



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

ENTRY INTO SALE AND PURCHASE AGREEMENTS IN CONNECTION WITH THE JOINT VENTURE WITH THE STRAITS TRADING COMPANY LIMITED

1. INTRODUCTION

Far East Orchard Limited (“**FEOrchard**” or the “**Company**”) refers to its announcement dated 15 April 2013 (the “**JVIA Announcement**”) in relation to the entry into a joint venture implementation agreement (the “**JVIA**”) with The Straits Trading Company Limited (“**STC**”) and Far East Hospitality Holdings Pte. Ltd. (“**Hospitality HoldCo**”) under the terms of which, FEOrchard and STC shall (i) pursue and conduct hospitality management and hospitality-related businesses and (ii) invest in real estate used primarily for hospitality purposes and hospitality-related assets, through Hospitality HoldCo.

As stated in the JVIA Announcement, to give effect to the joint venture with STC (the “**STC Joint Venture**”), FEOrchard will transfer its existing hospitality management business currently operated by its wholly-owned subsidiary, Jelco Properties Pte Ltd (“**Jelco**”) to Hospitality HoldCo or a wholly-owned subsidiary of Hospitality HoldCo.

(For further details on the rationale for the STC Joint Venture, please refer to paragraph 5 of the JVIA Announcement.)

FEOrchard is pleased to announce that Jelco had on 19 June 2013, entered into a business transfer agreement (the “**FEOrchard BTA**”) with Hospitality HoldCo and Far East Hospitality Management (S) Pte. Ltd. (a wholly-owned subsidiary of Hospitality HoldCo) (“**Hospitality OpCo**”).

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

- (i) 25 hotel and serviced residence management agreements;
- (ii) one property management agreement; and
- (iii) all other assets related to conducting the hospitality management business associated with items (i) and (ii) above¹,

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

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

2. THE STC ASSETS ACQUISITION

As stated in the JVIA Announcement, to give effect to the joint venture, together with the signing of the FEOrchard BTA, Hospitality HoldCo had on 19 June 2013 also entered into the following agreements:

- (i) together with Far East Hospitality Properties (Australia) Pte. Ltd. (being Hospitality HoldCo's wholly-owned subsidiary) ("**Hospitality PropCo**"), Sword Private Limited ("**SPL**"), Sword Properties Pty Ltd (as trustee for Sword Unit Trust) and Rendezvous Hotels Management Pty Ltd, a sale and purchase agreement (the "**STC Hotels SPA**") for the acquisition by Hospitality PropCo of:
 - (a) Rendezvous Hotel Perth² from Sword Properties Pty Ltd (as trustee for Sword Unit Trust) ("**RHP Vendor**");
 - (b) Rendezvous Studio Hotel Perth Central and Rendezvous Grand Hotel Melbourne, from Rendezvous Hotels Management Pty Ltd ("**RSHP and RGHM Vendor**"); and
 - (c) the business³ in relation to each of the hotels referred to in (a) and (b) above (together, the "**Three Hotels**"); and
- (ii) a sale and purchase agreement (the "**STC RHI SPA**") with STC for the acquisition of 100.0% of the issued share capital of Rendezvous Hotels International Private Limited ("**RHI**" and together with the Three Hotels, the "**STC Assets**"),
(together, the "**STC SPAs**" and the acquisition of the STC Assets, the "**STC Assets Acquisition**").

3. FINAL COMPLETION

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

On the basis that FEOrchard will hold and retain 70.0% of the aggregate shareholding of Hospitality HoldCo, FEOrchard will effectively have acquired a 70.0% interest in the STC Assets (the "**70.0% Acquisition**") and will be deemed to have disposed of an effective 30.0% interest in the FEOrchard Assets to STC (the "**30.0% Deemed Disposal**").

4. CERTAIN KEY TERMS OF THE FEORCHARD BTA

4.1 Conditions Precedent

Completion of the FEOrchard BTA shall be conditional upon the approval of the shareholders of FEOrchard (the "**Shareholders**") for the JVIA, including but not limited to FEOrchard complying with the exercise of the call option and put option under the JVIA, if required.

² Rendezvous Hotel Perth will be rebranded as "Rendezvous Grand Hotel Perth" upon completion of its renovation programme (expected to be completed in the second half of 2013).

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

4.2 Other Provisions

Please refer to Appendix A for further details on certain key terms of the FEOrchard BTA.

5. CERTAIN KEY TERMS OF THE STC SPAS

5.1 Conditions Precedent under the STC Hotels SPA

Completion of the STC Hotels SPA shall be conditional upon the following:

- (a) the approval of the Shareholders for the JVIA, including but not limited to FEOrchard complying with the exercise of the put option and call option under the JVIA, if required;
- (b) the obtaining of FIRB Approval⁴ for the transactions contemplated under the STC Hotels SPA;
- (c) the approval by the Department of Racing, Gaming and Liquor of Perth, Western Australia of the transfer of the liquor licences issued by such Department in respect of Rendezvous Studio Hotel Perth Central and Rendezvous Hotel Perth; and
- (d) the consent in writing from United Overseas Bank Limited to the novation (including the form of the novation deed) of:
 - (i) the acquisition facility agreement and guarantee dated 10 September 2012; and
 - (ii) the loan facilities agreement and guarantee dated 24 July 2012,each as between the RSHP and RGHM Vendor, Rendezvous Hotels (Australia) Pty Ltd and United Overseas Bank Limited (Sydney Branch).

5.2 Conditions Precedent under the STC RHI SPA

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

- (a) approval of the Shareholders for the JVIA, including but not limited to FEOrchard complying with the exercise of the put option and call option under the JVIA, if required; and
- (b) in relation to Rendezvous Grand Hotel Adelaide, the approval of the licensing authority constituted by the Liquor Licensing Act 1997 (SA) having been obtained for the new shareholders, directors and anyone else who will hold a "position of authority" (as defined by the Liquor Licensing Act 1997 (SA)) in respect of Allegra Hotel Pty Ltd following completion of the STC RHI SPA.

⁴ FIRB Approval refers to the following:

- (a) FEOrchard or its nominee has received a written notice under the *Foreign Acquisitions and Takeovers Act 1975* (Cth), by or on behalf of the Treasurer of the Commonwealth of Australia stating or to the effect that that the Commonwealth Government does not object to the transactions contemplated by the STC Hotels SPA; or
- (b) the Treasurer of the Commonwealth of Australia becomes precluded from making an order in relation to the subject matter of the STC Hotels SPA and the transactions contemplated by it under the *Foreign Acquisitions and Takeovers Act 1975* (Cth); or
- (c) if an interim order is made under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) in respect of the transactions contemplated by the STC Hotels SPA, the subsequent period for making a final order prohibiting the transactions contemplated by the STC Hotels SPA elapses without a final order being made.

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

5.3 Other Provisions

Please refer to Appendix B for details on certain key terms of the STC SPAs.

6. INFORMATION ON THE FEORCHARD ASSETS AND THE STC ASSETS

6.1 Certain information on the FEOrchard Assets

(a) 25 Hotel and Serviced Residence Management Agreements

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

(b) Property Management Agreement

The property management agreement to be transferred to Hospitality OpCo is the property management agreement dated 3 August 2012 entered into by DBS Trustee Limited (as trustee of Far East Hospitality Real Estate Investment Trust), FEO Hospitality Asset Management Pte. Ltd. (as manager of Far East Hospitality Real Estate Investment Trust) and Jelco.

