

**BANYAN TREE HOLDINGS LIMITED**  
(Company Registration Number 200003108H)

**ENTRY INTO DEFINITIVE AGREEMENTS WITH ACCOR S.A.**

**1. Introduction**

Banyan Tree Holdings Limited ("BTH") refers to the announcement dated 8 December 2016 (the "Term Sheet Announcement") made by it in relation to the entry into of term sheets with Accor S.A.

*(Note: All capitalised terms used but not defined herein shall have the same meanings given to them in the Term Sheet Announcement, unless otherwise expressly stated or the context otherwise requires.)*

**2. Execution of Collaboration Agreement and Subscription Agreement with Accor**

BTH wishes to announce that it has today entered into two agreements with Accor as follows:

- (a) a collaboration agreement (the "CA") in relation to the Collaboration; and
- (b) a subscription agreement (the "SA") in relation to (i) the issue by BTH to Accor of an irredeemable convertible debenture of S\$24,000,000 principal amount and issue price (the "Debenture") and (ii) the grant by BTH to Accor of an option (the "Option", and together with the issue of the Debenture and the Collaboration, the "Proposed Transactions") to acquire up to 10% of the share capital of BTH, on a fully diluted basis.

**3. The Collaboration**

Overview

Under the CA, the Parties shall co-develop hotels (including branded serviced residences) and branded residences under the Banyan Tree, Angsana, Cassia and Dhawa brands and, subject to the terms of the CA, such other brands which become owned by BTH (collectively, the "BT Brands") in certain territories globally (the "Territories"), save for certain territories which remain exclusive to BTH (the "BTH Exclusive Territories"). The Parties shall carry out business development activities with a view to securing hotel management agreements and residence licensing agreements (or similar agreements) (the "Management Agreements") to manage co-developed hotels and branded residences (each a "Co-Development Project"). Such Co-Development Projects will be managed by Accor under the brand standards required under each applicable BT Brand. BTH will continue to undertake brand management activities. Other activities such as training, sales and marketing and technical assistance will be undertaken by the Parties in accordance with the terms of the CA. BTH may also continue to develop its own hotel contracts in the Territories, subject to compliance with the terms of the CA. For each Co-Development Project, the Parties will share the management and other fees received through Accor.

BTH will also have access to Accor's global reservations and sales network and loyalty programme.

### Term of Collaboration

The Collaboration shall be for an initial term of 10 years, subject to early termination by any Party under the terms of the CA and subject to extension by mutual agreement.

### Grant of License

During the term of the CA, BTH shall grant to Accor a non-exclusive, non-transferable, royalty-bearing right and license in the Territories (and where specifically permitted in writing by BTH, in the BTH Exclusive Territories) to use the intellectual property in and to the BT Brands to carry out business development activities in the Territories with a view to successfully securing Management Agreements and enabling Accor or its affiliates to manage the Co-Development Projects in accordance with the property specific license agreement (as referred to below) and the terms of the CA (the "License"). Accor may further sublicense the License to its affiliates provided that it shall procure that each affiliate sublicensee complies with the terms of the License and the CA.

Prior to the entry by Accor (or any of its affiliates) into any Management Agreement in respect of a Co-Development Project, Accor or such affiliate shall also enter into a property specific license agreement with BTH for the grant of a license in respect of the management of that Co-Development Project.

## **4. The SA**

### Overview

BTH shall issue to Accor and Accor shall subscribe for the Debenture which shall be convertible into Shares (such Shares, the "Conversion Shares"). The principal terms of the Debenture are set out in Schedule 1 to this announcement.

