



Far East Orchard Limited
(Incorporated in the Republic of Singapore)
Company Registration No. 196700511H

ACQUISITION OF A SITE TO BE DEVELOPED INTO A PURPOSE-BUILT STUDENT ACCOMMODATION IN THE 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 Osborne Street Development Ltd (a subsidiary of the Group) (“**Buyer**”), has on 12 March 2024 entered into a sale and purchase agreement (“**SPA**”) with Nova Osbourne Limited (“**Seller**”) for the acquisition (the “**Acquisition**”) of a plot of land located in Glasgow in the United Kingdom (the “**Site**”) for £3.0 million (approximately S\$5.1 million¹) (the “**Purchase Price**”). The Site is intended to be developed into a purpose-built student accommodation (the “**Development**”).

2. INFORMATION ON THE PARTIES

2.1 Buyer

The Buyer is a subsidiary of the Group, held through a limited partnership, FE UK Student Accommodation Development LP (“**FESAD**”). Far East Accommodation Holdings Pte. Ltd. (a wholly-owned subsidiary of the Group) is the general partner of FESAD, while Far East Orchard Investments (UK) Pte Ltd (a wholly-owned subsidiary of the Group) and Aurum Investments (Private) Limited are the limited partners of FESAD (holding an initial 85% and 15% of the interest in FESAD respectively).

2.2 Aurum Investments (Private) Limited (“**Aurum**”)

Aurum is a wholly-owned subsidiary of Woh Hup Holdings Pte Ltd (“**WH**”). WH is an established pioneer of more than 96 years in Singapore’s construction and civil engineering industry and is one of Singapore’s largest privately-owned construction and civil engineering specialists. WH remains at the forefront of shaping Singapore’s urban landscape by consistently delivering high-quality, innovative building solutions and has forged strategic joint-venture partnerships with overseas counterparts. Through Aurum, WH also has investments in development projects in the UK.

2.3 Seller

The Seller Nova Osbourne Limited is a company incorporated in United Kingdom, which is part of Ambassador Group, a privately owned Scottish-based real estate business, operating across the UK and based in Glasgow since 2011. The company currently has £500m of AUM and a strong track record in delivering award winning and complex projects in Scotland such as Park Quadrant Residences, a collection of 98 luxury apartments located in the heart of the west end of Glasgow.

¹ Based on the exchange rate of GBP1:SGD1.70 prevailing as at 12 March 2024

3. **CERTAIN KEY SALIENT TERMS OF THE SPA, AND INFORMATION ON INTENDED DEVELOPMENT**

3.1 SPA

Completion of the Acquisition is conditional upon, *inter alia*, the absence of any judicial review of the planning permission (that was granted by the Glasgow City Council) being received by 16 May 2024². The long-stop date for any judicial review (and the Completion of the Acquisition) is 15 December 2024.

The Purchase Price is payable by the Buyer to the Seller on completion.

The Purchase Price will be funded by the limited partners of FESAD in proportion to their interest in FESAD. The Purchase Price was arrived at on a willing-buyer and willing-seller basis involving arm's length negotiations between the Buyer and the Sellers, taking into consideration relevant factors including prevailing market prices for similar plots of land, the projected development cost and market potential for the Development.

3.2 Intended Development of the Site into PBSA

It is intended for the Site to be developed into a purpose-built student accommodation of 273 beds. To this end, the Buyer has also entered into a development management agreement with the Seller, to appoint the Seller as the development manager for the Development. Based on current estimates and barring unforeseen circumstances, the total cost of Development (including cost of materials and services, development manager's fees, and other applicable fees and charges) is currently estimated to be approximately £38.9 million.

Assuming that the Development progresses as currently planned, the Development is expected to be fully completed in the financial year ending 31 December 2026.

4. **RATIONALE FOR AND BENEFITS OF THE ACQUISITION**

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

(i) Continued expansion of the Group's student accommodation portfolio in the United Kingdom

The Acquisition enables the Group to further expand and diversify its student accommodation portfolio into key student cities in the United Kingdom, including Glasgow, characterised by favourable demand and supply dynamics. The student accommodation asset class in the United Kingdom has demonstrated ongoing resilience amid economic downturns. Specifically, Glasgow is currently experiencing bed scarcity, reflecting a student-to-bed ratio of 2.2:1³.

(ii) Alignment with the Group's strategic focus to grow its recurring income streams

The Group's strategy includes growing its student accommodation portfolio as part of building a lodging platform that aims to achieve a sustainable and recurring income.

Pursuant to paragraph 2 of Practice Note 10.1 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board is of the view that the Acquisition is in the Company's ordinary course of business. While the Acquisition is not a discloseable transaction under Chapter 10 of the Listing Manual, the Board has decided to voluntarily disclose certain additional details of the Acquisition to enhance the corporate disclosure standards of the Company.

² A judicial review can only be raised on the basis that the Glasgow City Council wrongly granted the planning permission.

³ Cushman & Wakefield "[UK student accommodation report](#)".

5. FINANCIAL EFFECTS

The Acquisition is not expected to have any material impact on the consolidated net earnings per share and consolidated net tangible assets per share of the Company for the current financial year ending 31 December 2024.

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
12 March 2024