

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income

	3 months ended 30 September			9 months ended 30 September		
	2019	2018	Increase / (Decrease) %	2019	2018	Increase / (Decrease) %
	\$'000	\$'000		\$'000	\$'000	
Sales	36,817	36,040	2.2	112,079	111,278	0.7
Cost of sales	(22,485)	(25,357)	(11.3)	(65,360)	(73,549)	(11.1)
Gross profit	14,332	10,683	34.2	46,719	37,729	23.8
Other income	1,098	1,110	(1.1)	3,545	2,936	20.7
Other losses – net	(2,819)	(1,371)	>100	(4,657)	(4,802)	(3.0)
Expenses:						
- Distribution and marketing	(2,840)	(2,691)	5.5	(8,160)	(7,467)	9.3
- Administrative	(7,939)	(7,325)	8.4	(23,109)	(22,255)	3.8
- Finance	(4,085)	(1,395)	>100	(12,616)	(3,676)	>100
- Other	-	-	-	-	(40)	nm
Share of profit of						
- joint ventures	933	2,054	(54.6)	2,627	6,161	(57.4)
- associated companies	772	783	(1.4)	2,464	2,784	(11.5)
(Loss)/profit before income tax	(548)	1,848	nm	6,813	11,370	(40.1)
Income tax expense	(443)	(1,527)	(71.0)	(2,474)	(2,006)	23.3
Total (loss)/profit	(991)	321	nm	4,339	9,364	(53.7)
Other comprehensive loss:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Share of other comprehensive (loss)/income of joint ventures	(1,236)	-	nm	(3,759)	163	nm
Currency translation differences arising from consolidation	(3,876)	(5,034)	(23.0)	(7,431)	(12,360)	(39.9)
	(5,112)	(5,034)	1.5	(11,190)	(12,197)	(8.3)
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Share of other comprehensive income/(loss) of						
- joint ventures	-	-	-	(1,998)	3,942	nm
- associated companies	547	6	>100	1,825	(1,834)	nm
Tax on share of joint ventures' asset revaluation reserve movement	-	-	-	807	(626)	nm
Currency translation differences arising from consolidation	(1,705)	(1,749)	(2.5)	(3,331)	(5,132)	(35.1)
Other comprehensive loss, net of tax	(6,270)	(6,777)	(7.5)	(13,887)	(15,847)	(12.4)
Total comprehensive loss	(7,261)	(6,456)	12.5	(9,548)	(6,483)	47.3
Total (loss)/profit attributable to:						
Equity holders of the Company	(406)	564	nm	5,402	9,787	(44.8)
Non-controlling interest	(585)	(243)	>100	(1,063)	(423)	>100
	(991)	321	nm	4,339	9,364	(53.7)
Total comprehensive loss attributable to:						
Equity holders of the Company	(4,615)	(4,464)	3.4	(3,927)	(1,922)	>100
Non-controlling interest	(2,646)	(1,992)	32.8	(5,621)	(4,561)	23.2
	(7,261)	(6,456)	12.5	(9,548)	(6,483)	47.3

nm : not meaningful

1(a)(ii) Other profit and loss items disclosure

	3 months ended 30 September			9 months ended 30 September		
	2019	2018	Increase / (Decrease) %	2019	2018	Increase / (Decrease) %
	\$'000	\$'000	%	\$'000	\$'000	%
The following items were credited/(charged) to the income statement:						
<u>Other income</u>						
Interest income from bank deposits	1,038	1,069	(2.9)	3,435	2,843	20.8
<u>Cost of sales and administrative expenses</u>						
Depreciation of property, plant and equipment						
- Right-of-use assets	(3,127)	-	nm	(9,407)	-	nm
- Other property, plant and equipment	(2,149)	(2,734)	(21.4)	(6,702)	(7,659)	(12.5)
Amortisation of intangible assets	(676)	(796)	(15.1)	(2,144)	(2,394)	(10.4)
Allowance for impairment losses on trade receivables	(60)	(233)	(74.2)	(96)	(313)	(69.3)
<u>Other losses – net</u>						
Loss on disposal of property, plant and equipment	-	(4)	nm	(3)	(4)	(25.0)
Currency exchange losses - net	(2,819)	(1,367)	>100	(4,654)	(4,798)	(3.0)
<u>Finance expenses</u>						
Interest expense for:						
- Bank borrowings	(1,390)	(1,061)	31.0	(4,434)	(2,684)	65.2
- Advances from a non-controlling interest	(334)	(334)	-	(992)	(992)	-
- Lease liabilities	(2,361)	-	nm	(7,190)	-	nm
<u>Income tax expense</u>						
(Under)/over provision of income tax in prior financial years	-	-	-	(292)	1,291	nm

nm : not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.
Statements of financial position

