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 31 March		
	2019	2018	Increase / (Decrease)
	$'000	$'000	%
Sales	**37,954**	39,300	(3.4)
Cost of sales	**(21,861)**	(23,924)	(8.6)
Gross profit	**16,093**	15,376	4.7
Other income	**1,195**	825	44.8
Other gains/(losses) – net	**431**	(2,395)	nm
Expenses			
- Distribution and marketing	**(2,856)**	(2,328)	22.7
- Administrative	**(7,202)**	(7,319)	(1.6)
- Finance	**(4,280)**	(1,187)	>100
Share of profit of			
- joint ventures	**169**	4,389	(96.1)
- associated companies	**772**	733	5.3
Profit before income tax	**4,322**	8,094	(46.6)
Income tax (expense)/credit	**(683)**	356	nm
Total profit	**3,639**	8,450	(56.9)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive (loss)/income of joint ventures	**(867)**	20	nm
Foreign currency translation losses arising from consolidation	**(597)**	(5,632)	(89.4)
	(1,464)	(5,612)	(73.9)
Items that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associated company	**1,924**	-	nm
Foreign currency translation losses arising from consolidation	**(458)**	(2,599)	(82.4)
Other comprehensive income/(loss), net of tax	**2**	(8,211)	nm
Total comprehensive income	**3,641**	239	>100
Profit attributable to:			
Equity holders of the Company	**3,419**	7,669	(55.4)
Non-controlling interest	**220**	781	(71.8)
	3,639	8,450	(56.9)
Total comprehensive income attributable to:			
Equity holders of the Company	**4,139**	2,101	97.0
Non-controlling interest	**(498)**	(1,862)	(73.3)
	3,641	239	>100

nm : not meaningful

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

	3 months ended 31 March		
	2019	2018	Increase / (Decrease)
	$'000	$'000	%
The following items were credited/(charged) to the income statement:			
Other income			
Interest income from bank deposits	**1,162**	798	45.6
Cost of sales and administrative expenses			
Depreciation of property, plant and equipment			
- Right-of-use assets	**(3,143)**	-	nm
- Other property, plant and equipment	**(2,323)**	(2,440)	(4.8)
Amortisation of intangible assets	**(793)**	(822)	(3.5)
Allowance for impairment on trade receivables	**(36)**	(52)	(30.8)
Other gains/(losses) – net			
Foreign currency translation gains/(losses) - net	**431**	(2,395)	nm
Finance expenses			
Interest expense for:			
- Bank borrowings	**(1,522)**	(860)	77.0
- Advances from a non-controlling interest	**(327)**	(327)	-
- Lease liabilities	**(2,431)**	-	nm
Income tax (expense)/credit			
Over provision of income tax in prior financial years	**-**	1,618	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	
	31 March 2019 $'000	31 December 2018 $'000	**31 March 2019 $'000**	31 December 2018 $'000
ASSETS				
Current assets				
Cash and cash equivalents	**265,311**	256,287	**188,943**	186,603
Trade and other receivables	**25,356**	26,089	**172,727**	171,606
Inventories	**312**	351	**10**	12
Development properties	**44,486**	40,605	**-**	-
Properties held for sale	**123,911**	123,911	**-**	-
	459,376	447,243	**361,680**	358,221
Non-current assets				
Other non-current assets	**19,858**	19,599	**260,840**	147,870
Investments in associated companies	**18,617**	15,921	**696**	696
Investments in joint ventures	**461,822**	479,268	**300**	300
Investments in subsidiaries	**-**	-	**883,446**	883,438
Investment properties	**627,500**	517,398	**137,245**	137,245
Property, plant and equipment	**674,754**	537,402	**406,545**	326,727
Intangible assets	**127,655**	128,435	**-**	-
Deferred income tax assets	**4,177**	91	**2,438**	-
	1,934,383	1,698,114	**1,691,510**	1,496,276
Total assets	**2,393,759**	2,145,357	**2,053,190**	1,854,497
LIABILITIES				
Current liabilities				
Trade and other payables	**123,866**	120,430	**19,233**	19,706
Current income tax liabilities	**5,905**	4,723	**485**	485
Lease liabilities	**11,025**	-	**5,334**	-
Borrowings	**320,028**	208,225	**166,931**	56,176
Deferred income	**8,034**	7,526	**6,817**	6,817
	468,858	340,904	**198,800**	83,184
Non-current liabilities				
Other payables	**99,045**	99,059	**359,300**	353,962
Lease liabilities	**153,920**	-	**89,109**	-
Borrowings	**88,348**	86,953	**88,348**	86,953
Deferred income	**288,205**	289,904	**288,205**	289,904
Deferred income tax liabilities	**30,657**	31,048	**305**	305
Provisions	**-**	938	**-**	-
	660,175	507,902	**825,267**	731,124
Total liabilities	**1,129,033**	848,806	**1,024,067**	814,308
NET ASSETS	**1,264,726**	1,296,551	**1,029,123**	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	**332,484**	328,344	**292,967**	292,967
Retained profits	**412,927**	440,262	**239,552**	250,618
	1,242,015	1,265,210	**1,029,123**	1,040,189
Non-controlling interest	**22,711**	31,341	**-**	-
TOTAL EQUITY	**1,264,726**	1,296,551	**1,029,123**	1,040,189