6.2 Certain Information on the STC Assets

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

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

(For further details on the FEOrchard Assets and STC Assets, please refer to Appendix C of the JVIA Announcement.)

7. CONSIDERATION AND VALUATION FOR THE FEORCHARD ASSETS

In consideration for the FEOrchard Assets and a cash contribution of a cash amount of S\$76.2 million from FEOrchard (the "**FEOrchard Cash Contribution**"), Hospitality HoldCo will pay a total consideration of S\$236.2 million (the "**FEOrchard Consideration**") to be satisfied in the form of cash, issue of shares, shareholders' loans or debt or a combination thereof.

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

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

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

Deloitte & Touche Financial Advisory Services Pte Ltd (the “**Independent Valuer for the FEOrchard Assets**”), was commissioned by FEOrchard to undertake a desktop valuation of the FEOrchard Assets. The valuation by the Independent Valuer for the FEOrchard Assets (for the internal reference of FEOrchard and the board of directors of FEOrchard (the “**Board**”)), based on accepted valuation procedures and practices, is in the range of S\$155.0 million to S\$180.0 million as at 31 December 2012.

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

FEOrchard will also separately contribute a cash amount of S\$21.0 million to Hospitality HoldCo, being 70.0% of the initial funding for Hospitality HoldCo’s working capital (the “**FEOrchard Capital Contribution**”). In consideration for the FEOrchard Capital Contribution, Hospitality HoldCo will pay a total consideration to be satisfied in the form of issue of shares, shareholders’ loans or a combination thereof.

8. CONSIDERATION AND VALUATION FOR THE STC ASSETS

In consideration for the STC Assets, Hospitality HoldCo will pay a total consideration of S\$177.4 million (the “**STC Consideration**”) to be satisfied in the form of cash, issue of shares, shareholders’ loans or debt or a combination thereof.

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

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

Deloitte & Touche Financial Advisory Services Pte Ltd (the “**Independent Valuer for RHI**”) was commissioned by FEOrchard to undertake a desktop valuation of RHI. The valuation by the Independent Valuer of RHI (for the internal reference of FEOrchard and the Board), based on accepted valuation procedures and practices, and having considered the existing hospitality lease and management agreements of RHI and the expected assets and liabilities of RHI to be acquired upon completion, is in the range of nil to S\$4.0 million as at 31 December 2012.

FEOrchard had also commissioned an independent valuer, Colliers International Consultancy and Valuation Pty Limited, to value the Three Hotels (the “**Independent Valuer for the Three Hotels**”). The Independent Valuer for the Three Hotels, in its reports dated 31 May 2013 (the “**Three Hotels Valuation Reports**”), stated that the open market value of the Three Hotels is A\$175.5 million as at 31 May 2013.

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

STC will also separately contribute to Hospitality HoldCo a cash amount of S\$9.0 million, being 30.0% of the initial funding for Hospitality HoldCo’s working capital (the “**STC Capital Contribution**”). In consideration for the STC Capital Contribution, Hospitality HoldCo will pay

a total consideration to be satisfied in the form of issue of shares, shareholders' loans or a combination thereof.

9. METHOD OF FINANCING AND FINANCIAL EFFECTS OF THE TRANSACTIONS

9.1 Method of Financing

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

9.2 Financial Effects

Save for the Net Tangible Assets ("NTA") per Share figures as set out in the following table, Shareholders should note that the financial effects of the 70.0% Acquisition and 30.0% Deemed Disposal as disclosed in the JVIA Announcement remain unchanged.

(i) The 70.0% Acquisition and 30.0% Deemed Disposal

NTA per Share

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

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

Notes:

- (1) The NTA per Share for FY2012 is calculated based on the NTA attributable to ordinary Shareholders (which excludes minority interests) as at 31 December 2012 and 377,143,026 Shares in issue as at 31 December 2012. The NTA per Share disclosed in the JVIA Announcement was calculated based on the NTA of FEOrchard which includes minority interests.
- (2) The 70.0% Acquisition is considered a business acquisition for accounting purposes. For the purposes of the financial effects, the net assets acquired are assumed to be the same as the value of the consideration given. As the goodwill or gain on bargain purchase will be determined only on the completion of the 70.0% Acquisition and the final purchase price allocation, the eventual amounts could be materially different from the amounts used in the calculation of the financial effects. Goodwill, if any, is subject to an impairment test.
- (3) An estimated share of stamp duty of approximately S\$9.1 million and an estimated professional and other fees and expenses of approximately S\$2.2 million chargeable to the 70.0% Acquisition have been included.

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

Shareholders should note that the relative figures for the 70.0% Acquisition and the 30.0% Deemed Disposal as disclosed in the JVIA Announcement remain unchanged.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

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

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

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

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

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

11. CIRCULAR TO SHAREHOLDERS

A circular containing, *inter alia*, further details on the STC Joint Venture will be issued to Shareholders in due course, together with a notice of an extraordinary meeting of Shareholders, for the purposes of seeking Shareholders' approval for, *inter alia*, the STC Joint Venture.

12. DOCUMENTS FOR INSPECTION

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

- (i) the FEOrchard BTA;
- (ii) the STC SPAs;
- (iii) the Valuation Reports in respect of the Three Hotels;
- (iv) the Valuation Letter in respect of RHI;
- (v) the Valuation Letter in respect of the FEOrchard Assets; and
- (vi) the written consents of the Independent Valuer for the Three Hotels, the Independent Valuer for RHI and the Independent Valuer for the FEOrchard Assets.

By Order of the Board
Leow Chiap Seng

Company Secretary

20 June 2013

Certain Principal Terms of the FEOrchard BTA

1.1 Representations, Warranties and Limitations

If, prior to completion under the FEOrchard BTA, there is a breach of warranty under the FEOrchard BTA and no resolution on the course of action is reached amongst or between the parties (as the case may be) in respect of the breach, the party who is not in breach of such warranty will be entitled (in addition to and without prejudice to all other rights or remedies available to it, including the right to claim damages) by notice in writing to the other parties to terminate the FEOrchard BTA, subject to the limitations of liability set out in paragraphs 1.1(e), (f) and (g) below.

- (a) Each party to the FEOrchard BTA hereby represents and warrants and undertakes to the other parties (with the intent that the following warranties given by such party shall continue to be true and correct in all material respects as at completion (as if they had been given again at completion)) that:
 - (i) it is a company duly incorporated and validly existing under the laws of Singapore;
 - (ii) it has the legal right and full power and authority to enter into and perform its obligations under the FEOrchard BTA and any agreement or document entered into pursuant to or in connection with the FEOrchard BTA and to which it is a party, which when executed will constitute valid and binding obligations on such party enforceable against it in accordance with their respective terms; and
 - (iii) the execution and delivery of and the performance by such party of its obligations under the FEOrchard BTA and any agreement or document entered into pursuant to or in connection with the FEOrchard BTA and to which it is a party will not, by reason only of such execution, delivery and performance:
 - (1) result in a breach of any provision of the memorandum and articles of association of such party; or
 - (2) result in a breach of, or give any third party a right to terminate, cancel or modify, or result in the creation of any Encumbrance⁵ under, any material agreement, licence or other instrument or result in a breach of any order, judgment or decree of any court, governmental agency or regulatory body to which such party is a party or by which such party or any of its assets is bound.
- (b) Jelco further represents and warrants and undertakes to Hospitality OpCo and Hospitality HoldCo (with the intent that the following warranties given by Jelco shall continue to be true and correct in all material respects as at completion (as if they had been given again at completion)) that:
 - (i) it is and will on completion be legally and beneficially able to transfer the business (other than the Deferred Pipeline Agreements (as defined in

⁵ “Encumbrance” means any claim, mortgage, charge, lien, security, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption or right of first refusal.

