

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 June			6 months ended 30 June		
	2019	2018	Increase / (Decrease) %	2019	2018	Increase / (Decrease) %
	\$'000	\$'000		\$'000	\$'000	
Sales	37,308	35,938	3.8	75,262	75,238	0.0
Cost of sales	(21,014)	(24,268)	(13.4)	(42,875)	(48,192)	(11.0)
Gross profit	16,294	11,670	39.6	32,387	27,046	19.7
Other income	1,252	1,001	25.1	2,447	1,826	34.0
Other losses – net	(2,269)	(1,036)	>100	(1,838)	(3,431)	(46.4)
Expenses:						
- Distribution and marketing	(2,464)	(2,448)	0.7	(5,320)	(4,776)	11.4
- Administrative	(7,968)	(7,611)	4.7	(15,170)	(14,930)	1.6
- Finance	(4,251)	(1,094)	>100	(8,531)	(2,281)	>100
- Other	-	(40)	nm	-	(40)	nm
Share of profit/(loss) of						
- joint ventures	1,525	(282)	nm	1,694	4,107	(58.8)
- associated companies	920	1,268	(27.4)	1,692	2,001	(15.4)
Profit before income tax	3,039	1,428	>100	7,361	9,522	(22.7)
Income tax expense	(1,348)	(835)	61.4	(2,031)	(479)	>100
Total profit	1,691	593	>100	5,330	9,043	(41.1)
Other comprehensive (loss)/ income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Share of other comprehensive (loss)/income of joint ventures	(1,656)	143	nm	(2,523)	163	nm
Currency translation differences arising from consolidation	(2,958)	(1,694)	74.6	(3,555)	(7,326)	(51.5)
	(4,614)	(1,551)	>100	(6,078)	(7,163)	(15.1)
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Share of other comprehensive (loss)/income of						
- joint ventures	(1,998)	3,942	nm	(1,998)	3,942	nm
- associated companies	(646)	(1,840)	(64.9)	1,278	(1,840)	nm
Tax on share of joint ventures' asset revaluation reserve movement	807	(626)	nm	807	(626)	nm
Currency translation differences arising from consolidation	(1,168)	(784)	49.0	(1,626)	(3,383)	(51.9)
Other comprehensive loss, net of tax	(7,619)	(859)	>100	(7,617)	(9,070)	(16.0)
Total comprehensive loss	(5,928)	(266)	>100	(2,287)	(27)	>100
Total profit attributable to:						
Equity holders of the Company	2,389	1,554	53.7	5,808	9,223	(37.0)
Non-controlling interest	(698)	(961)	(27.4)	(478)	(180)	>100
	1,691	593	>100	5,330	9,043	(41.1)
Total comprehensive income/ (loss) attributable to:						
Equity holders of the Company	(3,451)	441	nm	688	2,542	(72.9)
Non-controlling interest	(2,477)	(707)	>100	(2,975)	(2,569)	15.8
	(5,928)	(266)	>100	(2,287)	(27)	>100