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

	Group	
	31 March 2019 $'000	31 December 2018 $'000
Cash and cash equivalents (as above)	**265,311**	256,287
Less: Bank deposits pledged	**(21,166)**	(21,144)
Cash and cash equivalents per consolidated statement of cash flows	**244,145**	235,143

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

	As at 31 March 2019		As at 31 December 2018	
	Secured	**Unsecured**	Secured	Unsecured
	$'000	**$'000**	$'000	$'000
Amount repayable in one year or less, or on demand (net of transaction costs)	**153,097**	**166,931**	152,049	56,176
Amount repayable after one year (net of transaction costs)	**-**	**88,348**	-	86,953

The Group's current and unsecured borrowings increased by $110.8 million as at 31 March 2019 due to 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 $98.6 million on 15 March 2019 (the "Acquisition").

The Group is in the process of refinancing the current and unsecured borrowings of approximately $66.6 million to non-current and secured 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 31 March	
	2019	2018
	$'000	$'000
Cash flows from operating activities		
Total profit	**3,639**	8,450
Adjustments for:		
Income tax expense/(credit)	**683**	(356)
Depreciation of property, plant and equipment	**5,466**	2,440
Amortisation of intangible assets	**793**	822
Interest income	**(1,162)**	(798)
Interest expense	**4,280**	1,187
Share of profit of joint ventures	**(169)**	(4,389)
Share of profit of associated companies	**(772)**	(733)
Unrealised foreign currency translation (gains)/losses	**(354)**	2,317
	12,404	8,940
Changes in working capital:		
Trade and other receivables	**1,122**	(1,688)
Inventories	**42**	152
Development properties	**(3,023)**	(3,170)
Trade and other payables	**(4,949)**	(7,836)
Cash generated from/(used in) operations	**5,596**	(3,602)
Interest paid	**(44)**	(45)
Income tax paid	**(93)**	(157)
Net cash provided by/(used in) operating activities	**5,459**	(3,804)
Cash flows from investing activities		
Acquisition of companies, net of cash acquired	**(98,647)**	-
Additions to property, plant and equipment	**(66)**	(2,638)
Additions to investment properties	**(5,805)**	(4,978)
Dividends received from a joint venture	**-**	1,548
Repayment of advances to a joint venture	**-**	18,281
Advances from joint ventures	**2,400**	13,378
Interest received	**978**	548
Income tax refund	**-**	1,837
Net cash (used in)/provided by investing activities	**(101,140)**	27,976
Cash flows from financing activities		
Proceeds from borrowings	**108,960**	9,728
Repayment of principal portion of lease liabilities	**(2,670)**	-
Interest paid on lease liabilities	**(2,431)**	-
Interest paid on borrowings	**(1,712)**	(1,325)
Net cash provided by financing activities	**102,147**	8,403
Net increase in cash and cash equivalents	**6,466**	32,575
Cash and cash equivalents		
Beginning of financial period	**256,287**	219,585
Less: Bank deposits pledged[a]	**(21,166)**	-
Effects of foreign currency translation on cash and cash equivalents	**2,558**	(2,064)
End of financial period	**244,145**	250,096