- paragraph 1.6 below) and the Substitute Agreements (as defined in paragraph 1.6(a)(i) below)) to Hospitality OpCo under the FEOrchard BTA; and
- (ii) the business (other than the Deferred Pipeline Agreements and the Substitute Agreements) is or will on completion be free from any Encumbrances whatsoever.
- (c) Jelco further represents and warrants and undertakes to Hospitality OpCo and Hospitality HoldCo that as at the date of novation or assignment of each Deferred Pipeline Agreement and each Substitute Agreement by Jelco in favour of Hospitality OpCo, Hospitality HoldCo or a subsidiary of Hospitality HoldCo, as applicable (the “**Deferred Transfer Date**”) that:
- (i) it will on the Deferred Transfer Date be legally and beneficially able to transfer such Deferred Pipeline Agreement or such Substitute Agreement to Hospitality OpCo, Hospitality HoldCo or a subsidiary of Hospitality HoldCo (as applicable) under the FEOrchard BTA; and
 - (ii) such Deferred Pipeline Agreement or such Substitute Agreement will on the Deferred Transfer Date be free from any Encumbrances whatsoever.
- (d) Hospitality HoldCo further represents and warrants and undertakes to Jelco (with the intent that the following warranties given by Hospitality HoldCo shall continue to be true and correct in all material respects as at completion (as if they had been given again at completion)) that:
- (i) it will on completion be entitled to or is otherwise able to allot and issue to FEOrchard the full legal and beneficial ownership of the shares issued as consideration for the FEOrchard Assets (the “**Consideration Shares**”) on the terms of the FEOrchard BTA without the consent of any person; and
 - (ii) the Consideration Shares:
 - (1) on allotment and issue on completion will be free from all and any Encumbrance (save as set out in the JVIA) and will have been validly authorised; and
 - (2) when allotted and issued will be validly allotted and issued and credited as fully paid-up shares which are not subject to further call.
- (e) Jelco shall not be liable for breach of any warranty given by Jelco under the FEOrchard BTA or any claim under the indemnity in paragraph 1.2(a) below unless a notice of such claim is given in writing by Hospitality OpCo to Jelco setting out in reasonable detail the specific matter in respect of which the claim is made including an estimate of the amount of such claim within 15 months after the date of completion, save and except that where there is a Deferred Pipeline Agreement or a Substitute Agreement, the time limit in respect of any claim for breach of warranties given by Jelco under the FEOrchard BTA in respect of, or to the extent affecting, such Deferred Pipeline Agreement or such Substitute Agreement, shall be 15 months from the Deferred Transfer Date of such Deferred Pipeline Agreement or such Substitute Agreement (as the case may be).
- (f) The aggregate maximum liability of Jelco in respect of any and all breaches of warranties in respect of (or to the extent affecting) each Material Contract (as defined and set out in the FEOrchard BTA) shall be limited to 15 per cent. of the value

ascribed to such Material Contract in the FEOrchard BTA. For the avoidance of doubt, the aggregate maximum liability of Jelco in respect of all and any claims for breach of warranties given by Jelco under the FEOrchard BTA shall in no event exceed S\$24,000,000.

- (g) Where any claim is brought by STC or its Affiliate (as defined in the FEOrchard BTA) (the “**Claimant**”) against FEOrchard or its Affiliates pursuant to a provision in any Transaction Document:
- (i) Hospitality OpCo will not make any claim in respect of the same or similar subject matter of the claim that has been brought by the Claimant against FEOrchard or its Affiliates;
 - (ii) where it has already in any legal proceedings or arbitration asserted a claim against FEOrchard or its Affiliates, and the Claimant subsequently makes a claim in any legal proceedings or arbitration or otherwise in respect of the same or similar subject matter of the claim already made by Hospitality OpCo, Hospitality OpCo shall immediately discontinue or withdraw at its own cost and expense all such claims in the legal proceedings or arbitration, including where applicable, undertaking not to enforce such judgment or arbitration award;
 - (iii) where Hospitality OpCo has recovered monies from FEOrchard or its Affiliates arising from a claim against Jelco or its Affiliates, and the Claimant subsequently makes a claim against FEOrchard or its Affiliates and which the subject matter of such claim is the same as or similar to the claim that had been made previously by Hospitality OpCo, then Hospitality OpCo will immediately return all such monies to Jelco or such Affiliate irrevocably waiving any such entitlement to the monies and undertake not to enforce any judgment or arbitration award against Jelco or such Affiliate, where applicable;
 - (iv) where the Claimant has recovered any monies from FEOrchard or its Affiliates arising from a claim against Jelco or such Affiliate, Hospitality OpCo shall not thereafter make any claim against FEOrchard or its Affiliates if the subject matter of its claim is the same as or similar to the subject matter of the claim in respect of which the Claimant has recovered the said monies; and
 - (v) Hospitality OpCo shall indemnify FEOrchard or its Affiliates for all its costs and expenses incurred arising from a breach by Hospitality OpCo of any of its obligations in paragraphs (g)(i) to (iv) above.

1.2 Indemnity and Undertaking

- (a) Jelco undertakes to indemnify Hospitality HoldCo against, and shall pay Hospitality HoldCo the amount of, any claim, cost or expense payable by Hospitality HoldCo, Hospitality OpCo or such other wholly-owned subsidiary of Hospitality HoldCo (as applicable) that is incurred in relation to any claim, litigation or arbitration subsisting as at completion with respect to the business, provided that Hospitality HoldCo notifies Jelco in writing of such indemnity claim within 15 months after the date of completion.
- (b) Jelco undertakes to Hospitality OpCo and Hospitality HoldCo that there will be minimal incremental corporate centre costs (as defined in the FEOrchard BTA) to Hospitality HoldCo or its subsidiary (as applicable) arising solely from, and directly

attributable to, the operation of the relevant hospitality asset that is the subject of each of the seven new and pipeline hotel and serviced residence management agreements to be entered into by FEOrchard (and/or its subsidiary) including any Substitute Agreements and excluding the Deferred Pipeline Agreements thereby replaced, if applicable (the “**Pipeline Agreements**”) to be injected as part of the FEOrchard Assets, for the period beginning on the earliest of the dates of commencement of the Pipeline Agreements by Hospitality HoldCo or its subsidiary of the operation of such hospitality assets until the date falling 12 months after the latest of such commencement dates. Save as may be otherwise unanimously approved by the Board of Hospitality HoldCo, all such incremental corporate centre costs incurred in aggregate under the Pipeline Agreements for any period of 12 months in excess of the minimal incremental corporate centre costs incurred in that 12 month period shall be borne by Jelco.