Further, BTH shall grant to Accor the Option, exercisable within six (6) months after the allotment and issue of the Conversion Shares to Accor, to require BTH upon written notice (the "Option Notice") to allot and issue to Accor such number of fully paid-up Shares (the "Placement Shares"), free from all encumbrances, that would result in Accor directly or indirectly holding Shares representing up to 10% of the enlarged share capital of BTH on a fully diluted basis as at the Issue Date (as defined below), but taking into account any Shares to be issued to China Vanke Co., Ltd. or its nominee ("Vanke") under the transaction (the "Vanke Transaction") with Vanke (being the proposed issue of Shares to Vanke by private placement of an aggregate principal amount of S\$25,000,000 and the grant of an option to Vanke to further purchase such number of Shares which would result in Vanke having an interest in Shares representing a total amount to be determined by BTH, the minimum of which shall be 5% and the maximum can be 10% of the enlarged share capital of BTH on a fully diluted basis, as announced by BTH on 23 January 2017). The consideration for each Placement Share shall be 115% of the volume weighted average price ("VWAP") immediately preceding the Option Notice (subject to compliance with the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST")).

### Use of Proceeds

The proceeds from the issue of the Debenture amount to S\$24 million. BTH intends to use the proceeds to repay its existing debt.

### Conversion Shares and Placement Shares

The maximum aggregate number of Conversion Shares and Placement Shares (assuming the full conversion and exercise of the Debenture and Option (as the case may be) and taking into account the Shares to be issued under the Vanke Transaction) is 83,245,805 Shares, which represents approximately 11% of the existing issued Shares (excluding treasury shares) and which will represent approximately 10% of the enlarged share capital of BTH on a fully diluted basis as at the Issue Date and taking into account the Shares to be issued under the Vanke Transaction.

### General Mandate

The proposed issue of Shares upon the conversion of the Debenture and exercise of the Option will be made pursuant to the general mandate for the issue of shares and securities granted to the board of directors of BTH ("Board") at the annual general meeting of BTH held on 21 April 2017.

## 5. **Financial Effects of the Debenture and the Option**

The illustrative financial effects of the Debenture and the Option, assuming a conversion price per Share of S\$0.60 under the Debenture and the exercise in full by Accor of its Option at a price per Share of S\$0.60, are as set out below. The illustrative figures are based on the issued share capital of BTH as at the date of this announcement and the audited financial statements of BTH as at 31 December 2016 (as the case may be).

### Share Capital

	<b>Before the issue of the Debenture and Option</b>	<b>After the issue of the Debenture and Option but before any conversion</b>	<b>Assuming conversion of the Debenture at S\$0.60</b>	<b>After the conversion of the Debenture and exercise in full of the Option</b>
Number of Shares <sup>1</sup>	761,194,280	761,194,280	801,194,280	844,440,085

### Net Tangible Assets ("NTA")<sup>2</sup>

	<b>Before the issue of the Debenture and Option</b>	<b>After the issue of the Debenture and Option but before any conversion</b>	<b>Assuming conversion of the Debenture at S\$0.60</b>	<b>After the conversion of the Debenture and exercise in full of the Option</b>
NTA (S\$'000)	531,282	531,282	555,282	581,229
NTA per Share <sup>3</sup> (Singapore cents)	69.80	69.80	69.31	68.83

Earnings

	<b>Before the issue of the Debenture and Option</b>	<b>After the issue of the Debenture and Option but before any conversion</b>	<b>Assuming conversion of the Debenture at S\$0.60</b>	<b>After the conversion of the Debenture and exercise in full of the Option</b>
Net profit attributable to shareholders (S\$'000)	(16,196)	(16,196)	(16,196)	(16,196)
Earnings per Share <sup>3</sup> (Singapore cents)	(2.13)	(2.13)	(2.02)	(1.92)

Gearing

	<b>Before the issue of the Debenture and Option</b>	<b>After the issue of the Debenture and Option but before any conversion</b>	<b>Assuming conversion of the Debenture at S\$0.60</b>	<b>After the conversion of the Debenture and exercise in full of the Option</b>
Net debt (S\$'000)	507,818	507,818	483,818	457,871
Total equity (S\$'000)	732,846	732,846	756,846	782,793
Net gearing	0.69	0.69	0.64	0.58

## Notes:

- (1) Excludes 208,000 treasury shares and any vesting of share awards.
- (2) Excludes minority interests.
- (3) Based on the number of Shares shown in Note 1.