nm : not meaningful

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

	3 months ended 30 June			6 months ended 30 June		
	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	1,235	976	26.5	2,397	1,774	35.1
<u>Cost of sales and administrative expenses</u>						
Depreciation of property, plant and equipment						
- Right-of-use assets	(3,137)	-	nm	(6,280)	-	nm
- Other property, plant and equipment	(2,230)	(2,485)	(10.3)	(4,553)	(4,925)	(7.6)
Amortisation of intangible assets	(675)	(776)	(13.0)	(1,468)	(1,598)	(8.1)
Allowance for impairment losses on trade receivables	-	(28)	nm	(36)	(80)	(55.0)
<u>Other losses – net</u>						
Loss on disposal of property, plant and equipment	(3)	-	nm	(3)	-	nm
Currency exchange losses - net	(2,266)	(1,036)	>100	(1,835)	(3,431)	(46.5)
<u>Finance expenses</u>						
Interest expense for:						
- Bank borrowings	(1,522)	(763)	99.5	(3,044)	(1,623)	87.6
- Advances from a non-controlling interest	(331)	(331)	-	(658)	(658)	-
- Lease liabilities	(2,398)	-	nm	(4,829)	-	nm
<u>Income tax expense</u>						
(Under)/over provision of income tax in prior financial years	(292)	(327)	(10.7)	(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 June 2019 \$'000	31 December 2018 \$'000	30 June 2019 \$'000	31 December 2018 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	260,492	256,287	184,071	186,603
Trade and other receivables	24,542	26,089	172,644	171,606
Inventories	279	351	10	12
Development properties	45,646	40,605	-	-
Properties held for sale	123,911	123,911	-	-
	454,870	447,243	356,725	358,221
Non-current assets				
Other non-current assets	20,180	19,599	262,242	147,870
Investments in associated companies	18,891	15,921	696	696
Investments in joint ventures	453,623	479,268	300	300
Investments in subsidiaries	-	-	883,480	883,438
Investment properties	626,547	517,398	137,245	137,245
Property, plant and equipment	667,033	537,402	404,674	326,727
Intangible assets	126,798	128,435	-	-
Deferred income tax assets	4,171	91	2,190	-
	1,917,243	1,698,114	1,690,827	1,496,276
Total assets	2,372,113	2,145,357	2,047,552	1,854,497
LIABILITIES				
Current liabilities				
Trade and other payables	114,606	120,430	13,752	19,706
Current income tax liabilities	5,649	4,723	485	485
Lease liabilities	11,137	-	5,408	-
Borrowings	407,030	208,225	255,862	56,176
Deferred income	8,975	7,526	6,817	6,817
	547,397	340,904	282,324	83,184
Non-current liabilities				
Other payables	99,024	99,059	359,955	353,962
Lease liabilities	151,032	-	87,729	-
Borrowings	-	86,953	-	86,953
Deferred income	286,506	289,904	286,506	289,904
Deferred income tax liabilities	29,356	31,048	-	305
Provisions	-	938	-	-
	565,918	507,902	734,190	731,124
Total liabilities	1,113,315	848,806	1,016,514	814,308
NET ASSETS	1,258,798	1,296,551	1,031,038	1,040,189
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	496,604	496,604	496,604	496,604
Revaluation and other reserves	326,733	328,344	292,967	292,967
Retained profits	415,227	440,262	241,467	250,618
	1,238,564	1,265,210	1,031,038	1,040,189
Non-controlling interest	20,234	31,341	-	-
TOTAL EQUITY	1,258,798	1,296,551	1,031,038	1,040,189

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

	Group	
	30 June 2019 \$'000	31 December 2018 \$'000
Cash and cash equivalents (as above)	260,492	256,287
Less: Bank deposits pledged	(20,893)	(21,144)
Cash and cash equivalents per consolidated statement of cash flows	239,599	235,143

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

	As at 30 June 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)	151,168	255,862	152,049	56,176
Amount repayable after one year (net of transaction costs)	-	-	-	86,953

The Group's current borrowings increased by \$198.8 million as at 30 June 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 on 15 March 2019 (the "Acquisition"); and
- The reclassification of non-current borrowings of \$85.9 million to current borrowings during the period.