1.3 Termination

- (a) Subject to first negotiating in good faith in accordance with the JVIA, any party to the FEOrchard BTA may by no less than 30 days’ notice in writing to the other parties, terminate the FEOrchard BTA (other than certain customary surviving provisions) at any time before completion, if:
 - (i) the condition precedent in the FEOrchard BTA is not satisfied on or before 1 August 2013 or as otherwise agreed by FEOrchard and STC under the JVIA; or
 - (ii) the condition precedent in the FEOrchard BTA becomes incapable of satisfaction or the parties thereto agree that the condition precedent cannot be satisfied.
- (b) The FEOrchard BTA (other than certain customary surviving provisions) shall automatically terminate and no party shall be liable to the others for claims (other than in respect of certain customary surviving provisions or any antecedent breach) under the FEOrchard BTA if at any time prior to completion, the JVIA is rescinded or terminated for any reason.
- (c) If, prior to completion, there is a breach of warranty under the FEOrchard BTA and no resolution on the course of action is reached between the parties in respect of the breach, the party who is not in breach of such warranty will be entitled (in addition to and without prejudice to all other rights or remedies available to it, including the right to claim damages) by notice in writing to the other parties to terminate the FEOrchard BTA whereupon Hospitality OpCo shall immediately return to Jelco all completion documents executed in favour of Hospitality OpCo and all other documents delivered by or on behalf of Jelco to Hospitality OpCo for the purposes of completion (if any), and subject to the compliance of the foregoing, no party shall have any claim against the other parties for costs, compensation, damages or otherwise under the FEOrchard BTA, save for any claim arising from antecedent breaches of the FEOrchard BTA.
- (d) Each of Hospitality HoldCo and Hospitality OpCo shall be entitled by notice in writing to Jelco, to terminate the FEOrchard BTA if Jelco is in material breach of any of its pre-completion undertakings in the FEOrchard BTA.

1.4 Completion Date

Completion under the FEOrchard BTA shall take place on 1 August 2013, or if the condition precedent under the FEOrchard BTA as set out in paragraph 4.1 of this announcement has not been satisfied five business days prior to 1 August 2013, the date five business days after such condition precedent has been satisfied and completion under the FEOrchard BTA is to occur.

1.5 Diminished Assets

If a Supervening Event MAC occurs in respect of the FEOrchard Assets prior to completion under the FEOrchard BTA and no resolution on the course of action is reached in respect of the Diminished Assets (as defined in the JVIA) pursuant to the terms of the JVIA, and the Diminished Assets include one or more of the Material Contracts, such Material Contract will not be transferred by the Jelco to Hospitality OpCo under the FEOrchard BTA and Jelco shall, as a replacement for such Material Contract, pay to Hospitality HoldCo in cash the value of such Material Contract unless otherwise mutually agreed between STC and FEOrchard in writing pursuant to the JVIA or unless FEOrchard shall have paid to the Hospitality HoldCo in cash the value of such Material Contract in accordance with the terms of the JVIA.

1.6 Deferred Pipeline

In the event either of the two Pipeline Agreements (being two of the seven new Pipeline Agreements as specified in the FEOrchard BTA) has not been entered into by Jelco and the relevant counter parties thereto or the counter parties thereto have not provided their consent to the assignment or novation of such Pipeline Agreement to Hospitality OpCo prior to completion under the FEOrchard BTA (each, a "**Deferred Pipeline Agreement**"), Jelco shall give a notice to Hospitality OpCo (the "**First Non-Contribution Notice**") and the parties agree that Jelco may (in the First Non-Contribution Notice) elect to defer such entry or assignment or novation to Hospitality OpCo to a date no later than 31 December 2013.

In the event Jelco becomes aware that such entry will not take place (or the relevant consents will not be received) by 31 December 2013, Jelco shall give a notice to Hospitality OpCo (the "**Second Non-Contribution Notice**") promptly after it becomes aware of the same (and in any event at least 10 business days prior to 31 December 2013) and the parties agree that Jelco may (under the Second Non-Contribution Notice) elect to either:

- (a) procure and ensure that:
 - (i) it has, in replacement of such Deferred Pipeline Agreement, entered into a new agreement (to be entered into between any of Jelco, FEOrchard or their respective Affiliates) in replacement of a Deferred Pipeline Agreement ("**Substitute Agreement**"); and
 - (ii) if such Substitute Agreement is not entered into directly between Jelco, Hospitality HoldCo or a subsidiary of Hospitality HoldCo, and the relevant counter parties thereto, that the original signed copy of such Substitute Agreement and all other relevant documents thereto (as described in the FEOrchard BTA) are delivered to Jelco no later than 31 December 2013; or
- (b) pay to Hospitality HoldCo in cash the value of such Deferred Pipeline Agreement by 31 December 2013.

Appendix B

Certain Principal Terms of the STC SPAs

CERTAIN KEY TERMS UNDER THE STC HOTELS SPA

1.1 Indemnity

The RHP Vendor and the RSHP and RGHM Vendor (together, the “**Vendors**”) undertake to indemnify Hospitality HoldCo against, and shall pay Hospitality HoldCo the amount of, any claim, cost or expense payable by Hospitality HoldCo, Hospitality PropCo, or such other wholly-owned subsidiary of Hospitality HoldCo (as applicable) that is incurred in relation to any claim, litigation or arbitration subsisting as at completion with respect to the business, provided that Hospitality HoldCo notifies the Vendors in writing of such indemnity claim within 15 months after the date of completion.

1.2 Condition of the Properties and Business Assets

- (a) Each property and the business assets are sold in an “as is, where is” condition, as more particularly set out in the STC Hotels SPA, including with all faults and defects, whether or not they are apparent by inspection.
- (b) Hospitality PropCo has inspected the properties and accepts each property with all disclosed encumbrances, leases, encroachments, faults and defects, whether or not they are apparent by inspection.

1.3 Hospitality PropCo’s Default

- (a) Subject to the Vendors’ rights to terminate under paragraph 1.8(d) below, if Hospitality PropCo fails to pay the purchase price under the STC Hotels SPA, or commits a material default in the observance or performance of any of the other obligations imposed on it under or by virtue of the STC Hotels SPA, and fails to make the payment or remedy the material default within 20 business days after receipt of notice of the default from the Vendors, the Vendors, in addition to any other rights the Vendors may have, may, subject to the parties first entering into good faith negotiations in accordance with the STC Hotels SPA and only upon that process completing without a resolution:
 - (i) affirm the STC Hotels SPA; or
 - (ii) terminate the STC Hotels SPA,by delivering written notice in writing to Hospitality PropCo.
- (b) If the Vendors affirm the STC Hotels SPA, the Vendors may sue Hospitality PropCo for damages for breach of agreement or for specific performance and damages in addition to or instead of damages for breach.

1.4 Vendors’ Default

- (a) Subject to Hospitality PropCo’s right to terminate under paragraph 1.8(c) below, if either of the Vendors commit a material default in the observance or performance of any of the obligations imposed on it under or by virtue of the STC Hotels SPA, and fails to remedy the material default within 20 business days after receipt of notice of the default from Hospitality PropCo, Hospitality PropCo, in addition to any other rights Hospitality PropCo has, may, subject to the parties first entering into the good faith

negotiations in accordance with the STC Hotels SPA and only upon that process completing without a resolution:

- (iii) affirm the STC Hotels SPA by delivering written notice to the Vendors; or
- (iv) terminate the STC Hotels SPA by delivering to the Vendors:
 - (1) written notice of termination of the STC Hotels SPA; and
 - (2) an executed withdrawal in registration form of any caveat registered against the title to the land by Hospitality PropCo.
- (b) If Hospitality PropCo affirms the STC Hotels SPA, Hospitality PropCo may, subject to paragraph 1.6(c) below, sue the Vendors severally for damages for breach of agreement or for specific performance and damages in addition to or instead of damages for breach.