	Group		Company	
	30 September 2019 \$'000	31 December 2018 \$'000	30 September 2019 \$'000	31 December 2018 \$'000
ASSETS				
Current assets				
Cash and cash equivalents ⁽¹⁾	239,527	256,287	159,961	186,603
Trade and other receivables	26,869	26,089	172,723	171,606
Inventories	284	351	14	12
Development properties	46,931	40,605	-	-
Properties held for sale	123,911	123,911	-	-
	437,522	447,243	332,698	358,221
Non-current assets				
Other non-current assets	20,378	19,599	243,683	147,870
Investments in associated companies	20,210	15,921	696	696
Investments in joint ventures	447,677	479,268	300	300
Investments in subsidiaries	-	-	883,491	883,438
Investment properties	627,640	517,398	137,245	137,245
Property, plant and equipment ⁽²⁾	659,437	537,402	402,822	326,727
Intangible assets	125,869	128,435	-	-
Deferred income tax assets	4,242	91	2,242	-
	1,905,453	1,698,114	1,670,479	1,496,276
Total assets	2,342,975	2,145,357	2,003,177	1,854,497
LIABILITIES				
Current liabilities				
Trade and other payables	115,032	120,430	13,831	19,706
Current income tax liabilities	4,865	4,723	485	485
Lease liabilities ⁽²⁾	11,147	-	5,481	-
Borrowings	301,334	208,225	151,436	56,176
Deferred income	12,535	7,526	6,817	6,817
	444,913	340,904	178,050	83,184
Non-current liabilities				
Other payables	98,937	99,059	362,260	353,962
Lease liabilities ⁽²⁾	148,090	-	86,935	-
Borrowings	110,717	86,953	84,935	86,953
Deferred income	284,807	289,904	284,807	289,904
Deferred income tax liabilities	28,799	31,048	-	305
Provisions	-	938	-	-
	671,350	507,902	818,937	731,124
Total liabilities	1,116,263	848,806	996,987	814,308
NET ASSETS	1,226,712	1,296,551	1,006,190	1,040,189
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	498,006	496,604	498,006	496,604
Revaluation and other reserves	322,524	328,344	292,967	292,967
Retained profits	388,594	440,262	215,217	250,618
	1,209,124	1,265,210	1,006,190	1,040,189
Non-controlling interest	17,588	31,341	-	-
TOTAL EQUITY	1,226,712	1,296,551	1,006,190	1,040,189

1(b)(i) (continued)

Notes to the Statements of financial position

(1) For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	30 September 2019 \$'000	31 December 2018 \$'000
Cash and cash equivalents (as above)	239,527	256,287
Less: Bank deposits pledged	(20,519)	(21,144)
Cash and cash equivalents per consolidated statement of cash flows	219,008	235,143

(2) As a result of the adoption of SFRS (I) 16 on 1 January 2019, the Group and the Company recognised its existing operating lease arrangements as right-of-use assets (recognised under 'Property, plant and equipment') with corresponding lease liabilities. Refer to Section 5 for more details.

1(b)(ii) Aggregate amount of the group's borrowings and debt securities

	As at 30 September 2019		As at 31 December 2018	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand (net of transaction costs)	149,898	151,436	152,049	56,176
Amount repayable after one year (net of transaction costs)	25,782	84,935	-	86,953

The Group's current borrowings increased by \$93.1 million as at 30 September 2019 mainly due to drawdown of borrowings to finance the acquisition of a group of companies, which are owners of the freehold interests of three student accommodation properties located in Bristol and Liverpool in the UK, for a cash consideration of \$100.0 million in March 2019 (the "PBSA Acquisition").

The Group is in the process of refinancing current borrowings of approximately \$103.9 million to non-current borrowings.