The Group is in the process of refinancing current borrowings of approximately \$216.9 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 June		6 months ended 30 June	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash flows from operating activities				
Total profit	1,691	593	5,330	9,043
Adjustments for:				
Income tax expense	1,348	835	2,031	479
Depreciation of property, plant and equipment	5,367	2,485	10,833	4,925
Amortisation of intangible assets	675	776	1,468	1,598
Loss on disposal of property, plant and equipment	3	-	3	-
Interest income	(1,235)	(976)	(2,397)	(1,774)
Interest expense	4,251	1,094	8,531	2,281
Share of (profit)/loss of joint ventures	(1,525)	282	(1,694)	(4,107)
Share of profit of associated companies	(920)	(1,268)	(1,692)	(2,001)
Unrealised currency translation losses	2,180	967	1,826	3,284
	11,835	4,788	24,239	13,728
Changes in working capital:				
Trade and other receivables	728	4,187	1,850	2,499
Inventories	29	(142)	71	10
Development properties	(2,330)	(3,132)	(5,353)	(6,302)
Trade and other payables	(2,096)	(1,916)	(7,045)	(9,752)
Cash generated from operations	8,166	3,785	13,762	183
Interest paid	(46)	-	(90)	(45)
Income tax paid - net	(1,571)	(4,281)	(1,664)	(4,438)
Net cash provided by/(used in) operating activities	6,549	(496)	12,008	(4,300)
Cash flows from investing activities				
Acquisition of companies, net of cash acquired	(1,363)	-	(100,010)	-
Additions to property, plant and equipment	(391)	(949)	(457)	(3,587)
Additions to investment properties	(7,955)	(5,762)	(13,760)	(10,740)
Dividends received from joint ventures	1,875	243	1,875	1,791
Repayment of advances from a joint venture	(3,561)	-	(3,561)	-
Repayment of advances to a joint venture	-	-	-	18,281
Advances from joint ventures	-	4,161	2,400	17,539
Advance payment for a joint venture	-	(19,227)	-	(19,227)
Interest received	626	734	1,604	1,282
Income tax (paid)/refund - net	(357)	(320)	(357)	1,517
Net cash (used in)/provided by investing activities	(11,126)	(21,120)	(112,266)	6,856
Cash flows from financing activities				
Proceeds from borrowings	10,849	27,857	119,809	37,585
Repayment of principal portion of lease liabilities	(2,696)	-	(5,366)	-
Interest paid on lease liabilities	(2,398)	-	(4,829)	-
Interest paid on borrowings	(2,192)	(1,407)	(3,904)	(2,732)
Net cash provided by financing activities	3,563	26,450	105,710	34,853
Net (decrease)/increase in cash and cash equivalents	(1,014)	4,834	5,452	37,409
Cash and cash equivalents				
Beginning of financial period	265,311	250,096	256,287	219,585
Less: Bank deposits pledged ^(a)	(20,893)	(22,200)	(20,893)	(22,200)
Effects of currency translation on cash and cash equivalents	(3,805)	(720)	(1,247)	(2,784)
End of financial period	239,599	232,010	239,599	232,010

^(a) 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 →						Retained profits	Total	Non-controlling interest	Total equity
	Share capital	Capital reserve	Asset revaluation reserve	Currency translation reserve	Fair value reserve	Hedging reserve				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2019	496,604	13,977	358,304	(38,780)	(262)	(755)	412,927	1,242,015	22,711	1,264,726
Profit for the period	-	-	-	-	-	-	2,389	2,389	(698)	1,691
Other comprehensive loss for the period	-	-	(834)	(3,620)	(646)	(740)	-	(5,840)	(1,779)	(7,619)
Total comprehensive (loss)/income for the period	-	-	(834)	(3,620)	(646)	(740)	2,389	(3,451)	(2,477)	(5,928)
Transfer of associated company's fair value reserve upon disposal	-	-	-	-	89	-	(89)	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-	89	-	(89)	-	-	-
Balance at 30 June 2019	496,604	13,977	357,470	(42,400)	(819)	(1,495)	415,227	1,238,564	20,234	1,258,798
Balance at 1 April 2018	479,244	10,557	339,868	(23,542)	(395)	(350)	440,806	1,246,188	33,949	1,280,137
Profit for the period	-	-	-	-	-	-	1,554	1,554	(961)	593
Other comprehensive income/ (loss) for the period	-	-	2,321	(1,712)	(1,840)	118	-	(1,113)	254	(859)
Total comprehensive income/ (loss) for the period	-	-	2,321	(1,712)	(1,840)	118	1,554	441	(707)	(266)
Balance at 30 June 2018	479,244	10,557	342,189	(25,254)	(2,235)	(232)	442,360	1,246,629	33,242	1,279,871