1.5 Vendors' Representations and Warranties

Each Vendor gives the following warranties in favour of Hospitality PropCo on the date of the STC Hotels SPA (with the intent that the following warranties given by each Vendor shall continue to be true and correct in all material respects as at completion as if they had been given again at completion). If a Vendor is or the Vendors are in material breach of any of the warranties, Hospitality PropCo shall be entitled to terminate the STC Hotels SPA by notice in writing to the Vendors, in addition to and without prejudice to all other rights or remedies available, including the right to claim damages or other compensation, subject to the limitations of liability set out in paragraph 1.6 below.

- (a) **incorporation:** each Vendor is validly incorporated, organised and subsisting in accordance with the laws of its place of incorporation;
- (b) **no legal impediment:** the execution, delivery and performance by each Vendor of the STC Hotels SPA;
 - (v) complies with its constitution or equivalent constitutional documents; and
 - (vi) does not constitute a breach of any law, or cause or result in a default under any security interest by which such Vendor is bound which would prevent such Vendor from entering into and performing its obligations under the STC Hotels SPA;
- (c) **authority:** it has the legal right and full power and authority to enter into and perform its obligations under the STC Hotels SPA and any other Transaction Document (as defined in the STC Hotels SPA) to which it is a party, which when executed will constitute valid and binding obligations on each Vendor enforceable against it in accordance with their respective terms;
- (d) **power and capacity:** each Vendor has full power and capacity to enter into and perform its obligations under the STC Hotels SPA;
- (e) **title:** each Vendor is the registered, legal and beneficial owner of each of the properties free from all encumbrances (save as otherwise stated under the STC Hotels SPA); and
- (f) **binding obligations:** the STC Hotels SPA will, when executed, constitute valid and binding obligations of each Vendor.

1.6 Limitations of Liability of the Vendors

- (a) **Maximum liability:** The maximum aggregate liability of a Vendor in respect of all breaches of warranties by that Vendor relating to the hotel which that Vendor is transferring under the STC Hotels SPA shall be limited to 15 per cent of the value ascribed to that hotel.

For the avoidance of doubt, the maximum aggregate liability for all the Vendors combined for all breaches of warranties under the STC Hotels SPA shall not exceed S\$34.2 million in total.

- (b) **Time limits:** The Vendors are not liable under a claim for a breach of warranties given by the Vendors or any claim under the indemnity in paragraph 1.1 above unless notice of such claim is given in writing by Hospitality PropCo to the relevant Vendor setting out in reasonable detail the specific matter in respect of which such claim is made, including an estimate of the amount of such claim within 15 months after completion.

- (c) **Double claims:** Where any claim is brought by FEOrchard or its Affiliate (as defined in the STC Hotels SPA) (the "**FEOrchard Claimant**") against STC or STC's Affiliates in respect of a breach on the part of STC or STC's Affiliates pursuant to a provision in any Transaction Document:

- (i) Hospitality PropCo will not make any claim in respect of the same or similar subject matter of the claim that has been brought by the FEOrchard Claimant against STC or STC's Affiliates ;
- (ii) where it has already in any legal proceedings or arbitration asserted a claim against STC or STC's Affiliate relating to the business and the properties (including a breach of any warranty or under an indemnity), whether or not a judgement or arbitration award has already been granted to Hospitality PropCo, and the FEOrchard Claimant subsequently makes a claim in any legal proceedings or arbitration or otherwise in respect of the same or similar subject matter of the claim already made by Hospitality PropCo, Hospitality PropCo shall immediately discontinue or withdraw at its own cost and expense all such claims in the legal proceedings or arbitration, including where applicable, undertaking not to enforce such judgment or arbitration award;
- (iii) where Hospitality PropCo has recovered monies from STC or STC's Affiliate arising from a claim against STC or such Affiliate relating to the business or the properties (including a breach of warranty), whether or not such recovery of monies was pursuant to a judgment, arbitration award, settlement or otherwise, and the FEOrchard Claimant subsequently makes a claim against STC or STC's Affiliate relating to the business or the properties and which the subject matter of such claim is the same as or similar to the claim that had been made previously by Hospitality PropCo and pursuant to which monies was recovered from STC or such Affiliate, then Hospitality PropCo will immediately return all such monies to STC or such Affiliate irrevocably waiving any such entitlement to the monies and undertake not to enforce any judgment or arbitration award against STC or such Affiliate, where applicable;
- (iv) where the FEOrchard Claimant has recovered any monies from STC or STC's Affiliate arising from a claim against STC or such Affiliate, relating to the business or the properties (including a breach of warranty), whether or not such recovery of monies was pursuant to a judgment, arbitration award, settlement or

otherwise, Hospitality PropCo shall not thereafter make any claim against STC or STC's Affiliate in relation to the business or the properties if the subject matter of its claim is the same as or similar to the subject matter of the claim in respect of which the FEOrchard Claimant has recovered the said monies; and

- (v) Hospitality PropCo shall indemnify STC or STC's Affiliate for all its costs and expenses incurred arising from a breach by Hospitality PropCo of any of its obligations under paragraphs 1.6(c)(i) to (iv) above.

1.7 Warranties by Hospitality PropCo and Hospitality HoldCo

- (a) Hospitality PropCo and Hospitality HoldCo each gives the following warranties in favour of each of the Vendors on the date of the STC Hotels SPA (with the intent that the following warranties given by Hospitality PropCo and Hospitality HoldCo shall continue to be true and correct in all material respects as at completion as if they had been given again at completion):
 - (i) **incorporation:** Hospitality PropCo and Hospitality HoldCo are respectively validly incorporated, organised and subsisting in accordance with the laws of their respective places of incorporation;
 - (ii) **no legal impediment:** the execution, delivery and performance by Hospitality PropCo and Hospitality HoldCo of the STC Hotels SPA:
 - (1) comply with their respective constitutions or equivalent constitutional documents; and
 - (2) does not constitute a breach of any law, or cause or result in a default under any security interest by which Hospitality PropCo and Hospitality HoldCo are respectively bound which would prevent Hospitality PropCo and Hospitality HoldCo from respectively entering into and performing their respective obligations under the STC Hotels SPA;
 - (iii) **authority:** Hospitality PropCo and Hospitality HoldCo respectively have the legal right and full power and authority to enter into and perform their respective obligations under the STC Hotels SPA and any other Transaction Document to which they are parties respectively, which when executed will constitute valid and binding obligations on Hospitality PropCo and Hospitality HoldCo respectively enforceable against them in accordance with their respective terms;
 - (iv) **power and capacity:** Hospitality PropCo and Hospitality HoldCo respectively have full power and capacity to enter into and perform their respective obligations under the STC Hotels SPA; and
 - (v) **binding obligations:** the STC Hotels SPA will, when executed, constitute valid and binding obligations of Hospitality PropCo and Hospitality HoldCo respectively.
- (b) Hospitality HoldCo gives the following representations, warranties and undertakings to the Vendors on the date of the STC Hotels SPA (with the intent that the following warranties given by Hospitality HoldCo shall continue to be true and correct in all material respects as at completion as if they had been given again at completion):
 - (i) that it is or will on the date of allotment and issuance of each share issued as consideration be entitled to or is otherwise able to allot and issue to SPL the full

legal and beneficial ownership of each such share on the terms of the STC Hotels SPA and the JVIA without the consent of any person;