**6. Nomination of Director**

In connection with the Proposed Transactions, Accor will nominate one (1) director to the Board. The appointment will be subject to evaluation and recommendation by the Nominating and Remuneration Committee and approval by the Board and/or shareholders in accordance with BTH's Constitution. Accor has indicated to BTH that its first nominee to the Board will be Sebastien Bazin, the CEO and Chairman of Accor.

## **7. Rationale for the Proposed Transactions**

The strategic alliance with Accor allows BTH to remain as an independent company, tapping on Accor and leveraging on its strengths and experience to grow BTH's brands around the world. The Proposed Transactions will propel BTH's brands to global reach and range and strengthen BTH's ability to embrace change and innovation in the hospitality industry with a strong global partner. The proposed Collaboration will also enable BTH to strengthen its revenue stream through the fees received from the Collaboration while providing expansion opportunities for BTH. The proposed Collaboration will not impede or restrict BTH's ability to engage in its own business development activities and secure hotel management contracts for itself provided that such projects, if similarly branded, shall not be within such proximity as set out in the CA. Accor shall also be excluded from co-development rights in the BTH Exclusive Territories (including the People's Republic of China, Thailand, Vietnam and certain parts of Mexico and Maldives), unless expressly permitted by BTH.

All Co-Development Projects will be operated in accordance with quality assurance and brand standards controlled by BTH. A mutually agreed process and a series of brand assurance protocols from BTH will ensure the suitability of a proposed Co-Development Project for the BT Brands.

In view of the Collaboration, Accor has also agreed to acquire a stake in BTH through the Debenture and the Option.

## **8. Information on Accor**

Accor is a multinational hotel group which is headquartered in Paris, France, and owns, operates and franchises approximately 4,000 hotels across all inhabited continents. Accor is currently listed on the Euronext NV and is part of the CAC 40, a benchmark French stock market index. As at the date of this announcement, Accor has a market capitalisation of approximately €11.8 billion and operates hotels in 92 countries.

## **9. Interest of Directors and Substantial Shareholders and Accor**

Qatar Holding LLC and Qatar Investment Authority which are interested in approximately 27.05% of the Shares, are interested in approximately 10.38% of the shares in Accor.

Save as aforementioned, none of the directors of BTH nor (as far as the directors are aware) any substantial shareholders of BTH has any interest, whether direct or indirect, in the Proposed Transactions (other than through their shareholdings in BTH). As of the date hereof, Accor does not have any interests, direct or indirect, in BTH's issued share capital and is not related to any of the directors of BTH.

By Order of the Board

Jane Teah  
Company Secretary  
27 April 2017

**SCHEDULE 1  
PRINCIPAL TERMS OF THE DEBENTURE**

Issue Size	:	S\$24,000,000 in aggregate principal amount of the Debenture.
Issue Price	:	100% of the principal amount of the Debenture.
Issue Date (" <b>Issue Date</b> ")	:	One (1) business day after the fulfillment of the conditions precedent set out in the SA and as described under the row "Material Conditions Precedent" herein, or such other date as may be mutually agreed between the Parties.
Interest	:	The Debenture will bear interest at the rate of 3.5% per annum, payable quarterly.
Material Conditions Precedent	:	<p>The issuance of the Debenture is conditional upon the fulfillment or waiver of the following material conditions precedent:</p> <ul style="list-style-type: none"> <li>(a) the receipt of a letter of approval-in-principle ("AIP") of the SGX-ST for the listing and quotation of the Conversion Shares and the Placement Shares on the Mainboard of the SGX-ST, and where such AIP is subject to conditions, fulfillment of such conditions;</li> <li>(b) where necessary, the approval of the shareholders of BTH for the allotment and issue of the Conversion Shares and Placement Shares to Accor being obtained at a general meeting of BTH;</li> <li>(c) all representations and warranties of the Parties remaining true and not misleading in any material respect at the Issue Date, and each Party having performed or complied in all material respects with all, and not be in material breach or default under any, agreements, covenants and obligations contained in the SA;</li> <li>(d) the execution of the CA, and the appointment of Accor's nominee director to the Board as provided therein; and</li> <li>(e) BTH remaining listed on the Mainboard of the SGX-ST and trading in the Shares not having been suspended for any reason (other than a trading halt on a temporary basis not exceeding a duration of five (5) business days at the request of BTH).</li> </ul> <p>The SA further contains other conditions precedent which are customary in the context of an issue of a Debenture, and which must be fulfilled before the Debenture will be issued.</p>

