



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

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## ACQUISITION OF A PORTFOLIO OF THREE STUDENT ACCOMMODATION PROPERTIES LOCATED IN BRISTOL AND LIVERPOOL, UNITED KINGDOM

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### 1. INTRODUCTION

The Board of Directors (the "**Board**") of Far East Orchard Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce that the Group, through its wholly-owned subsidiary, Far East Orchard Holdings (Jersey) Limited ("**FEOHJ**"), has entered into a sale and purchase agreement ("**SPA**") on 15 March 2019 with Victus (Guernsey) 2 Limited, Victus (Guernsey) 4 Limited, and Victus (Guernsey) 6 Limited (collectively, the "**Sellers**") to acquire the entire issued and paid-up share capital of Victus (Guernsey) 2 Developments Limited, Victus (Guernsey) 4 Developments Limited, and Victus (Guernsey) 6 Management Company Limited (collectively, the "**Target Companies**") respectively (the "**Acquisition**"). The Target Companies are the owners of the freehold interests of three student accommodation properties (collectively, the "**Properties**" and each a "**Property**") with a total of 622 beds located in Bristol and Liverpool in the United Kingdom (the "**UK**"). Through the Acquisition, the Group will acquire these Properties. Details of the Properties are set out in Paragraph 3 below.

The Acquisition has been completed today.

Following the completion of the Acquisition, the Target Companies and their wholly-owned UK subsidiaries Harbour Court Manco Limited, Glassworks Manco Limited and St Lawrence Manco Limited are now subsidiaries of the Group.

### 2. SALIENT TERMS OF THE ACQUISITION

The purchase price for the Acquisition was £55.0 million (approximately S\$98.7 million<sup>1</sup>), which was satisfied in cash by FEOHJ through a combination of internal resources and external debt facilities. The purchase price was negotiated on an arm's length and willing-buyer, willing-seller basis, taking into account the independent valuation carried out on each Property and various commercial factors such as the location of the Property. All borrowings owing by the Target Companies were fully repaid and all charges, debentures and other encumbrances affecting the Target Companies and Properties were released and discharged in full upon completion.

Based on the valuation report by Jones Lang LaSalle Limited, the market value of the Properties as at 4 March 2019 was £57.6 million. The valuation was commissioned by Far East Orchard Investments (UK) Pte. Ltd., the holding company of FEOHJ.

In connection with the Acquisition, the Group will enter into a facility management agreement with a UK student accommodation operator (the "**Operator**"). The Operator is also the facility manager of the Group's existing student accommodation portfolio in Newcastle upon Tyne, UK. The employees who currently work wholly or mainly in connection with the Properties will be transferred from the Sellers' operator to the Operator.

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<sup>1</sup> Based on the exchange rate of GBP1:SGD1.794 prevailing as at 15 March 2019.

### **3. INFORMATION ON THE TARGET COMPANIES AND THE PROPERTIES**

#### **3.1. Victus (Guernsey) 2 Developments Limited (“Victus 2”)**

Victus 2 is a company incorporated in Guernsey, and is the owner of the freehold interest in a student accommodation property located in 10 Anchor Road, Bristol (“**Harbour Court**”). A 25-year management lease is granted by Victus 2 to Harbour Court Manco Limited, its wholly-owned subsidiary incorporated in the UK.

#### **3.2. Victus (Guernsey) 4 Developments Limited (“Victus 4”)**

Victus 4 is a company incorporated in Guernsey, and is the owner of the freehold interest in a student accommodation property located in 36 Vauxhall Road, Liverpool (“**The Glassworks**”). A 25-year management lease is granted by Victus 4 to Glassworks Manco Limited, its wholly-owned subsidiary incorporated in the UK.

#### **3.3. Victus (Guernsey) 6 Management Company Limited (“Victus 6”)**

Victus 6 is a company incorporated in Guernsey, and is the owner of the freehold interest in a student accommodation property located in Broad Street, Bristol (“**St Lawrence House**”). A 25-year management lease is granted by Victus 6 to St Lawrence Manco Limited, its wholly-owned subsidiary incorporated in the UK.

#### **3.4. Further information on the Properties**

	<b>Name of Property</b>	<b>Location</b>	<b>Tenure</b>	<b>Site area (sq m)</b>	<b>No. of beds</b>
1	<b>Harbour Court</b>	10 Anchor Road, Bristol, BS1 5TT	Freehold	794	133
2	<b>The Glassworks</b>	36 Vauxhall Road, Liverpool, L3 6DN	Freehold	1,900	323
3	<b>St Lawrence House</b>	Broad Street, Bristol, BS1 2HF	Freehold	1,022	166

### **4. RATIONALE FOR THE ACQUISITION**

The Board is of the view that the Acquisition presents a prime investment opportunity which allows the Group to continue expanding and diversifying its student accommodation portfolio into Bristol and Liverpool, which are established university cities in the UK with large full-time student populations. The Acquisition is also in line with the Group’s strategic focus to increase the recurring and stabilised income of the Group.

Pursuant to Rule 3.2 of Practice Note 10.1 of the Listing Manual, the Board is of the view that 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.

### **5. FINANCIAL EFFECTS**

#### **5.1 Bases and assumptions**

The pro forma financial effects of the Acquisition are based on, *inter alia*:

- (i) the latest announced consolidated financial statements of the Group for the financial year ended 31 December 2018; and
- (ii) the unaudited consolidated financial statements of the Target Companies for the financial year ended 31 August 2018.

The pro forma financial effects have been presented for illustration purposes only and do not necessarily reflect the actual financial position and earnings of the Group following the completion of the Acquisition.

5.2 Effect on Group's net tangible assets ("NTA") per share

For illustrative purposes, assuming the Acquisition had taken place on 31 December 2018, the pro forma financial effects of the Acquisition on the Group's NTA are as follows:

	<b>Before the Acquisition</b>	<b>After the Acquisition</b>
<b>NTA (S\$'000)</b>	1,168,116	1,168,116
<b>Total number of issued shares ('000)</b>	437,204	437,204
<b>NTA per share (S\$)</b>	2.67	2.67

5.3 Effect on Earnings per Share ("EPS")

For illustrative purposes, assuming the Acquisition had taken place on 1 January 2018, the pro forma financial effects of the Acquisition on the Group's EPS are as follows:

	<b>Before the Acquisition</b>	<b>After the Acquisition</b>
<b>Profit attributable to equity holders of the Company (S\$'000)</b>	32,937	35,142
<b>Weighted average number of issued shares ('000)</b>	431,118	431,118
<b>Earnings per share (cents)</b>	7.64	8.15

**6. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS**

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

By Order of the Board

Phua Siyu Audrey  
Company Secretary  
15 March 2019