- (ii) that each share issued as consideration will on issue be validly authorised and Hospitality HoldCo has or will have full authority to allot and issue each such share and each such share is not or will not at the time of allotment and issue be subject to any pre-emptive rights of any person, save as set out in the JVIA, and when allotted and issued will be validly allotted and issued and credited as fully paid-up ordinary shares in Hospitality HoldCo which are not subject to further call and free from any Encumbrances⁶, save as set out in the JVIA; and
- (iii) that all shares issued by Hospitality HoldCo to STC (or SPL) as consideration shall, after completion of the FEOrchard BTA, STC SPAs, the completion of the payment or satisfaction of any adjustments to be made to the consideration pursuant to each of the FEOrchard BTA and the STC SPAs and the completion of the cash true-up (please refer to paragraph 3 of Appendix B to the JVIA Announcement) constitute 30 per cent. of Hospitality HoldCo's enlarged issued share capital.

1.8 Termination

- (a) Subject to first negotiating in good faith in accordance with the JVIA, any party to the STC Hotels SPA may by no less than 30 days' notice in writing to the other parties, terminate the STC Hotels SPA (other than certain customary surviving provisions) at any time before completion (provided that such party is not in breach of its obligation to use all best endeavours to ensure that the relevant condition(s) precedent for which it is responsible under the STC Hotels SPA is satisfied) if:
 - (i) any of the conditions precedent in the STC Hotels SPA is not satisfied or waived in accordance with the STC Hotels SPA, by 1 August 2013; or
 - (ii) any of the conditions precedent in the STC Hotels SPA becomes incapable of satisfaction or the parties thereto agree that any of the conditions precedent cannot be satisfied.
- (b) The STC Hotels SPA shall automatically terminate and no party shall be liable to the other for claims (other than in respect of certain customary surviving provisions or any antecedent breach) under the STC Hotels SPA, if at any time prior to completion, the JVIA is rescinded or terminated pursuant to its terms for any reason.
- (c) Hospitality PropCo shall be entitled to terminate the STC Hotels SPA by notice in writing to the Vendors:
 - (i) if at any time prior to completion:
 - (1) a Supervening Event Serious MAC (as defined in the JVIA) occurs in respect of any of the STC Assets, provided that Hospitality PropCo has not caused such Supervening Event Serious MAC;
 - (2) the Vendors are in material breach of any of their pre-completion undertakings in the STC Hotels SPA;

⁶ "Encumbrances" means any claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption or right of first refusal.

- (3) a Vendor is or the Vendors are in material breach of any warranty given by it or them under the STC Hotels SPA; or
 - (4) the Vendor is in breach of the assignment provision in the STC Hotels SPA; or
 - (ii) if on the date of completion, the Vendors have not fully complied with their completion obligations under the STC Hotels SPA.
- (d) The Vendors shall be entitled to terminate the STC Hotels SPA by notice in writing to Hospitality PropCo:
 - (i) if at any time prior to completion:
 - (1) a Supervening Event Serious MAC occurs in respect of any of the STC Assets, provided that the Vendors have not caused such Supervening Event Serious MAC;
 - (2) Hospitality PropCo is in material breach of its pre-completion covenant not to conduct any operational or business activities other than as allowed under the STC Hotels SPA;
 - (3) Hospitality PropCo is in material breach of any warranty given by it under the STC Hotels SPA; or
 - (4) Hospitality PropCo is in breach of the assignment provision in the STC Hotels SPA; or
 - (ii) if on the date of completion, Hospitality PropCo has not fully complied with its completion obligations under the STC Hotels SPA.

1.9 Asset Refurbishments

- (a) SPL undertakes to reimburse Hospitality HoldCo or its subsidiaries for any and all cost and expenses reasonably and properly incurred by or on behalf of Hospitality HoldCo or its subsidiaries in connection with the Asset Refurbishments (as defined in the STC Hotels SPA).
- (b) SPL shall use its reasonable endeavours to procure completion of the Asset Refurbishments prior to 31 October 2013.
- (c) The RHP Vendor undertakes that it shall use reasonable endeavours to, on completion of the Asset Refurbishment, assign the benefit of all warranties contained in the contracts relating to the Asset Refurbishments from RHP Vendor to Hospitality PropCo. For the avoidance of doubt, using reasonable endeavours to assign the benefit of the warranties does not require the RHP Vendor to assign the entire contract under which the warranties have been given.

1.10 Completion Date

Completion under the STC Hotels SPA shall take place on 1 August 2013, or, if the conditions precedent in the FEOrchard BTA as set out in paragraph 4.1 of this announcement is not satisfied by 1 August 2013, the Vendors shall be entitled, in their sole discretion, to extend, postpone or defer the date fixed for completion under the STC Hotels SPA until such later date as all conditions have been satisfied and completion is to occur under the FEOrchard BTA.

1.11 Diminished Assets

If a Supervening Event MAC occurs in respect of the STC Assets prior to completion and no resolution on the course of action is reached in respect of the Diminished Assets (as defined in the JVIA) pursuant to the terms of the JVIA, and the Diminished Assets include part of the properties and the business under the STC Hotels SPA, such part of the properties and the business will not be transferred by the relevant Vendors to Hospitality PropCo under the STC Hotels SPA. The parties acknowledge that STC shall, as a replacement for such part of the properties and the business, inject in cash the value of such part of the properties and the business into Hospitality HoldCo on completion under the STC Hotels SPA (in accordance with the JVIA) unless otherwise mutually agreed between STC and FEOrchard in writing pursuant to the JVIA.

1.12 Inability to Transfer

Subject to the conditions precedent in the STC Hotels SPA being satisfied prior to the date as determined in accordance with paragraph 1.8(a) above, in addition to paragraph 1.11 above, in the event that any property cannot be transferred to Hospitality PropCo, the parties acknowledge that STC shall, as a replacement for such property, inject in cash the value of such property into Hospitality HoldCo on completion under the STC Hotels SPA (in accordance with the JVIA) unless otherwise mutually agreed between STC and FEOrchard in writing pursuant to the JVIA or unless FEOrchard exercises its right to terminate the JVIA under the JVIA.

2. CERTAIN KEY TERMS UNDER THE STC RHI SPA

2.1 STC's Representations and Warranties

Subject only to any matter or thing hereafter done or omitted to be done pursuant to the STC RHI SPA or with the approval or on the request or instructions of Hospitality HoldCo or with JTC Approval (as defined in the STC RHI SPA) or on the request or instructions of the Joint Transition Committee (as defined in the STC RHI SPA), and the contents of the memorandum and articles of association of RHI and the contents of the constitutional documents of RHI's subsidiaries, STC gives the following warranties in favour of Hospitality HoldCo on the date of the STC RHI SPA (with the intent that the following warranties shall continue to be true and correct in all material respects as at completion as if they had been given again at completion).

If STC is in material breach of any of the warranties, Hospitality HoldCo shall be entitled to terminate the STC RHI SPA (other than certain customary surviving provisions) by notice in writing to STC, in addition to and without prejudice to all other rights or remedies available, including the right to claim damages or other compensation, subject to the limitations of liability set out in paragraph 1.8 below.