Details of any collaterals

The secured bank borrowings of the Group are secured over certain subsidiaries' bank deposits, investment properties and property, plant and equipment.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.
Consolidated Statements of Cash Flows

	3 months ended 30		9 months ended 30	
	September		September	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Total (loss)/profit	(991)	321	4,339	9,364
Adjustments for:				
Income tax expense	443	1,527	2,474	2,006
Depreciation of property, plant and equipment	5,276	2,734	16,109	7,659
Amortisation of intangible assets	676	796	2,144	2,394
Interest income	(1,038)	(1,069)	(3,435)	(2,843)
Interest expense	4,085	1,395	12,616	3,676
Loss on disposal of property, plant and equipment	-	4	3	4
Share of profit of joint ventures	(933)	(2,054)	(2,627)	(6,161)
Share of profit of associated companies	(772)	(783)	(2,464)	(2,784)
Unrealised currency translation losses	1,064	1,834	2,890	5,118
	7,810	4,705	32,049	18,433
Changes in working capital:				
Trade and other receivables	(3,297)	(5,162)	(1,447)	(2,663)
Inventories	(11)	24	60	34
Development properties	(1,630)	(1,685)	(6,983)	(7,987)
Trade and other payables	2,898	4,582	(4,147)	(5,170)
Cash generated from operations	5,770	2,464	19,532	2,647
Interest paid	(45)	(90)	(135)	(135)
Income tax paid – net	(1,358)	(1,190)	(3,021)	(5,628)
Net cash provided by/(used in) operating activities	4,367	1,184	16,376	(3,116)
Cash flows from investing activities				
Acquisition of companies, net of cash acquired	-	-	(100,010)	-
Additions to property, plant and equipment	(233)	(353)	(690)	(3,940)
Proceeds from disposals of property, plant and equipment	-	4	2	4
Additions to investment properties	(3,275)	(4,218)	(17,035)	(14,958)
Investment in a joint venture	-	(34,021)	-	(34,021)
Dividends received from joint ventures	656	10,179	2,531	11,970
Repayment of advances from a joint venture	-	-	(3,561)	-
Repayment of advances to a joint venture	-	-	-	18,281
Advances from joint ventures	-	-	2,400	17,539
Advance payment for a joint venture	-	(100)	-	(19,327)
Interest received	1,709	1,466	3,313	2,748
Income tax (paid)/refund - net	(241)	(427)	(598)	1,090
Net cash used in investing activities	(1,384)	(27,470)	(113,648)	(20,614)
Cash flows from financing activities				
Proceeds from borrowings	35,066	41,382	154,954	78,967
Repayment of borrowings	(25,576)	-	(25,655)	-
Repayment of principal portion of lease liabilities	(2,725)	-	(8,094)	-
Interest paid on lease liabilities	(2,361)	-	(7,190)	-
Interest paid on borrowings	(1,808)	(1,540)	(5,712)	(4,272)
Dividend paid to shareholders	(24,825)	(8,148)	(24,825)	(8,148)
Net cash provided by financing activities	(22,229)	31,694	83,478	66,547
Net (decrease)/increase in cash and cash equivalents	(19,246)	5,408	(13,794)	42,817
Cash and cash equivalents				
Beginning of financial period	260,492	254,210	256,287	219,585
Less: Bank deposits pledged ⁽³⁾	(20,519)	(21,802)	(20,519)	(21,802)
Effects of currency translation on cash and cash equivalents	(1,719)	(1,933)	(2,966)	(4,717)
End of financial period	219,008	235,883	219,008	235,883

⁽³⁾ Certain bank deposits are pledged in relation to the security granted for certain borrowings.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity

