization. As at the date of this Circular, the operator is FEHS and it manages the 18 hospitality properties set out in **Appendix A** to this Circular.

2.1.5 Under the Hospitality Management Agreement:

(i) either party may terminate the Hospitality Management Agreement upon a material default by the other party;

(ii) at any time after the 10th anniversary of the commencement of the Hospitality Management Agreement, the master lessee of the relevant hospitality property may terminate the agreement without cause by giving the Hotel and Serviced Residence Operator 12 months' notice and paying the Hotel and Serviced Residence Operator a termination fee equivalent to 50.0% of the average monthly fee paid to the Hotel and Serviced Residence Operator during the preceding three years multiplied by the remaining number of months in the operating term as at the time of termination;

(iii) if (a) the master lessee of the relevant hospitality property sells the hospitality property to any person other than a FEO Group Member without the approval of the Hotel and Serviced Residence Operator, where "**FEO Group Member**" means any company of which more than 50.0% of its issued share capital is collectively held or owned (directly or indirectly) by any one or more of the following:

(1) the Estate;

(2) Mdm Tan Kim Choo;

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

(4) any trust (discretionary or otherwise) of which those persons listed in paragraphs (1) to (3) above comprise the majority of the beneficiaries of such trust,

or (b) the master lessee ceases to be controlled by a FEO Group Member, the Hotel and Serviced Residence Operator may terminate the Hospitality Management Agreement and the master lessee shall pay to the Hotel and Serviced Residence Operator a termination fee (the "**Termination Fee**") equivalent to the present value of the Balance Fees using a discount rate of 5.0%, where the term, "**Balance Fees**", refers to the average monthly fee paid to the Hotel and Serviced Residence Operator during the preceding three years multiplied by the remaining number of months in the operating term as at the time of termination;

(iv) in the event that the Hotel and Serviced Residence Operator ceases to be controlled by a FEO Group Member, the master lessee of the relevant hospitality property will also have the right to terminate the Hospitality Management Agreement and no compensation is payable to the Hotel and Serviced Residence Operator in such an event; and

(v) if the hospitality property suffers a material damage, the master lessee of the relevant hospitality property may elect to either restore the hospitality property to the condition existing prior to the occurrence of the material damage, or terminate the Hospitality Management Agreement and no compensation is payable to the Hotel and Serviced Residence Operator in such event. If the master lessee elects to restore the hospitality property and the total costs of restoration exceeds 25% of the purchase price of the hospitality property, the master lessee agrees that the management fees payable to the Hotel and Serviced Residence Operator during the period of restoration shall not be less than 50% of the average monthly fee paid to the Hotel and Serviced Residence Operator during the preceding three years.

2.1.6 The Hotel and Serviced Residence Operator is subject to the following performance tests:

(i) if, in any fiscal year, the Gross Operating Revenue or Gross Operating Profit of the hospitality property for that fiscal year is less than 75.0% of the forecasted Gross Operating Revenue or Gross Operating Profit in the annual budget, the Hotel and Serviced Residence Operator will be required to pay the master lessee of the relevant hospitality property an amount calculated in accordance with the following formula:

$$\frac{\text{Aggregate Annual Fees}}{12} \times 2$$

where the term, "**Aggregate Annual Fees**", means the aggregate management fees paid to the Hotel and Serviced Residence Operator for that fiscal year;

(ii) if, in any three consecutive fiscal years[18], the Gross Operating Revenue or Gross Operating Profit of the hospitality property is less than 100.0% of the forecasted Gross Operating Revenue or Gross Operating Profit in the annual budget, the Hotel and Serviced Residence Operator shall pay the master lessee of the relevant hospitality property an amount equal to 50.0% of the aggregate management fees paid to the Hotel and Serviced Residence Operator in the last year of such period of three consecutive fiscal years less any amount payable described in paragraph 2.1.6(i) above;

(iii) if, in any five consecutive fiscal years, the Gross Operating Revenue or Gross Operating Profit of the hospitality property is less than 100.0% of the forecasted Gross Operating Revenue or Gross Operating Profit in the annual budget, the master lessee of the relevant hospitality property shall have the right to terminate the Hospitality Management Agreement, subject to the Hotel and Serviced Residence Operator's right to cure by paying to the master lessee such amount as may be required to make good the shortfall in Gross Operating Revenue and/or Gross Operating Profit in the last year of such period of five consecutive fiscal years.

In relation to the properties which will form part of the Initial Portfolio only, the owners of those properties will under the Master Lease Agreements become the master lessees upon completion of their transfer of those properties to Far East H-REIT on the Listing Date. In the event that the relevant Master Lease Agreement is terminated, the Hospitality Management Agreement may either be terminated and the relevant master lessee shall pay the Hotel and Serviced Residence Operator the Termination Fee, or the Hospitality Management Agreement may be transferred to the master lessor of the relevant hospitality property or any FEO Group Member as the master lessor may direct.