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 April 2019	496,604	292,967	239,552	1,029,123
Profit for the period	-	-	1,915	1,915
Total comprehensive income for the period	-	-	1,915	1,915
Balance at 30 June 2019	496,604	292,967	241,467	1,031,038
Balance at 1 April 2018	479,244	281,999	260,868	1,022,111
Profit for the period	-	-	496	496
Total comprehensive income for the period	-	-	496	496
Balance at 30 June 2018	479,244	281,999	261,364	1,022,607

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 June 2019 '000	31 March 2019 '000
<u>Ordinary shares fully paid</u>		
Number of shares at beginning and end of financial period	437,204	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 June 2019 '000	As at 31 December 2018 '000
Number of issued shares excluding treasury shares	437,204	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.

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>

5 (continued)

Consolidated balance sheet of the Group and balance sheet of the Company (continued)

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.

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 June 2019 ("Q2 FY19"). The purpose of the table below is for illustrating the financial results of Q2 FY19 and Q2 FY18 without the effects of adoption of SFRS(I) 16:

	3 months ended 30 June				
	2019			2018	
	As reported	Effects of applying SFRS(I) 16	Without effects of SFRS(I) 16 ¹	As reported	Increase/ (decrease) %
	\$'000	\$'000	\$'000	\$'000	%
Sales	37,308	-	37,308	35,938	3.8
Cost of sales	(21,014)	(1,942)	(22,956)	(24,268)	(5.4)
Gross profit	16,294	(1,942)	14,352	11,670	23.0
Other income	1,252	-	1,252	1,001	25.1
Other losses – net	(2,269)	-	(2,269)	(1,036)	>100
Expenses:					
- Distribution and marketing	(2,464)	-	(2,464)	(2,448)	0.7
- Administrative	(7,968)	(15)	(7,983)	(7,611)	4.9
- Finance	(4,251)	2,398	(1,853)	(1,094)	69.4
- Other	-	-	-	(40)	nm
Share of profit/(loss) of					
- joint ventures	1,525	314	1,839	(282)	nm
- associated companies	920	-	920	1,268	(27.4)
Profit before income tax	3,039	755	3,794	1,428	>100
Income tax expense	(1,348)	(83)	(1,431)	(835)	nm
Total profit	1,691	672	2,363	593	>100
Total profit attributable to equity holders of the Company	2,389	608	2,997	1,554	92.9

¹Presented only for the purpose of illustrating the financial results of Q2 FY19 without the effects of adoption of SFRS(I) 16 for comparison with Q2 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 June		6 months ended 30 June	
	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	0.55	0.37	1.33	2.17
(ii) On a fully diluted basis	0.55	0.37	1.33	2.17

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 June 2019	As at 31 December 2018	As at 30 June 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	\$2.83	\$2.89	\$2.36	\$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 June 2019 ("Q2 FY19")

Revenue

The Group's sales increased from \$35.9 million in Q2 FY18 to \$37.3 million in Q2 FY19. Excluding the effects of foreign currency translation losses of \$1.0 million arising from weakening of AUD, sales increased by \$2.4 million. This was mainly attributable to higher sales from our existing student accommodation business in the United Kingdom ("UK") and the Acquisition in March 2019. This 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 \$4.6 million to \$16.3 million in Q2 FY19. Excluding the effects of the adoption of SFRS(I) 16, the Group's gross profit in Q2 FY19 would be \$14.4 million, or \$2.7 million higher, compared to \$11.7 million in Q2 FY18. The increase was mainly due to higher gross profit contribution from our student accommodation business in the UK. This was partially offset by the lower gross profit from our hospitality business in Australia and Malaysia.

Depreciation of property, plant and equipment was lower due to lower carrying value of assets after the recognition of revaluation losses in 2018.

Other income

Other income for Q2 FY19 was \$0.3 million higher than Q2 FY18. This was due to higher interest income from increase in cash and cash equivalents held in the banks in Q2 FY19.