[a] Certain bank deposits of a subsidiary 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 →									
	Share capital	Capital reserve	Asset revaluation reserve	Currency translation reserve	Fair value reserve	Hedging reserve	Retained profits	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2018	**496,604**	**10,557**	**358,304**	**(38,034)**	**(2,186)**	**(297)**	**440,262**	**1,265,210**	**31,341**	**1,296,551**
Adjustment on adoption of SFRS(I) 16	-	-	-	-	-	-	(30,754)	(30,754)	(4,712)	(35,466)
Balance at 1 January 2019	**496,604**	**10,557**	**358,304**	**(38,034)**	**(2,186)**	**(297)**	**409,508**	**1,234,456**	**26,629**	**1,261,085**
Profit for the period	-	-	-	-	-	-	3,419	3,419	220	3,639
Other comprehensive (loss)/ income for the period	-	-	-	(746)	1,924	(458)	-	720	(718)	2
Total comprehensive (loss)/income for the period	-	-	-	(746)	1,924	(458)	3,419	4,139	(498)	3,641
Capital reorganisation[b]	-	3,420	-	-	-	-	-	3,420	(3,420)	-
Total transactions with owners, recognised directly in equity	-	3,420	-	-	-	-	-	3,420	(3,420)	-
Balance at 31 March 2019	**496,604**	**13,977**	**358,304**	**(38,780)**	**(262)**	**(755)**	**412,927**	**1,242,015**	**22,711**	**1,264,726**
Balance at 1 January 2018	479,244	10,557	339,868	(17,930)	(395)	(350)	433,137	1,244,131	35,767	1,279,898
Profit for the period	-	-	-	-	-	-	7,669	7,669	781	8,450
Other comprehensive loss for the period	-	-	-	(5,612)	-	-	-	(5,612)	(2,599)	(8,211)
Total comprehensive (loss)/ income for the period	-	-	-	(5,612)	-	-	7,669	2,057	(1,818)	239
Balance at 31 March 2018	479,244	10,557	339,868	(23,542)	(395)	(350)	440,806	1,246,188	33,949	1,280,137

[b] On 20 February 2019, Jelco Properties Pte Ltd ("JPPL"), a 100% owned subsidiary, delivered a hospitality management agreement to Far East Hospitality Management (S) Pte. Ltd. ("FEHMS"), a 70%-owned subsidiary. The hospitality management agreement was previously a deferred pipeline agreement when the Group transferred its hospitality management business from JPPL to FEHMS on 1 November 2013 (the "Business Transfer"). As the Business Transfer was deemed as a reorganisation of entities under common control, a capital reserve of $3,420,000 was recognised during the period, being the 30% share attributable to the non-controlling interest shareholder of FEHMS.

1(d)(i) (continued)

Company's Statement of Changes in Equity

	Share capital	Asset revaluation reserve	Retained profits	Total equity
	$'000	$'000	$'000	$'000
Balance at 31 December 2018	**496,604**	**292,967**	**250,618**	**1,040,189**
Adjustment on adoption of SFRS(I) 16	-	-	(11,621)	(11,621)
Balance at 1 January 2019	**496,604**	**292,967**	**238,997**	**1,028,568**
Profit for the period	-	-	555	555
Total comprehensive income for the period	-	-	555	555
Balance at 31 March 2019	**496,604**	**292,967**	**239,552**	**1,029,123**
Balance at 1 January 2018	479,244	281,999	260,987	1,022,230
Loss for the period	-	-	(119)	(119)
Total comprehensive loss for the period	-	-	(119)	(119)
Balance at 31 March 2018	479,244	281,999	260,868	1,022,111