	<p>If any of the conditions precedent are not satisfied by the date falling two (2) months from the date of the SA, either Party shall thereupon be entitled (but not bound) to terminate the SA.</p>
<p>Conversion</p>	<p>: The entire sum (and not some only) of the outstanding principal amount of the Debenture shall be automatically converted into the Conversion Shares upon the occurrence of the following conversion events:</p> <p>(a) within the period commencing from the Issue Date and ending on the date falling 4½ years therefrom (the "4½ Year Period"), if the Reference Price (as defined herein) is greater than or equal to S\$0.60 at any time.</p> <p>For the purpose of the above, the number of Conversion Shares to be allotted and issued by BTH to Accor shall be determined as follows (fractional entitlements disregarded, and no cash adjustments will be made in respect thereof):</p> $\text{Number of Conversion Shares to be allotted and issued to Accor} = \frac{\text{Outstanding principal amount of the Debenture}}{\text{S\$0.60}}$ <p>(b) on the date falling 4½ years from the Issue Date ("Final Conversion Date"), if the Debenture is not converted to Conversion Shares pursuant to paragraph (a) above.</p> <p>For the purpose of the above, the number of Conversion Shares to be allotted and issued by BTH to Accor shall be determined as follows (fractional entitlements disregarded, and no cash adjustment will be made in respect thereof):</p> $\text{Number of Conversion Shares to be allotted and issued to Accor} = \frac{\text{Outstanding principal amount of the Debenture}}{\text{X}}$ <p>Where:</p> <p>X = Trigger Price provided that such Trigger Price is higher than the Floor Price. In the event that the Floor Price is higher than the Trigger Price, "X" shall be equal to the Floor Price.</p>

	<p>For the purposes of this announcement:</p> <p>"Alternative Stock Exchange" means at any time, in the case of the Shares, if they are not at that time listed and traded on the SGX-ST, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;</p> <p>"Floor Price" means the higher of (i) S\$0.40 and (ii) the lowest price allowed pursuant to the listing rules of the SGX-ST, without BTH being required to obtain any approval of its shareholders;</p> <p>"Reference Price" means the VWAP immediately preceding the Relevant Trading Day;</p> <p>"Relevant Trading Day" means any Trading Day which is no earlier than 90 consecutive Trading Days after the Issue Date;</p> <p>"Trading Day" means a day when the SGX-ST or, as the case may be, an Alternative Stock Exchange is open for dealing business, provided that if no VWAP is reported for one (1) or more Trading Days, such Trading Day or Trading Days will be disregarded in any relevant calculation and shall be deemed not to have been Trading Days when ascertaining any period of Trading Days; and</p> <p>"Trigger Price" means the lower of:</p> <ul style="list-style-type: none"> <li>(i) the price being 115% of the VWAP immediately preceding the Final Conversion Date; and</li> <li>(ii) S\$0.60.</li> </ul> <p>(c) if at any time during the 4½ Year Period, BTH announces a proposed rights issue or preferential offer of Shares on a <i>pro-rata</i> basis to all its shareholders, Accor will be entitled to convert its Debenture into such number of Conversion Shares as determined in accordance with the formula set out in (a) above.</p>
<p>Status of Conversion Shares / Listing</p>	<p>: All Conversion Shares and Placement Shares will when issued rank <i>pari passu</i> in all respects with the then existing Shares in issue, be listed and tradable on the Mainboard of the SGX-ST and shall be issued fully paid-up and free from all encumbrances.</p> <p>Application will be made to list the Conversion Shares and Placement Shares on the Official List of the SGX-ST.</p>

Certain Adjustments	:	The initial conversion price will be adjusted in certain circumstances as set out in the terms of the Debenture, including but not limited to consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves of BTH, and capital distributions.
Governing Law	:	Singapore