- (a) **Incorporation:** it is a company duly incorporated and validly existing under the laws of Singapore.
- (b) **Authority:** it has the legal right and full power and authority to enter into and perform its obligations under the STC RHI SPA and any agreement or document entered into pursuant to or in connection with the STC RHI SPA and to which it is a party, which when executed will constitute valid and binding obligations on it enforceable against it in accordance with their respective terms.
- (c) **No Breach:** the execution and delivery of, and the performance by STC of its obligations under the STC RHI SPA and any agreement or document entered into

pursuant to or in connection with the STC RHI SPA and to which it is a party will not, by reason only of such execution, delivery and performance:

- (iii) result in a breach of any provision of the memorandum and articles of association of STC; or
- (iv) result in a breach of, or give any third party a right to terminate, cancel or modify, or result in the creation of any Encumbrance⁷ under, any material agreement, licence or other instrument or result in a breach of any order, judgment or decree of any court, governmental agency or regulatory body to which STC is a party or by which STC or any of its assets is bound.

(d) **Ownership of Shares in RHI (the “Sale Shares”):**

- (i) it is as of the date of the STC RHI SPA and will, on completion, be legally and beneficially entitled to transfer the Sale Shares to Hospitality HoldCo under the STC RHI SPA;
- (ii) such Sale Shares will, on completion, be free from any Encumbrances; and
- (iii) such Sale Shares are or will comprise the whole of the issued and allotted shares in RHI, have been properly and validly issued and allotted and are each fully paid or credited as fully paid.

(e) **Ownership of Shares in Subsidiaries:**

RHI has title to the shares in its subsidiaries, as more particularly set out in the STC RHI SPA.

2.2 Hospitality HoldCo’s Representations and Warranties

Hospitality HoldCo gives the following warranties in favour of STC on the date of the STC RHI SPA (with the intent that the following warranties shall continue to be true and correct in all material respects as at completion as if they had been given again at completion):

- (a) **Incorporation:** it is a company duly incorporated and validly existing under the laws of Singapore.
- (b) **Authority:** it has the legal right and full power and authority to enter into and perform its obligations under the STC RHI SPA and any agreement or document entered into pursuant to or in connection with the STC RHI SPA and to which it is a party, which when executed will constitute valid and binding obligations on Hospitality HoldCo enforceable against it in accordance with their respective terms.
- (c) **No Breach:** the execution and delivery of, and the performance by Hospitality HoldCo of its obligations under the STC RHI SPA and any agreement or document entered into pursuant to or in connection with the STC RHI SPA and to which it is a party will not, by reason only of such execution, delivery and performance:
 - (i) result in a breach of any provision of the memorandum and articles of association of Hospitality HoldCo; or

⁷ “Encumbrances” means any claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption or right of first refusal.

- (ii) result in a breach of, or give any third party a right to terminate, cancel or modify, or result in the creation of any Encumbrance under, any material agreement, licence or other instrument or result in a breach of any order, judgment or decree of any court, governmental agency or regulatory body to which Hospitality HoldCo is a party or by which Hospitality HoldCo or any of its assets is bound.
- (d) **Warranties as to Purchaser Shares**
- (i) that it is or will on the date of allotment and issuance of each Purchaser Share (as defined in the STC RHI SPA) be entitled to or is otherwise able to allot and issue to STC (or SPL) the full legal and beneficial ownership of such Purchaser Share on the terms of the STC RHI SPA and the JVIA without the consent of any person;
 - (ii) that each Purchaser Share will on issue be validly authorised and Hospitality HoldCo has or will have full authority to allot and issue such Purchaser Share and such Purchaser Share is not or will not at the time of allotment and issue be subject to any pre-emptive rights of any person save as set out in the JVIA, and when allotted and issued will be validly allotted and issued and credited as fully paid-up ordinary shares in Hospitality HoldCo which are not subject to further call and free from any Encumbrances, save as set out in the JVIA; and
 - (iii) that the Purchaser Shares shall, after completion of the FEOrchard BTA, STC SPAs, the completion of the payment or satisfaction of any adjustments to be made to the consideration pursuant to each of the FEOrchard BTA and the STC SPAs and the completion of the cash true-up (please refer to paragraph 3 of Appendix B to the JVIA Announcement) constitute 30 per cent. of Hospitality HoldCo's enlarged issued share capital.

2.3 Taragon Arbitration

STC covenants with Hospitality HoldCo, with effect from and including completion under the STC RHI SPA, to indemnify Hospitality HoldCo against, and to pay to Hospitality HoldCo the amount of, any claim, cost or expense payable by Hospitality HoldCo or RHI (as applicable) that is incurred with respect to the arbitration proceedings between RHI and Taragon Capital Malaysia Sdn Bhd⁸. STC shall not be liable in relation thereto unless a claim is made by Hospitality HoldCo within six months from the date of the grant of the final arbitral award in respect of the arbitration proceedings referred to above.

2.4 Existing Claim, Litigation or Arbitration

STC covenants with Hospitality HoldCo, with effect from and including completion, to indemnify Hospitality HoldCo against, and to pay to Hospitality HoldCo the amount of, any claim, cost or expense payable by Hospitality HoldCo, RHI or RHI's subsidiary (as applicable) that is incurred in relation to any claim, litigation or arbitration subsisting as at completion with RHI or RHI's subsidiary but not resolved, concluded, satisfied, settled or withdrawn as at completion. STC shall not be liable in relation thereto unless a claim is made by Hospitality HoldCo within 15 months from the date of completion.

⁸ For further details, please refer to the announcement by STC dated 23 September 2010 entitled "*Clarification On The Business Times Article "Straits Trading Hotel Unit Sued For RM169 Million"*" which can be found at <http://www.stc.com.sg/newsroom.html>.

2.5 Auckland Lease

- (a) **Rectification Works:** STC undertakes to and with Hospitality HoldCo to carry out the rectification works (“**Rectification Works**”) in respect of “Rendezvous Grand Hotel” in Auckland (“**Auckland Hotel**”) in accordance with the standard required in the notice of repair dated 11 December 2012 from CDLHT (BVI) One Ltd to RHNZL, RHI and STC, as disclosed in the Data Room (as defined under the STC RHI SPA), in the manner prescribed in the STC RHI SPA.
- (b) **Repair Works**
- (i) STC also undertakes to and with Hospitality HoldCo to bear the costs of certain repair works specified in the STC RHI SPA (the “**Specified Repair Works**”) that is required:
- (1) under any requests made or notices of repairs issued by the lessor under the Lease dated 7 September 2006 made between, *inter alia*, RHNZL (as lessee), RHI (as guarantor) and CDLHT (BVI) One Ltd (as lessor) in respect of the Auckland Hotel (the “**Auckland Lease**”); and
 - (2) for structural defects (whether or not such structural defects existed before or as at completion), unless such structural defects arose after completion by virtue of the neglect or negligence of Hospitality HoldCo, RHI or a subsidiary of RHI or by their respective contractors or agents,
- provided that where the full quoted costs of the Specified Repair Works required:
- (3) do not exceed S\$10,000, such costs shall be borne by the operator; and
 - (4) exceed S\$10,000, Hospitality HoldCo shall, or shall procure that the operator shall, discuss in good faith with STC if such works should be carried out and, if STC so agrees, STC shall bear the full costs of such works.
- (ii) For the avoidance of doubt, the operator shall be responsible for:
- (1) all costs required for non-Specified Repair Works;
 - (2) all costs, where the full quoted costs of the Specified Repair Works do not exceed S\$10,000;
 - (3) all works relating to any defects arising after completion (except as otherwise provided in the STC RHI SPA);
 - (4) all works required under Clauses 10.2 and 10.3 of the Auckland Lease where the works thereunder do not involve replacement and retrofitting works;
 - (5) all ordinary, customary or regular upkeep or maintenance of the Premises and Services (as such terms are defined in the Auckland Lease) by the operator in accordance with the Auckland Lease; and
 - (6) where the term or duration of the Auckland Lease is extended or renewed by RHNZL under the Auckland Lease or otherwise by agreement of the parties thereto, complying with or satisfying any and all obligations of RHNZL under the Auckland Lease attributable or referable

to such extended or renewed term or duration and STC shall not be liable under 2.5(b)(i) above for such extended or renewed term or duration.