Other losses – net

This comprised mainly foreign currency translation losses of \$2.3 million (Q2 FY18: \$1.0 million), arising from translation of monetary assets and liabilities denominated in Australian Dollar which depreciated against Singapore Dollar in Q2 FY19.

8 (continued)

(a) Group performance review for the 3-month period ended 30 June 2019 ("Q2 FY19") (continued)**Expenses**

Total expenses increased by \$3.5 million to \$14.7 million in Q2 FY19. Excluding the effects of adoption of SFRS(I) 16, the Group's total expenses would be \$12.3 million, or \$1.1 million higher, compared to \$11.2 million in Q2 FY18. The increase was mainly due to professional fees incurred for the Acquisition and higher finance expenses on borrowings to finance the Acquisition.

Share of profit/ (loss) of joint ventures

The Group's share of profit of joint ventures for Q2 FY19 was \$1.5 million, compared to share of loss of \$0.3 million in Q2 FY18. This was mainly due to higher contributions from the strong performance of the hotels in Germany, and the reversal of provision for an onerous hospitality lease agreement in Melbourne, by the Group's hospitality joint ventures during the quarter. The increase was partially offset by the effects of adoption of SFRS(I) 16 of \$0.3 million.

Share of profit of associated companies

The Group's share of profit of associated companies was lower than that of Q2 FY18 due to the absence of a one-off acquisition fee recognized by FEO Hospitality Asset Management Pte Ltd from the acquisition of Oasia Hotel Downtown by Far East Hospitality Real Estate Investment Trust (Far East H-REIT) in April 2018.

Income tax expense

Income tax expense for Q2 FY19 was \$0.5 million higher compared to Q2 FY18 mainly due to withholding tax on dividends received from the hospitality joint ventures during the quarter.

(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 Q2 FY19 of \$1.0 million compared to net increase of \$4.8 million in Q2 FY18.

Net cash inflows from operating activities of the Group for Q2 FY19 were \$6.5 million compared to net cash outflows of \$0.5 million for Q2 FY18. Net cash inflows in Q2 FY19 were mainly due to cash inflows from operating activities, partially offset by lower working capital and income tax payments during the quarter.

Net cash used in investing activities of the Group for Q2 FY19 was \$11.1 million compared to \$21.1 million for Q2 FY18. Net cash outflows in Q2 FY19 were mainly due to additions to investment properties under development in the UK and repayment of advances from a joint venture. This was partially offset by dividends received from joint ventures during the quarter.

Net cash inflows from financing activities of the Group for Q2 FY19 were \$3.6 million compared to \$26.5 million for Q2 FY18. Net cash inflows in Q2 FY19 from drawdown of bank borrowings was partially offset by interest payments.

Assets

Total assets as at 30 June 2019 were \$2,372.1 million. Compared to 31 December 2018, total assets increased by \$226.8 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 Acquisition, capitalisation of the on-going construction costs of the properties under development in the UK, and the increase in cash and cash equivalents.

The increase was partially offset by decrease in investment in joint ventures due to the effects of adoption of SFRS(I) 16.

Liabilities

Total liabilities as at 30 June 2019 were \$1,113.3 million. Compared to 31 December 2018, total liabilities increased by \$264.5 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 Acquisition.

8 (continued)

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

The Group's current liabilities are higher than the current assets by \$92.5 million due to the non-current borrowings as at 31 December 2018 now becoming due within the next twelve months, and the drawdown of current borrowings to finance the Acquisition. The Group is in the process of refinancing current borrowings of approximately \$216.9 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**

The Singapore Tourism Board forecasted in February that visitor arrivals to Singapore would increase by 1% to 4% this year. However, for the first six months of 2019, the pace of growth in tourist arrivals has slowed year-on-year and Revenue Per Available Room growth was flat. Trading conditions in Singapore remain highly competitive given the absence of large events present in 2018; and slower growth in major economies which affect corporate demand. Demand for serviced residences is expected to remain subdued due to soft corporate long-stay demand and increased competition from residential units.