	← Attributable to equity holders of the Company →							Total	Non-controlling interest	Total equity
	Share capital	Capital reserve	Asset revaluation reserve	Currency translation reserve	Fair value reserve	Hedging reserve	Retained profits			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	496,604	13,977	357,470	(42,400)	(819)	(1,495)	415,227	1,238,564	20,234	1,258,798
Loss for the period	-	-	-	-	-	-	(406)	(406)	(585)	(991)
Other comprehensive (loss)/ income for the period	-	-	-	(3,925)	547	(831)	-	(4,209)	(2,061)	(6,270)
Total comprehensive (loss)/income for the period	-	-	-	(3,925)	547	(831)	(406)	(4,615)	(2,646)	(7,261)
Dividend relating to 2018 paid in cash	-	-	-	-	-	-	(24,825)	(24,825)	-	(24,825)
Shares issued in-lieu of cash for dividend relating to 2018	1,402	-	-	-	-	-	(1,402)	-	-	-
Total transactions with owners, recognised directly in equity	1,402	-	-	-	-	-	(26,227)	(24,825)	-	(24,825)
Balance at 30 September 2019	498,006	13,977	357,470	(46,325)	(272)	(2,326)	388,594	1,209,124	17,588	1,226,712
Balance at 1 July 2018	479,244	10,557	342,189	(25,254)	(2,235)	(232)	442,360	1,246,629	33,242	1,279,871
Profit for the period	-	-	-	-	-	-	564	564	(243)	321
Other comprehensive (loss)/ income for the period	-	-	-	(5,034)	6	-	-	(5,028)	(1,749)	(6,777)
Total comprehensive (loss)/ income for the period	-	-	-	(5,034)	6	-	564	(4,464)	(1,992)	(6,456)
Dividend relating to 2017 paid in cash	-	-	-	-	-	-	(8,148)	(8,148)	-	(8,148)
Shares issued in-lieu of cash for dividend relating to 2017	17,360	-	-	-	-	-	(17,360)	-	-	-
Total transactions with owners, Recognised directly in equity	17,360	-	-	-	-	-	(25,508)	(8,148)	-	(8,148)
Balance at 30 September 2018	496,604	10,557	342,189	(30,288)	(2,229)	(232)	417,416	1,234,017	31,250	1,265,267

1(d)(i) (continued)

Company's Statement of Changes in Equity

	Share capital \$'000	Asset revaluation reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2019	496,604	292,967	241,467	1,031,038
Loss for the period	-	-	(23)	(23)
Total comprehensive loss for the period	-	-	(23)	(23)
Dividend relating to 2018 paid in cash	-	-	(24,825)	(24,825)
Shares issued in-lieu of cash for dividend Relating to 2018	1,402	-	(1,402)	-
Total transactions with owners, recognised directly in equity	1,402	-	(26,227)	(24,825)
Balance at 30 September 2019	498,006	292,967	215,217	1,006,190
Balance at 1 July 2018	479,244	281,999	261,364	1,022,607
Profit for the period	-	-	7,457	7,457
Total comprehensive income for the period	-	-	7,457	7,457
Dividend relating to 2017 paid in cash	-	-	(8,148)	(8,148)
Shares issued in-lieu of cash for dividend Relating to 2017	17,360	-	(17,360)	-
Total transactions with owners, recognised directly in equity	17,360	-	(25,508)	(8,148)
Balance at 30 September 2018	496,604	281,999	243,313	1,021,916

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	3 months ended 30 September 2019 '000	30 June 2019 '000
<u>Ordinary shares fully paid</u>		
Number of shares at beginning of financial period	437,204	437,204
Number of shares issued in-lieu of cash for dividend	1,156	-
Number of shares at end of financial period	438,360	437,204

The Company does not have any convertibles or treasury shares.

The Company also does not have any subsidiary that holds shares issued by the Company.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 September 2019 '000	As at 31 December 2018 '000
Number of issued shares excluding treasury shares	438,360	437,204

The Company does not have any treasury shares.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable as the Company does not have any treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company does not have any subsidiary that holds shares issued by the Company.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditor.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable. Refer to Section 2 above.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The financial information has been prepared in accordance with the same accounting policies and methods of computation adopted in the most recent audited annual financial statements, except as stated in Section 5.

Certain comparative figures have been reclassified to conform to current period's presentation.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the following new accounting standards, amendment and interpretation to existing standards which is mandatory for accounting periods beginning on or after 1 January 2019.

Singapore Financial Reporting Standard (International) 16 – Leases (“SFRS(I) 16”)

The Group has applied SFRS(I) 16 from the mandatory adoption date of 1 January 2019. The Group applied the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. Instead, the cumulative effect of applying the standard is recognised as an adjustment to opening balance of retained profits on 1 January 2019. Right-of-use assets were measured on transition as if the new rules had always been applied.