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	
	31 March 2019	31 December 2018
	'000	'000
Ordinary shares fully paid		
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 31 March 2019	As at 31 December 2018
	'000	'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)	
	Group $'000	Company $'000
As of 1 January 2019		
ASSETS		
Non-current assets		
Property, plant and equipment - Right-of-use assets	142,253	81,730
Investments in joint ventures	(15,275)	-
Deferred tax assets	4,203	2,380
	131,181	84,110
Total assets	**131,181**	**84,110**
LIABILITIES		
Current liabilities		
Lease liabilities	10,871	5,260
Non-current liabilities		
Lease liabilities	156,714	90,471
Provision	(938)	-
	155,776	90,471
Total liabilities	**166,647**	**95,731**
Net assets	**(35,466)**	**(11,621)**
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	**(35,466)**	**(11,621)**

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 $0.9 million for the 3 months period ended 31 March 2019 ("Q1 FY19"). The purpose of the table below is for illustrating the financial results of Q1 FY19 and Q1 FY18 without the effects of adoption of SFRS(I) 16:

	3 months ended 31 March				
	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	37,954	-	37,954	39,300	(3.4)
Cost of sales	(21,861)	(1,943)	(23,804)	(23,924)	(0.5)
Gross profit	**16,093**	**(1,943)**	**14,150**	**15,376**	**(8.0)**
Other income	1,195	-	1,195	825	44.8
Other gains/(losses) – net	431	-	431	(2,395)	nm
Expenses:					
- Distribution and marketing	(2,856)	-	(2,856)	(2,328)	22.7
- Administrative	(7,202)	(16)	(7,218)	(7,319)	(1.4)
- Finance	(4,280)	2,431	(1,849)	(1,187)	55.8
Share of profit of					
- joint ventures	169	470	639	4,389	(85.4)
- associated companies	772	-	772	733	5.3
Profit before income tax	**4,322**	**942**	**5,264**	**8,094**	**(35.0)**
Income tax (expense)/credit	(683)	(90)	(773)	356	nm
Total profit	**3,639**	**852**	**4,491**	**8,450**	**(46.9)**
Total profit attributable to equity holders of the Company	3,419	742	4,161	7,669	(45.7)

[1] Presented only for the purpose of illustrating the financial results of Q1 FY19 without the effects of adoption of SFRS(I) 16 for comparison with Q1 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 31 March	
	2019	2018
	cents	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	**0.78**	1.80
(ii) On a fully diluted basis	**0.78**	1.80

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 31 March 2019	As at 31 December 2018	**As at 31 March 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	**$2.84**	$2.89	**$2.35**	$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 31 March 2019 ("Q1 FY19")

Revenue

The Group's sales decreased from $39.3 million in Q1 FY18 to $38.0 million in Q1 FY19. Excluding the effects of foreign currency translation losses of $1.2 million arising from weakening of AUD, sales decreased by $0.1 million. The lower sales from our hospitality business in Australia and Malaysia (due to the weak market conditions) was offset by higher sales from the hospitality business in Singapore (from both managed and leased properties) and our student accommodation business in the United Kingdom ("UK").

Gross profit

The Group's gross profit increased by $0.7 million to $16.1 million in Q1 FY19. Excluding the effects of the adoption of SFRS(I) 16, the Group's gross profit in Q1 FY19 would be $14.2 million, or $1.2 million lower, compared to $15.4 million in Q1 FY18.

Gross profit margin (without effects of adoption of SFRS(I) 16) decreased from 39.1% in Q1 FY18 to 37.3% in Q1 FY19. This was largely due to lower sales from our hospitality business in Australia and Malaysia. This was partially offset by the increase in profitability of our student accommodation business in the UK due to higher number of occupied beds.

8 (continued)

(a) <u>Group performance review for the 3-month period ended 31 March 2019 ("Q1 FY19")</u> (continued)

Other income
Other income for Q1 FY19 was $0.4 million higher than Q1 FY18. This was due to higher interest income from cash and cash equivalents in Q1 FY19.

