



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

ACQUISITION OF PROPERTIES IN NEWCASTLE UPON TYNE, UK

1. INTRODUCTION

The Board of Directors (the "**Board**") of Far East Orchard Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Group has, through its wholly-owned subsidiaries, IJOne Limited, IJTwo Limited and Far East Orchard Investments (Jersey) Limited, entered into four agreements (collectively, the "**Agreements**" and each an "**Agreement**") to expand the Group's existing overseas property portfolio by acquiring four properties located in Shieldfield, Newcastle upon Tyne, England, United Kingdom ("**UK**") (the "**Acquisition**"). Details of the properties are set out in paragraph 3 below.

2. PURCHASE CONSIDERATION AND FUNDING

The aggregate purchase price for the Acquisition is £40,863,000. The purchase price was arrived at on a willing-buyer, willing-seller basis after taking into account the independent valuation carried out on each of the properties and various commercial factors, including, *inter alia*, the location of the property, its potential as a source of rental income and the recent transacted prices for other properties in the vicinity.

Under the Agreements, the purchase price shall be paid in the following manner:

- (a) the deposit of 10% of the relevant purchase price upon execution of the relevant Agreement; and
- (b) the balance of 90% of the relevant purchase price shall be paid on the completion date of the relevant Agreement.

The Acquisition will be funded by internal sources and/or external debt facilities.

3. THE PROPERTIES

Through the Acquisition, the Group will acquire a portfolio of properties located within Shieldfield, Newcastle upon Tyne, England, UK near Portland Road, which consists of:

- (a) Turner Court, an existing operating building;
- (b) Rosedale Court, an ongoing development targeted to be completed by the second half of 2015, and which will only be acquired upon completion of the development;
- (c) land sites for development referred to as Buildings 5 and 6 under the relevant Agreement; and
- (d) land sites for development referred to as Buildings 7, 8 and 9 under the relevant Agreement.

The Group intends to develop the land sites into purpose built student accommodation and the buildings are expected to be developed by 2018. The properties are well-located within walking distance of educational institutions such as Northumbria University, Newcastle University Business School and Newcastle College.

Details of the properties that will be integrated to the Group's overseas portfolio pursuant to the Acquisition are as follows:

| | Location | Effective Interest | Tenure | Site area (sq m) | No. of beds | Purchase price (exclusive of VAT) |
|---|--|---------------------------|---------------|-------------------------|--------------------|--|
| 1 | Turner Court Stoddart Street, Shieldfield, Newcastle upon Tyne | 100% | Freehold | 2,640 | 274 | £15,500,000 |
| 2 | Rosedale Court Portland Green, Portland Road, Shieldfield, Newcastle upon Tyne | 100% | Freehold | 3,548 | 338 | £19,500,000 |
| 3 | Land sites - Buildings 5 and 6 Portland Green, Portland Road, Shieldfield, Newcastle upon Tyne | 100% | Freehold | 5,442 | n.a. | £3,188,000 |
| 4 | Land sites - Buildings 7, 8 and 9 Portland Green, Portland Road, Shieldfield, Newcastle upon Tyne | 100% | Freehold | 7,784 | n.a. | £2,675,000 |

4. SAILENT TERMS OF THE ACQUISITION

The salient terms and conditions for the Acquisition under the Agreements are as follows:

- (a) the properties will be purchased free from all encumbrances other than (i) any matters, other than charges, contained in the records maintained by the Land Registry of the UK; (ii) any matters discoverable by inspection of the relevant property before the date of the relevant Agreement; (iii) any matters which the relevant seller does not and could not reasonably know about; (iv) any matters, other than charges, disclosed or which would have been disclosed by searches and enquires; (v) public requirements; (vi) any matters which are unregistered interests which override registered dispositions under Schedule 3 to the Land Registration Act of the UK; (vii) where relevant, the existing occupational leases in respect of the relevant property; and (viii) where relevant, the existing student tenancies in respect of the relevant property; and
- (b) the Agreements further provide that the relevant seller shall not be obliged or bound to complete the transaction under the relevant Agreement unless it is contemporaneous with the completion of the transactions under other Agreements.

5. RATIONALE FOR THE ACQUISITION

The Board believes the Acquisition presents a prime investment opportunity and diversifies the property development portfolio of the Group. The Acquisition is also in line with the Group's efforts to develop our position as a real estate player beyond Singapore by further extending its geographical reach in Europe. Newcastle upon Tyne is ranked as a first tier University City in the Savills report on UK student housing published in May 2014, and is the commercial, educational and cultural focus for the North-east region of England.

Pursuant to Rule 3.2 of Practice Note 10.1 of the Listing Manual, approval from the shareholders of the Company is not required as the Acquisition is in the Company's ordinary course of business. The Board has decided to voluntarily disclose the Acquisition to enhance the corporate disclosure standards of the Company.

6. FINANCIAL EFFECTS

The Acquisition is not expected to have a material impact on the Group's consolidated net earnings per share and consolidated net tangible assets per share of the Group for the current financial year ending 31 December 2015.

7. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

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

By Order of the Board

Chwee Chong Foon
Company Secretary
1 May 2015