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

ACQUISITION OF A STUDENT ACCOMMODATION PROPERTY IN SOUTHAMPTON, UNITED KINGDOM

1. INTRODUCTION

The Board of Directors (the "**Board**") of Far East Orchard Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce that its wholly-owned subsidiary, IUKSeven Limited ("**IUKSeven**"), has entered into a sale and purchase agreement on 8 December 2022 with Empiric (Southampton Emily Davies) Limited (the "**Seller**") to acquire the whole of registered title (the "**Acquisition**") in a student accommodation property known as Emily Davies (the "**Property**").

Emily Davies is a freehold property located at 1 Fitzhugh Street, Southampton SO15 2PU, United Kingdom. It has a site area of approximately 1,380 sqm with a total of 180 beds.

2. SALIENT TERMS OF THE ACQUISITION

2.1 Purchase price

The purchase price for the Acquisition was approximately £13.9 million (approximately S$22.9 million[1]), which was satisfied in cash by IUKSeven through external debt facilities. The purchase price was negotiated on an arm's length and willing-buyer, willing-seller basis, taking into account the independent valuation carried out on the Property.

Based on the valuation report by Jones Lang LaSalle Limited ("**JLL**")[2], the market value of the Property as at 25 November 2022 was approximately £14.2 million. The valuation was prepared in accordance with the terms of engagement made between Far East Orchard Investments (UK) Pte. Ltd, a holding company of IUKSeven, and JLL.

2.2 Condition precedent

Completion of the Acquisition is conditional upon the Seller undertaking and completing certain minor works. The completion of the works is expected to be in April 2023, with a long-stop date by 30 April 2023.

2.3 Facility management agreement

In connection with the Acquisition, the Group will enter into a facility management agreement with a UK student accommodation operator (the "**Operator**") who will act as facility manager of the Property. The Operator currently operates more than 30,000 beds in the UK. The employees who currently work wholly or mainly in connection with the Property will be transferred from the Seller's operator to the Operator.

[1] Based on the exchange rate of GBP1: SGD1.65 prevailing as at 8 December 2022.
[2] Save where mandated by law, JLL does not accept responsibility to any party other than its client Far East Orchard Investments (UK) Pte. Ltd. in respect of the valuation of the Property.

3. RATIONALE FOR THE ACQUISITION

The Board is of the view that the Acquisition presents a prime investment opportunity for the reasons set out below:

(i) Expand the Group's footprint in United Kingdom

The Acquisition allows the Group to continue expanding and diversifying its student accommodation portfolio in the United Kingdom. The student accommodation asset class has shown resilience against economic downturns. Specifically, this acquisition would be the Group's first student accommodation property in Southampton, which has a sizeable full-time student population.

(ii) Aligned with the Group's strategic focus to build a stabilised PBSA portfolio and recurring income bases

The Acquisition is in line with the Group's intent to grow its PBSA portfolio as part of the strategic objective to build a lodging platform that aims to achieve a sustainable and recurring income. The Group intends to achieve 5,000 student accommodation beds by 2025 ('FEOR 25 Strategy').

Pursuant to paragraph 2 of Practice Note 10.1 of the Listing Manual of Singapore Exchange Securities Trading Limited, the Board is of the view that the Acquisition is in the Company's ordinary course of business as (a) the asset is part of the Group's existing principal business, and (b) the Acquisition does not change the Group's risk profile. While the Acquisition is not a discloseable transaction under Chapter 10 of the Listing Manual, the Board has decided to voluntarily disclose additional details of the Acquisition to enhance the corporate disclosure standards of the Company.

4. ILLUSTRATIVE FINANCIAL EFFECTS

4.1 Bases and assumptions

The pro forma financial effects of the Acquisition are based on, *inter alia*, the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2021.

The pro forma financial effects have been presented **for illustration purposes only** and do not necessarily reflect the actual financial position and earnings of the Group following the completion of the Acquisition.

4.2 Effect on Group's net tangible assets ("**NTA**") per share

For illustrative purposes, assuming the Acquisition had taken place on 31 December 2021, the pro forma financial effects of the Acquisition on the Group's NTA are as follows:

	Before the Acquisition	**After the Acquisition**
NTA (S$'000)	1,180,290	1,180,290
Total number of issued shares ('000)	464,534	464,534
NTA per share (S$)	2.54	2.54

4.3 Effect on earnings per share ("**EPS**")

For illustrative purposes, assuming the Acquisition had taken place on 1 January 2021, the pro forma financial effects of the Acquisition on the Group's EPS are as follows:

	Before the Acquisition	**After the Acquisition**
Profit attributable to equity holders of the Company (S$'000)	28,127	28,422
Weighted average number of issued shares ('000)	459,947	459,947
EPS (cents)	6.12	6.18

5. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

None of the directors or controlling shareholders of the Company have any interest, direct or indirect, in the Acquisition, other than their shareholdings in the Company.

6. FURTHER UPDATES

The Company will, in due course and where relevant, make such further announcements through SGXNET to inform shareholders of any material updates or developments.

By Order of the Board

Phua Siyu Audrey
Company Secretary
9 December 2022