Other gains/(losses) – net
This comprised mainly foreign currency translation gains of $0.4 million (Q1 FY18: foreign currency translation losses of $2.4 million), arising from translation of monetary assets and liabilities denominated in Australian Dollar which appreciated against Singapore Dollar in Q1 FY19.

Expenses
Total expenses increased by $3.5 million to S$14.3 million in Q1 FY19. Excluding the effects of adoption of SFRS(I) 16, the Group's total expenses would be $11.9 million, or $1.1 million higher, compared to $10.8 million in Q1 FY18.

Distribution and marketing expenses
Distribution and marketing expenses increased by $0.5 million mainly due to higher spend on advertising and promotions in preparation for the opening of two hotels under management at Sentosa in Q1 FY19.

Finance expenses
Excluding effects of the adoption of SFRS(I) 16 of $2.4 million, the Group's finance expenses would be $1.8 million, or $0.6 million higher, compared to $1.2 million in Q1 FY18. The increase was due to higher borrowings and higher GBP interest rate.

Share of profit of joint ventures
The Group's share of profit of joint ventures for Q1 FY19 was $0.2 million, compared to $4.4 million in Q1 FY18. The decrease was mainly due to absence of share of profit from its joint venture property development project in Australia, Harbourfront Balmain, which was fully sold and delivered to the buyers by 30 June 2018.

In addition, the Group's share of profit of its hospitality joint ventures was lower due to effects of adoption of SFRS(I) 16, amounted to $0.5 million.

Income tax expense
Income tax expenses for Q1 FY19 was $1.0 million higher compared to Q1 FY18. This was largely due to one-off receipt of tax credits in prior period on foreign withholding taxes previously paid on dividends received from a joint venture.

(b) <u>Cash flow, working capital, assets or liabilities of the Group</u>

Cash flow and working capital
The Group generated a net increase in cash and cash equivalents for Q1 FY19 of $6.5 million compared to $32.6 million in Q1 FY18.

Net cash inflows from operating activities of the Group for Q1 FY19 were $5.5 million compared to net cash outflows of $3.8 million for Q1 FY18. Net cash outflows in Q1 FY18 were mainly due to higher settlement of trade and other payables balances.

Net cash used in investing activities of the Group for Q1 FY19 was $101.1 million compared to net cash from investing activities of $28.0 million for Q1 FY18. This was mainly due to 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 $98.6 million on 15 March 2019 (the "Acquisition"). Net cash inflows in Q1 FY18 were mainly due to repayment of advances from Harbourfront Balmain joint venture.

Net cash from financing activities of the Group for Q1 FY19 were $102.1 million compared to $8.4 million for Q1 FY18. This was mainly due to the drawdown of bank borrowings to finance the Acquisition.

8 (continued)

(b) <u>Cash flow, working capital, assets or liabilities of the Group</u> (continued)

Assets
Total assets as at 31 March 2019 were $2,393.8 million. Compared to 31 December 2018, total assets increased by $248.4 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 31 March 2019 were $1,129.0 million. Compared to 31 December 2018, total liabilities increased by $280.2 million mainly due to the recognition of lease liabilities arising from the adoption of SFRS(I) 16 and the increase in bank borrowings to finance the Acquisition.

The Group's current liabilities are higher than the current assets by $9.5 million due to the drawdown of current borrowings to finance the Acquisition. The Group is in the process of refinancing current borrowings of approximately $66.6 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
Visitor arrivals to Singapore is expected to increase by 1% to 4% this year[2] and hotel room supply situation remains relatively stable. Trading conditions in Singapore remain highly competitive due to the absence of large events such as the Singapore Airshow and the World Cities Summit in 2019, and moderating growth in major economies which affect corporate demand and the ability to charge higher room rates. Demand for serviced residences is expected to remain subdued on the back of soft corporate long-stay demand and increased competition from residential units.