5 (continued)

Consolidated balance sheet of the Group and balance sheet of the Company

As at 1 January 2019, the Group and the Company recognised its existing operating lease arrangements as right-of-use assets (recognised under 'Property, plant and equipment') with corresponding lease liabilities under the principles of SFRS(I) 16. The impact of applying SFRS(I) 16 on the consolidated balance sheet of the Group and the balance sheet of the Company is as follows:

	Higher/(Lower)	
	<u>Group</u>	<u>Company</u>
	\$'000	\$'000
As of 1 January 2019		
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment - Right-of-use assets	142,253	81,730
Investments in joint ventures	(15,275)	-
Deferred income tax assets	4,203	2,380
	<u>131,181</u>	<u>84,110</u>
Total assets	<u>131,181</u>	<u>84,110</u>
LIABILITIES		
<u>Current liabilities</u>		
Lease liabilities	10,871	5,260
<u>Non-current liabilities</u>		
Lease liabilities	156,714	90,471
Provision	(938)	-
	<u>155,776</u>	<u>90,471</u>
Total liabilities	<u>166,647</u>	<u>95,731</u>
Net assets	<u>(35,466)</u>	<u>(11,621)</u>
Retained profits	(30,754)	(11,621)
Equity attributable to equity holders of the Company	(30,754)	(11,621)
Non-controlling interest	(4,712)	-
Total equity	<u>(35,466)</u>	<u>(11,621)</u>

As a result of the adoption of SFRS(I) 16, the net assets of the Group and the Company as of 1 January 2019 decreased by approximately \$35.5 million and \$11.6 million respectively. In addition, due to the presentation of a portion of the lease liabilities due within 12 months as current liabilities, the net current assets of the Group and the Company as of 1 January 2019 decreased by approximately \$10.9 million and \$5.3 million respectively.

5 (continued)

Consolidated Statement of Comprehensive Income

The nature of expenses will now change as SFRS(I) 16 replaces the straight-line operating lease expense accounted for under Singapore Financial Reporting Standard 17 *Leases*, with depreciation charge of right-of-use assets and interest expense on lease liabilities.

As a result of the adoption of SFRS(I) 16, the Group's total profit decreased by \$0.7 million for the 3 months period ended 30 September 2019 ("Q3 FY19"). The purpose of the table below is for illustrating the financial results of Q3 FY19 and Q3 FY18 without the effects of adoption of SFRS(I) 16:

	3 months ended 30 September				
	2019			2018	
	As reported	Effects of applying SFRS(I) 16	Without effects of SFRS(I) 16*	As reported	Increase/ (decrease) %
	\$'000	\$'000	\$'000	\$'000	%
Sales	36,817	-	36,817	36,040	2.2
Cost of sales	(22,485)	(1,943)	(24,428)	(25,357)	(3.7)
Gross profit	14,332	(1,943)	12,389	10,683	16.0
Other income	1,098	-	1,098	1,110	(1.1)
Other losses – net	(2,819)	-	(2,819)	(1,371)	>100
Expenses:					
- Distribution and marketing	(2,840)	-	(2,840)	(2,691)	5.5
- Administrative	(7,939)	(16)	(7,955)	(7,325)	8.6
- Finance	(4,085)	2,361	(1,724)	(1,395)	23.6
Share of profit of					
- joint ventures	933	360	1,293	2,054	(37.0)
- associated companies	772	-	772	783	(1.4)
(Loss)/profit before income tax	(548)	762	214	1,848	(88.4)
Income tax expense	(443)	(80)	(523)	(1,527)	(65.7)
Total (loss)/profit	(991)	682	(309)	321	nm
Total (loss)/profit attributable to equity holders of the Company	(406)	607	201	564	(64.4)

*Presented only for the purpose of illustrating the financial results of Q3 FY19 without the effects of adoption of SFRS(I) 16 for comparison with Q3 FY18.

The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	3 months ended 30 September		9 months ended 30 September	
	2019 cents	2018 cents	2019 cents	2018 cents
Earnings per ordinary share (EPS) for the period based on net profits attributable to shareholders after deducting any provision for preference dividends: -				
(i) Based on weighted average number of ordinary shares in issue	(0.09)	0.13	1.23	2.28
(ii) On a fully diluted basis	(0.09)	0.13	1.23	2.28

The Company does not have any preference shares.

- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	Group		Company	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
Net asset value (NAV) per ordinary share based on total number of issued shares excluding treasury shares as at the end of the period/year	\$2.76	\$2.89	\$2.30	\$2.38

The Company does not have any treasury shares.