The Group expects to open its third hotel under management at Sentosa – The Barracks Hotel Sentosa – later this year.

In Australia, performance of hotels in major cities is expected to soften further as new room supply outpaces demand in Sydney, Melbourne and Perth. In Brisbane, the considerable new room supply added in 2018 and 2019 is unlikely to be absorbed immediately and will weigh on growth in room rates in the near-term.

The growing demand for serviced apartments in Germany bodes well for the Group's existing and pipeline properties under the Adina Apartment Hotel brand.

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 including Brexit. Singapore's central bank forecasts economic growth this year to be between 1.5% and 2.5%, down from 3.2% last year.

The Group's integrated office development project – Woods Square – is expected to be completed this year. While CBD Grade A office rents grew 3.0% quarter-on-quarter in the second quarter of 2019, Grade A suburban office rents lagged with a 1.8% growth over the same period². Outlook for the Singapore office market is increasingly clouded by heightened economic headwinds. Companies are adopting a more cautious approach as they assess the full impact of the trade war. The Group continues to actively market Woods Square for sales and tenancy.

The Group anticipates a delay in completion of its residential development in the United Kingdom ("UK") – Westminster Fire Station from end of this year to 2020. Located in prime central London, the development features 17 apartments and one restaurant. While the Group expects the London property market to be weighed down by prolonged uncertainty due to Brexit, a shortage of homes, record employment and low borrowing costs would help to support property values. The Group will monitor market conditions closely before deciding on the launch of the sales 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.

² Q2 2019 Singapore Office, Colliers, 23 Jul 2019

10 (continued)

Property Investment

Following the acquisition of three freehold student accommodation properties in Bristol and Liverpool, comprising a total of 622 purpose-built student accommodation (“PBSA”) beds in March 2019, the Group’s PBSA portfolio increased to 2,091 beds. Development of Hollingbury House, the Group’s 193-bed student accommodation building in Brighton, is on track for completion later this year. The PBSA portfolio will continue to contribute to the Group’s recurring income. Despite Brexit, demand for PBSA beds in the UK is expected to remain strong, supported by continued demand for higher education in the UK³, and a relatively weak British pound. Growth in student numbers are also expected to be maintained over the longer-term 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.

³January Deadline Analysis Report 2019, Universities and Colleges Admissions Service, 7 Feb 2019

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) 6 months ended 30 June 2019 \$'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) 6 months ended 30 June 2019 \$'000
Agape Laundry Pte Ltd Supply of goods and services	(375)	-
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 ⁴	382 -	 (581)
Dollar Land Singapore Private Limited Hospitality management income	168	-
Far East Hospitality Real Estate Investment Trust Rental expense on operating leases - offices - hotels and serviced residences	 (589) (10,826)	 - -
Far East Management (Private) Limited Management service fees Hospitality services	 (1,223) (1,108)	 - -
Far East Organization Centre Pte Ltd Hospitality management income	1,073	-
Far East Rocks Pty Ltd Rental expense on operating leases - hotel	(596)	-
Far East Soho Pte. Ltd. Hospitality management income	783	-
Fontaine Investment Pte Ltd Hospitality management income	595	-
Golden Development Private Limited Hospitality management income	1,270	-
Golden Landmark Pte Ltd Hospitality management income	695	-
Orchard Mall Pte. Ltd. Hospitality management income	428	-
Orchard Parksuites Pte Ltd Hospitality management income	713	-
Oxley Hill Properties Pte Ltd Hospitality management income	278	-
Riverland Pte Ltd Hospitality management income	214	-

⁴ As set out in the Group's announcement dated 28 May 2018.

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)
	6 months ended 30 June 2019 \$'000	6 months ended 30 June 2019 \$'000
Serene Land Pte Ltd Hospitality management income	844	-
Transurban Properties Pte Ltd Hospitality management income	851	-

By Order of the Board

 Mr Lui Chong Chee
 Director
 6 August 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 June 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

6 August 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.