



**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

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**CLARIFICATION ON THE FULL YEAR RESULTS ANNOUNCEMENT FOR FY2013**

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In response to the Singapore Exchange Securities Trading Limited's ("SGX-ST") clarification sought via email on 7 February 2014 regarding Fragrance Group Limited's (the "Company") Announcement of Unaudited Financial Results for FY2013, the Board of Directors (the "Board") wishes to provide the following information:-

**SGX-ST Question 1:**

*We note that 'Revaluation of land and buildings' changed by 140.7%, from \$108 million in 2012 to \$260 million in 2013. Please provide more details on the fixed assets which contributed most to the revaluation gain, the method used in the valuation and the reasons for the significant increase in valuation.*

**Company's Response:**

The Company's hotel properties contributed most to the revaluation gain in 2013. These consists of i) 22 hotel properties currently owned and operated in Singapore under two brands, namely, Fragrance Hotel and Parc Sovereign Hotel and ii) 1 hotel property located Tyrwhitt Road which is under development but nearing completion.

		<u>Revaluation Gain in FY2013</u>
22 hotels currently under operation	-	S\$180 million
1 hotel under development (nearing completion)	-	S\$ 80 million
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		S\$260.0 million
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The valuation was carried out by an international valuation firm who are independent and we noted that they have used a combination of i) direct comparison method; and ii) investment method. The increase was mainly attributable to the increase in market values of hotel properties during this period.

**SGX-ST Question 2:**

*We note that 'Fair value gain on investment property' changed by 433.6%, from \$19 million in 2012 to \$102 million in 2013. Please provide reasons for the significant increase in the fair value of the investment properties located at Hoe Chiang road and Alexandra Road.*

**Company's Response:**

The fair value gain on investment property in FY2012 relates only to one property-Hoe Chiang Road Property, whereas in FY2013, two properties, namely, Hoe Chiang Road Property and Alexandra Road Property has contributed to the fair value gain and the increase therein. In addition, the increase in FY2013 was the result of a revaluation carried out by an international valuation firm, which reflected the increase in prices of commercial properties during this period.

*Submitted on 10 February 2014*