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(a) **Group performance review for the 3-month period ended 30 September 2019 ("Q3 FY19")**

For Q3 FY19, the Group reported a loss attributable to equity holders of \$0.4 million (Q3 FY18: profit of \$0.6 million). The Group's financial performance has been negatively impacted by the foreign currency translation losses of \$2.8 million (Q3 FY18: \$1.4 million) due to the weakening of Australian Dollar ("AUD") against SGD on AUD denominated monetary assets and the strengthening of Japanese yen ("JPY") against SGD on a JPY denominated borrowing. Excluding the foreign currency translation losses of S\$2.8 million recognised in Q3 FY19, the Group would have recognised a profit attributable to equity holders of \$1.7 million instead of the loss of \$0.4 million.

Revenue

The Group's sales increased by \$0.8 million from \$36.0 million in Q3 FY18 to \$36.8 million in Q3 FY19. Excluding the negative currency effects of \$1.0 million resulting mainly from the weakening of AUD against SGD, sales increased by \$1.8 million. This was attributable to higher sales from our student accommodation business in the United Kingdom ("UK") and increase in management fees from the management services segment in Singapore from hotels under management at Sentosa. The increase was partially offset by the lower sales from our hospitality business in Australia and Malaysia due to the weak market conditions.

Gross profit

The Group's gross profit increased by \$3.6 million to \$14.3 million in Q3 FY19. Excluding the effects of the adoption of SFRS(I) 16, the Group's gross profit in Q3 FY19 would be \$12.4 million, or \$1.7 million higher, compared to \$10.7 million in Q3 FY18. The increase was mainly due to higher gross profit contribution from our student accommodation business in the UK, and the management services business segment in Singapore. This was partially offset by the lower gross profit of \$0.3 million from our hospitality business in Australia and Malaysia.

Depreciation of property, plant and equipment includes the depreciation charge on right-of-use assets arising from the adoption of SFRS (I) 16 in the current financial year. Depreciation of other property, plant and equipment was lower due to lower carrying value of assets after the recognition of revaluation losses in 2018.

Other losses – net

This comprised mainly of foreign currency translation losses of \$2.8 million (Q3 FY18: \$1.4 million), arising from translation of monetary assets and liabilities denominated in AUD of \$2.1 million due to the weakening of AUD against SGD and translation loss of \$0.7 million on JPY denominated borrowing due to the strengthening of JPY against SGD.

Expenses

Total expenses increased by \$3.5 million to \$14.9 million in Q3 FY19. Excluding the effects of adoption of SFRS(I) 16, the Group's total expenses would be \$12.5 million, or \$1.1 million higher, compared to \$11.4 million in Q3 FY18. The increase was mainly due to higher operating expense following the PBSA Acquisition and higher finance expenses on borrowings to finance the PBSA Acquisition.

8 (continued)

(a) Group performance review for the 3-month period ended 30 September 2019 ("Q3 FY19") (continued)**Share of profit of joint ventures**

The Group's share of profit of joint ventures for Q3 FY19 was \$0.9 million, compared to \$2.1 million in Q3 FY18. The decrease was mainly due to decline in the performance of the hotels in Australia of the Group's hospitality joint ventures in Australia, coupled with under-provision of income tax expense for the previous quarter by the joint venture. In addition, the result was further affected by the negative effects of adoption of SFRS(I) 16 of \$0.4 million.

Income tax expense

Income tax expense for Q3 FY19 was \$1.1 million lower compared to Q3 FY18 mainly due to withholding tax paid on dividends received from the hospitality joint ventures during Q3 FY18.

(b) Cash flow, working capital, assets or liabilities of the Group**Cash flow and working capital**

The Group generated a net decrease in cash and cash equivalents for Q3 FY19 of \$19.2 million compared to net increase of \$5.4 million in Q3 FY18.

Net cash inflows from operating activities of the Group for Q3 FY19 were \$4.4 million compared to \$1.2 million for Q3 FY18. Higher net cash inflows in Q3 FY19 were mainly due to effects of adoption of SFRS(I) 16 where interest expense and repayment of principal portion of lease liabilities were included as part of cash flows from financing activities, replacing the operating lease expense classified previously under operating activities.

Net cash used in investing activities of the Group for Q3 FY19 was \$1.4 million compared to \$27.5 million for Q3 FY18. Higher net cash outflows in Q3 FY18 were mainly due to an equity injection amounting to A\$33.8 million (\$34.0 million) into a hospitality joint venture, Toga Hotel Holdings Unit Trust ("THHUT"), to increase the Group's equity interest from 45.6% to 50.0%. This was partially offset by dividends received from joint ventures during the preceding quarter of \$10.2 million.