In April 2019, the Group opened two hotels with 799 rooms under management - Village Hotel at Sentosa and The Outpost Hotel at Sentosa. A third hotel at Sentosa - The Barracks Hotel at Sentosa, will open later this year.

In Australia, performance of hotels in major cities is expected to soften further. As new room supply outpaces demand in Sydney and Melbourne, occupancy and room rates would be impacted. The Perth hotel market will continue to be challenging due to a combination of an expected increase in room supply and low demand. In Brisbane, although the new supply of rooms is expected to slow, the considerable addition to hotel stock in 2018 and 2019 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.

[2] Third consecutive year of growth for Singapore tourism sector in 2018, Singapore Tourism Board, 13 Feb 2019

10 (continued)

Property

Property Development
Near-term outlook for the Singapore residential market is expected to remain subdued. Private home prices are expected to remain soft this year due to the combined effects of government property cooling measures introduced in 2018, a significant launch pipeline for 2019 and stronger headwinds in the macroeconomic conditions. Notwithstanding, the Urban Redevelopment Authority's recent announcement of the Draft Master Plan 2019 may encourage more sales in areas that are earmarked for future development. The Group's residential projects in Singapore have been fully sold in 2018.

Barring an escalation of trade conflicts and slowdowns in the global economy, the office market in Singapore is forecasted to continue to benefit from healthy demand and limited supply[3]. The Group continues to actively market and sell its integrated office development project, Woods Square, of which 55% of the units released had been sold. The project is expected to be completed in 2019.

The Group's first residential development in the UK - Westminster Fire Station, is scheduled for completion this year. Located in prime central London, the development features 17 apartments and one restaurant. With the extension to the Brexit deadline, the London property market is expected to continue to be weighed down by the Brexit-related uncertainty. While the Group remains confident about the long-term fundamentals of the UK property market in prime residential locations, it will continue to be prudent in its investment decisions.

Property Investment
In March 2019, the Group acquired three freehold student accommodation properties in Bristol and Liverpool with a total of 622 purpose-built student accommodation ("PBSA") beds. In Brighton, Hollingbury House, the Group's 193-bed student accommodation building is slated for completion in 2019. Given the attractiveness of the higher education sector in the UK, demand for PBSA is expected to remain strong[4,5].

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.

[3] Singapore Office Briefing Q4 2018, Savills, 25 Feb 2019
[4] 2018 End of Cycle Report, Universities and Colleges Admissions Service, 29 Nov 2018
[5] January 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)	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)
	3 months ended 31 March 2019 $'000	3 months ended 31 March 2019 $'000
Agape Laundry Pte Ltd		
Supply of goods and services	(176)	-
Boo Han Holdings Pte. Ltd.		
Hospitality management income	184	-
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[5]	-	(263)
Far East Hospitality Real Estate Investment Trust		
Rental expense on operating leases		
- offices	(231)	-
- hotels and serviced residences	(5,368)	-
Far East Management (Private) Limited		
Management service fees	(621)	-
Hospitality services	(559)	-
Far East Organization Centre Pte Ltd		
Hospitality management income	539	-
Far East Rocks Pty Ltd		
Rental expense on operating leases - hotel	(334)	-
Far East Soho Pte. Ltd.		
Hospitality management income	384	-
Golden Development Private Limited		
Hospitality management income	632	-
Golden Landmark Pte Ltd		
Hospitality management income	335	-
Orchard Mall Pte. Ltd.		
Hospitality management income	215	-
Orchard Parksuites Pte Ltd		
Hospitality management income	346	-
Oxley Hill Properties Pte Ltd		
Hospitality management income	136	-
Riverland Pte Ltd		
Hospitality management income	110	-
Serene Land Pte Ltd		
Hospitality management income	427	-
Transurban Properties Pte Ltd		
Hospitality management income	431	-

[5] As set out in the Group's announcement dated 28 May 2018.

By Order of the Board
Mr Lui Chong Chee
Director
7 May 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 31 March 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	Lui Chong Chee Group CEO & Managing Director

7 May 2019

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.