2.2 New lease agreement between OPHL and Far East H-REIT (in relation to an office unit in OPH)

2.2.1 Post-Transactions, it is proposed that OPHL will enter into a new lease agreement with Far East H-REIT, pursuant to which Far East H-REIT will lease to OPHL an office unit located at 1 Tanglin Road #05-01, Orchard Parade Hotel, Singapore 247905 (estimated to occupy a GFA of approximately 4,241 sq ft) on terms and conditions to be set out in the new lease agreement.

2.2.2 The lease is proposed to be for a period of two years commencing from the Listing Date with an option to renew exercisable by OPHL for a further term of two years upon expiry of the initial term.

[18] For the avoidance of doubt, in the event that the Hotel and Serviced Residence Operator is required to make a payment referred to in this paragraph 2.1.6(ii), the three consecutive fiscal years in respect of which such payment is required to be made shall not be included in any subsequent period of three consecutive fiscal years.

2.2.3 The aggregate monthly rental charge and monthly service charge is proposed to be not more than S$30,535.

2.3 New lease agreement between Jelco and Far East Residences (in relation to certain office units in CSVR)

2.3.1 Post-Transactions, it is proposed that Jelco will enter into a new lease agreement with Far East Residences, pursuant to which Far East Residences will lease to Jelco certain office units located at 20 Havelock Road #03-15 and #03-22 to #03-24, Central Square Village Residences, Singapore 059765 on terms and conditions to be set out in the new lease agreement.

2.3.2 The lease of each office unit is proposed to be for a period of two years commencing from the Listing Date.

2.3.3 The monthly rental charge and the monthly service charge for each of the office units are proposed to be as follows:

(i) #03-15: Proposed monthly rental charge of S$6,039 and proposed monthly service charge of S$1,647

(ii) #03-22: Proposed monthly rental charge of S$6,039 and proposed monthly service charge of S$1,647

(iii) #03-23: Proposed monthly rental charge of S$2,959 and proposed monthly service charge of S$807

(iv) #03-24: Proposed monthly rental charge of S$6,039 and proposed monthly service charge of S$1,647

2.4 New lease agreement between Jelco and Far East H-REIT (in relation to an office unit in Landmark Village Hotel)

2.4.1 Post-Transactions, it is proposed that Jelco will enter into a new lease agreement with Far East H-REIT, pursuant to which Far East H-REIT will lease to Jelco an office unit located on Level 3 of Landmark Village Hotel, 390 Victoria Street, Singapore 188061 (estimated to occupy a GFA of approximately 271 sq ft) on terms and conditions to be set out in the new lease agreement.

2.4.2 The lease is proposed to be for a period of two years commencing from the Listing Date.

2.4.3 The monthly rental charge is proposed to be approximately S$2,029.

2.5 New lease agreement between Jelco and Golden Development Private Limited (in relation to an office unit in Orchard Scott Residences)

2.5.1 Post-Transactions, it is proposed that Jelco will enter into a new lease agreement with Golden Development Private Limited, pursuant to which Golden Development Private Limited will lease to Jelco parts of certain office units located at 5 Anthony Road #13-09 and #14-09, Orchard Scotts Tower, Singapore 229954 (estimated to occupy a GFA of approximately 206 sq ft) on terms and conditions to be set out in the new lease agreement.

2.5.2 The lease is proposed to be for a period of two years commencing from the Listing Date.

2.5.3 The monthly rental charge is proposed to be approximately S$2,470.

Details of the Existing Interested Person Transactions entered into between the Company and certain members and associates of Far East Organization during the course of the current financial year and up to the Latest Practicable Date are set out below.

Name of Interested Person	Aggregate value of all Interested Person Transactions during the course of the current financial year and up to the Latest Practicable Date (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual) (S$'000)
Far East Management Pte Ltd	
Rental income	(340)
Management services, property management, accounting services, computer and information technology support and other fees	532
Property development and project management fees	214
Sales and marketing service fees	80
Far East Hospitality Services Pte Ltd	
Rental income	(306)
Management service fees	940
Far East Organization Centre Pte. Ltd.	
Rental income	(191)
Far East Property Sales Pte Ltd	
Sales and marketing service fees	75
Total:	**2,678**

These Existing Interested Person Transactions have been subject to the internal control procedures established by the Company to ensure that such transactions are undertaken on normal commercial terms and are not prejudicial to the interests of Company or its minority Shareholders. These procedures include the review and approval of such transactions by the Company's audit committee. These transactions comply with the requirements of Chapter 9 of the Listing Manual.

APPENDIX J
COMPUTATION OF SALE CONSIDERATION

The aggregate sale consideration payable to OPHL on completion of the sale of the Hospitality Assets pursuant to the REIT Transaction will be determined according to the following formula:

The higher of:

(i) S$702 million, being the Minimum Aggregate Sale Consideration for the Hospitality Assets; and

(ii) {Z} x {(A + B) – C}

Where:

"**A**" is the market capitalisation of the Stapled Securities at the point of issue, or the total number of Stapled Securities multiplied by the offering price of the Stapled Securities at the initial public offering of Far East H-Trust;

"**B**" is the debt raised by Far East H-REIT in connection with the initial public offering of Far East H-Trust;

"**C**" is the transaction costs of and working capital raised by Far East H-Trust at the initial public offering of Far East H-Trust; and

"**Z**" is the average of the two independent valuations of the Hospitality Assets conducted by the independent valuers of Far East H-REIT divided by the average of the two independent valuations of the Initial Portfolio conducted by the independent valuers of Far East H-REIT.