Net cash outflows from financing activities of the Group for Q3 FY19 were \$22.2 million compared to net inflows of \$31.7 million for Q3 FY18. Net cash inflows in Q3 FY18 arose from drawdown of bank borrowings to finance the equity injection into THHUT. Net cash outflows in Q3 FY19 have included payout of higher cash dividends during the quarter and repayment of interest and principal portion of lease liabilities.

Assets

Total assets as at 30 September 2019 were \$2,343.0 million. Compared to 31 December 2018, total assets increased by \$197.6 million mainly due to the recognition of right-of-use assets classified under 'Property, plant and equipment', arising from the adoption of SFRS(I) 16, the increase in carrying amount of investment properties following the PBSA Acquisition in March 2019, and the capitalisation of the on-going construction costs of the properties under development in the UK.

The increase was partially offset by decrease in investment in joint ventures affected by the effects of adoption of SFRS(I) 16, and the decrease in cash and cash equivalents.

Liabilities

Total liabilities as at 30 September 2019 were \$1,116.3 million. Compared to 31 December 2018, total liabilities increased by \$267.5 million mainly due to the recognition of lease liabilities arising from the adoption of SFRS(I) 16 and the additional bank borrowings drawn to finance the PBSA Acquisition in March 2019.

The Group's current liabilities are higher than the current assets by \$7.4 million due the drawdown of current borrowings to finance the PBSA Acquisition. The Group is in the process of refinancing current borrowings of approximately \$103.9 million to non-current borrowings.

Refer to Section 5 for further details on the effects of adoption of SFRS(I) 16 on 1 January 2019.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Hospitality

Singapore

In Singapore, the Singapore Tourism Board has recently indicated that tourist spending is going down and the environment is expected to remain subdued .

The Group's hotel, Village Hotel Albert Court, located at Albert Street will be affected by the extensive road works that the Land Transport Authority will be carrying out with regards to the construction of a tunnel for the North-South Corridor between Victoria Street and Kampong Java from January 2020 to September 2021. The Barracks Hotel Sentosa, the Group's third hotel under management at Sentosa, is expected to open this year.

The serviced residence market in Singapore continues to face challenges as the number of project groups and expatriates lessen and have shorter stays. Management continues to focus its efforts on leisure travellers and online channel bookings and expects to mitigate the shortfall.

Australia

In Australia, performance of hotels is expected to soften further as new room supply outpaces demand in Sydney, Melbourne and Perth. Particularly in Brisbane, the market has not been able to fully absorb the considerable new room supply added since 2018 which will weigh on growth in room rates in the near-term.

Europe

While demand for serviced apartment accommodation remains strong in Western Europe, with the ongoing economic slowdown and significant pipeline supply of serviced apartment units till 2022, occupancy is expected to be negatively impacted^{4,5}.

Japan

Development of Far East Village Hotel in Ariake, a jointly acquired hotel between the Group and Far East Organization, is scheduled to be completed in the second quarter of 2020, ahead of the 2020 Tokyo Olympics. The 306-room hotel located in the Ariake district is near Tokyo Big Sight and the Ariake Arena, one of the venues hosting the Olympics which will also be used to host sports events and concerts after the Olympics.

Japan is on track to achieve its target of 40 million visitor arrivals by 2020. The increase in visitor arrivals will translate into increased demand for the hospitality market.

Property

Property Development

The Singapore economy is expected to be impacted by an escalation of sustained trade tensions, slow global growth, and ongoing geopolitical uncertainties.

The Group's integrated office development project, Woods Square, is expected to be completed by January 2020. Outlook for the Singapore office market is increasingly clouded by heightened economic headwinds affecting demand for office spaces and tenants demonstrating resistance to further rent hikes. The Group continues to actively market Woods Square for sale and tenancy.

The Group's residential development in the United Kingdom ("UK") – Westminster Fire Station is expected to be completed in 2020. Located in prime central London, the development features 17 apartments and one restaurant.

The Group expects the London property market to be weighed down by the ongoing uncertainty around how Brexit will play out. The Group will monitor market conditions closely before deciding on the launch of the development. The Group remains confident about the long-term fundamentals of the UK property market in prime residential locations and will continue to be prudent in its investment decisions.