2.6 Cash Provision

STC shall ensure that, as at completion under the STC RHI SPA, RHI has set aside cash of S\$11.0 million for RHI to make payment in satisfaction of any net liabilities of RHI or any of its subsidiaries (other than in relation to the Rectification Works and Specified Repair Works).

2.7 Termination

- (a) Subject to first negotiating in good faith in accordance with the JVIA, Hospitality HoldCo (provided that it is not in breach of its obligations to use its best endeavours to ensure satisfaction of the condition precedent in connection with the application for approval from the licensing authority in relation to the Rendezvous Grand Hotel Adelaide in the STC RHI SPA) or STC (provided that it is not in breach of its obligation to upon Hospitality HoldCo's request provide such reasonable assistance required in connection with the application for approval from the licensing authority in relation to the Rendezvous Grand Hotel Adelaide, including procuring Allegra Hotel Pty Ltd to sign and submit such application form, if required) may by not less than 30 days' notice in writing to the other, terminate the STC RHI SPA (other than certain customary surviving provisions) at any time before completion if:
- (i) either condition precedent in the STC RHI SPA is not satisfied in accordance with the STC RHI SPA, by 1 August 2013; or
 - (ii) either condition precedent in the STC RHI SPA becomes incapable of satisfaction or the parties thereto agree that the condition precedent cannot be satisfied.
- (b) The STC RHI SPA shall automatically terminate and no party shall be liable to the other for claims (other than in respect of certain customary surviving provisions or any antecedent breach) under the STC RHI SPA if at any time prior to completion:
- (i) a Supervening Event MAC (as defined in the JVIA) occurs in respect of any of the STC Assets and parties agree that due to the diminution in the value of the shares in RHI, the shares are not to be transferred to Hospitality HoldCo pursuant to the terms of the JVIA; or
 - (ii) the JVIA is rescinded or terminated for any reason.
- (c) Hospitality HoldCo shall be entitled to terminate the STC RHI SPA (other than certain customary surviving provisions):
- (i) if at any time prior to completion:
 - (1) a Supervening Event Serious MAC (as defined in the JVIA) occurs in respect of any of the STC Assets, provided that Hospitality HoldCo has not caused such Supervening Event Serious MAC;
 - (2) the STC Hotels SPA is rescinded or terminated for any reason;
 - (3) STC is in material breach of any of its pre-completion undertakings in the STC RHI SPA;

- (4) STC is in material breach of any warranty given by it under the STC RHI SPA; or
 - (5) STC is in breach of the assignment provision in the STC RHI SPA; or
 - (ii) if on the date of completion, STC has not fully complied with its completion obligations under the STC RHI SPA.
- (d) STC shall be entitled to terminate the STC RHI SPA (other than certain customary surviving provisions):
 - (i) if at any time prior to completion:
 - (1) a Supervening Event Serious MAC occurs in respect of any of the STC Assets, provided that STC has not caused such Supervening Event Serious MAC;
 - (2) the STC Hotels SPA is rescinded or terminated for any reason;
 - (3) Hospitality HoldCo is in material breach of its pre-completion covenant not to conduct any operational or business activities other than as allowed under the STC RHI SPA;
 - (4) Hospitality HoldCo is in material breach of any warranty given by it under the STC RHI SPA; or
 - (5) Hospitality HoldCo is in breach of the assignment provision in the STC RHI SPA; or
 - (ii) if on the date of completion, Hospitality HoldCo has not fully complied with its completion obligations under the STC RHI SPA.

2.8 Limitations of Liability of STC

- (a) **Maximum liability:** The maximum aggregate liability of STC in respect of all breaches of warranties given by STC under the STC RHI SPA shall not exceed S\$420,000 in total.
- (b) **Time limits:** STC is not liable under a claim for a breach of warranty given by STC unless notice of such claim is given in writing by Hospitality HoldCo to STC setting out in reasonable detail the specific matter in respect of which such claim is made, including an estimate of the amount of such claim, within 15 months after completion.
- (c) **Double claims:** Where any claim is brought by FEOrchard or its Affiliate (as defined in the STC RHI SPA) (the "**FEOrchard Claimant**") against STC or STC's Affiliates pursuant to a provision in any Transaction Document:
 - (i) Hospitality HoldCo will not make any claim in respect of the same or similar subject matter of the claim that has been brought by the FEOrchard Claimant against STC or STC's Affiliates;
 - (ii) where it has already in any legal proceedings or arbitration asserted a claim against STC or STC's Affiliate, and the FEOrchard Claimant subsequently makes a claim in any legal proceedings or arbitration or otherwise in respect of the same or similar subject matter of the claim already made by Hospitality HoldCo, Hospitality HoldCo shall immediately discontinue or withdraw at its own cost and expense all such claims in the legal proceedings or arbitration,

including where applicable, undertaking not to enforce such judgment or arbitration award;

- (iii) where Hospitality HoldCo has recovered monies from STC or STC's Affiliate arising from a claim against STC or such Affiliate, and the FEOrchard Claimant subsequently makes a claim against STC or STC's Affiliate and which the subject matter of such claim is the same as or similar to the claim that had been made previously by Hospitality HoldCo, then Hospitality HoldCo will immediately return all such monies to STC or such Affiliate irrevocably waiving any such entitlement to the monies and undertake not to enforce any judgment or arbitration award against STC or such Affiliate, where applicable;
- (iv) where the FEOrchard Claimant has recovered any monies from STC or STC's Affiliate arising from a claim against STC or such Affiliate, Hospitality HoldCo shall not thereafter make any claim against STC or STC's Affiliate if the subject matter of its claim is the same as or similar as the subject matter of the claim in respect of which the FEOrchard Claimant has recovered the said monies; and
- (v) Hospitality HoldCo shall indemnify STC or STC's Affiliate for all its costs and expenses incurred arising from a breach by Hospitality HoldCo of any of its obligations in paragraphs 2.8(c)(i) to (iv) above.

2.9 Completion Date

Completion under the STC RHI SPA shall take place on 1 August 2013 or, if the conditions precedent under the STC RHI SPA, and the sale and purchase of the Three Hotels and the business under the STC Hotels SPA, have not been satisfied or waived five business days prior to that date, the date falling five business days after all such conditions have been satisfied or on such later date to which completion under the STC RHI SPA has otherwise been extended, postponed or deferred in STC's sole discretion.