ORCHARD PARADE HOLDINGS 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 Orchard Parade Holdings Limited (the "**Company**" or "**OPHL**") will be held at Antica **I**, Level 2, Orchard Parade Hotel, 1 Tanglin Road, Singapore 247905 on Wednesday, 11 July 2012 at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION

1. THE PROPOSED RESTRUCTURING OF THE COMPANY

That:

1. approval be and is hereby given for:

   (a) the entry into the REIT Transaction (as described in the Shareholders' Circular dated 19 June 2012 (the "**Shareholders' Circular**")) by the Company (whether directly or indirectly through its subsidiaries) on the terms and conditions set out in the REIT Transaction SPAs (as defined in the Shareholders' Circular);

   (b) the entry into the Asset Swap Transaction (as described in the Shareholders' Circular) by the Company (whether directly or indirectly through its subsidiaries) on the terms and conditions set out in the Asset Swap SPAs (as defined in the Shareholders' Circular);

   (c) the entry into all transactions by the Company (whether directly or indirectly through its subsidiaries) contemplated by the REIT Transaction SPAs and the Asset Swap SPAs or are necessary to give effect to the REIT Transaction and the Asset Swap Transaction, including transactions which amount to interested person transactions for purposes of the Listing Manual (as defined in the Shareholders' Circular) such as those set out in **Appendix H** to the Shareholders' Circular; and

   (d) the payment of all fees and expenses relating to the Transactions (as defined in the Shareholders' Circular); and

2. 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 the Company or, as the case may be, such director of the Company may consider expedient or necessary or in the interests of the Company to give effect to the Transactions.

ORDINARY RESOLUTION

2. THE PROPOSED SPECIAL DIVIDEND AND DIVIDEND IN SPECIE

That subject to and contingent upon the passing of Resolution 1:

(a) a special one-tier tax-exempt dividend of S$0.12 per share in the Company ("**Share**") be declared and distributed to Shareholders after the Transactions are completed, subject to the terms and in the manner described in the Shareholders' Circular;

(b) a dividend in specie amounting to a pro-rata dividend of 83,298,782 shares in Yeo Hiap Seng Limited ("**YHS**") be declared and distributed to Shareholders after the Transactions are completed, subject to the terms and in the manner described in the Shareholders' Circular; 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 necessary, desirable or expedient to give effect to this resolution as they may deem fit.

ORDINARY RESOLUTION

3. THE SHARE ISSUE AUTHORITY FOR THE PROPOSED SPECIAL DIVIDEND

That subject to and contingent upon the passing of Resolution 1 and Resolution 2:

(a) approval be and is hereby given for the issue of new Shares under the Special Dividend, subject to the terms and in the manner described in the Shareholders' Circular; 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 necessary, desirable or expedient to give effect to this resolution as they may deem fit.

SPECIAL RESOLUTION

4. THE PROPOSED NAME CHANGE

That:

(a) the name of the Company be changed to "Far East Orchard Limited" and that the name "Far East Orchard Limited" be substituted for "Orchard Parade Holdings Limited" wherever the latter name appears in the Company's Memorandum and Articles of Association; 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 necessary, desirable or expedient to give effect to this resolution as they may deem fit.

By Order of the Board

Chloe Kho Kim Suan
Madelyn Kwang Yeit Lam
Company Secretaries

Singapore
19 June 2012

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 or at the Company's option to treat this proxy form as invalid.

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 the registered office of the Company at 14 Scotts Road #06-01, Far East Plaza, Singapore 228213, not less than 48 hours before the time appointed for the EGM.

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 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.

ORCHARD PARADE HOLDINGS LIMITED
Company Registration No. 196700511H
(Incorporated in the Republic of Singapore)

IMPORTANT:
1. For investors who have used their CPF monies to buy ORCHARD PARADE HOLDINGS 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 hem.
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 Orchard Parade Holdings 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 I, Level 2, Orchard Parade Hotel, 1 Tanglin Road, Singapore 247905 on Wednesday, 11 July 2012 at 10.30 a.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 restructuring of the Company, being (a) the REIT Transaction and (b) the Asset Swap Transaction (Ordinary Resolution)		
2.	To approve the proposed special dividend and dividend in specie (Ordinary Resolution)		
3.	To approve the share issue authority for the proposed special dividend (Ordinary Resolution)		
4.	To approve the proposed name change of the Company (Special Resolution)		

Dated this __________ day of ______________ 2012.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) / Common Seal

1st fold here

2nd fold here

Please
affix
postage
stamp

Company Secretary
Orchard Parade Holdings Limited
14 Scotts Road #06-01
Far East Plaza
Singapore 228213

3rd fold here and seal