⁴ Serviced apartments outpacing traditional hotels in Europe: HVS, Hotel Management.net, 1 Jul 2019 <https://www.hotelmanagement.net/development/serviced-apartments-outpace-traditional-hotels-europe>

⁵ STR: German markets poised for growth despite recession, Hotel News Now, 4 Oct 2019 <http://www.hotelnewsnow.com/Articles/298451/STR-German-markets-poised-for-growth-despite-recession>

10 (continued)

Property (continued)

Property Investment

The Group's purpose-built student accommodation ("PBSA") portfolio comprises 2,300 beds across nine properties in four UK cities. This includes Hollingbury House, the Group's 195-bed student accommodation building in Brighton which achieved practical completion in September.

Despite Brexit, demand for PBSA beds is expected to remain strong, supported by continued demand for higher education in the UK and a relatively weak British pound. Growth in student numbers are also expected to be maintained to 2030.

The Group will continue to seek real estate development or investment opportunities that fit its strategy as a diversified real estate group.

11 **Dividend**

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

12 **If no dividend has been declared/recommended, a statement to that effect**

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company had obtained approval for a shareholders' mandate for interested person transactions under Rule 920(1)(a)(ii) as set out in the circular to shareholders dated 24 June 2013.

Name of interested person	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000)	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
	9 months ended 30 September 2019 \$'000	9 months ended 30 September 2019 \$'000
Agape Laundry Pte Ltd Supply of goods and services	(577)	-
Boo Han Holdings Pte. Ltd. Hospitality management income Transaction with an interested person in relation to a conditional purchase and sale agreement for the joint purchase of a plot of land and hotel to be constructed thereon in Japan ⁽⁶⁾	575 - -	- - (786)
Dollar Land Singapore Private Limited Hospitality management income	250	-
Far East Hospitality Real Estate Investment Trust Rental expense on operating leases - offices - hotels and serviced residences	(819) (16,967)	- -
Far East Management (Private) Limited Management service fees Hospitality services Sale of property units ⁽⁷⁾	(1,489) (1,685) -	- - 43,900
Far East Organization Centre Pte Ltd Hospitality management income	1,679	-
Far East Real Estate Agency Pte Ltd Property management services	(221)	-
Far East Rocks Pty Ltd Rental expense on operating leases - hotel	(853)	-
Far East Soho Pte. Ltd. Hospitality management income	1,199	-
Fontaine Investment Pte Ltd Hospitality management income	1,378	-
Golden Development Private Limited Hospitality management income	1,985	-
Golden Landmark Pte Ltd Hospitality management income	1,081	-
Orchard Mall Pte. Ltd. Hospitality management income	665	-

⁽⁶⁾ As set out in the Group's announcement dated 28 May 2018.

⁽⁷⁾ On 23 August 2019, Woodlands Square Pte. Ltd. ("WSPL"), a joint venture by the Group's wholly-owned subsidiary, Tannery Holdings Pte Ltd with Far East Civil Engineering (Pte.) Limited and Sekisui House, Ltd for the proposed development of a land parcel at Woodlands Square ("Woods Square"), has entered into an option to purchase, a sale and purchase agreement and a side letter with Far East Management (Private) Limited, a member of Far East Organization, for the sale of 3 property units at Woods Square from WSPL to FEM.

13 (continued)

Name of interested person	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000)	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
	9 months ended 30 September 2019 \$'000	9 months ended 30 September 2019 \$'000
Orchard Parksuites Pte Ltd Hospitality management income	1,098	-
Oxley Hill Properties Pte Ltd Hospitality management income	429	-
Riverland Pte Ltd Hospitality management income	335	-
Serene Land Pte Ltd Hospitality management income	1,312	-
Transurban Properties Pte Ltd Hospitality management income	1,318	-

By Order of the Board

Mr Lui Chong Chee

Director

5 November 2019

Confirmation Pursuant to Rule 705(5) of the Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of Far East Orchard Limited which may render the unaudited financial statements for the period ended 30 September 2019 to be false or misleading in any material respect.

Confirmation Pursuant to Rule 720(1) of the Listing Manual

Far East Orchard Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

On behalf of the Board of Directors

 Koh Boon Hwee
 Chairman

5 November 2019

 Lui Chong Chee
 Group CEO & Managing Director

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.