



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

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## ACQUISITION OF PROPERTIES IN NEWCASTLE UPON TYNE, UK

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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**") 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	<b>Turner Court</b>	Stoddart Street, Shieldfield, Newcastle upon Tyne	100%	Freehold	2,640	274	£15,500,000
2	<b>Rosedale Court</b>	Portland Green, Portland Road, Shieldfield, Newcastle upon Tyne	100%	Freehold	3,548	338	£19,500,000
3	<b>Land sites - Buildings 5 and 6</b>	Portland Green, Portland Road, Shieldfield, Newcastle upon Tyne	100%	Freehold	5,442	n.a.	£3,188,000
4	<b>Land sites - Buildings 7, 8 and 9</b>	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



**FAR EAST ORCHARD LIMITED**

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**NEWS RELEASE**

**FAR EAST ORCHARD EXPANDS FURTHER INTO EUROPE  
TO DEVELOP STUDENT HOUSING**

- **The four properties located in UK are valued at £40.9 million**
- **Student accommodation is the Group's latest asset class within its property development portfolio**

**Singapore, 1 May 2015** – Far East Orchard Limited (FEOrchard or the Group) has acquired a portfolio of student accommodation properties within Shieldfield, Newcastle upon Tyne, United Kingdom (UK) (**Investment**) for £40.9 million. The Investment involves acquiring two land sites for development into purpose-built student accommodation, an existing student accommodation, and another student accommodation undergoing development. The latter is expected to be completed in the second half of 2015.

On this initiative in UK, Group Chief Executive Officer and Managing Director of FEOrchard, Mr Lui Chong Chee said, "For the Group, this move represents several milestones: an expansion of our property development beyond Singapore into Europe, and an extension of our development capabilities into the student housing sector in the UK, to develop our position as a leading regional real estate player. It also pools together the extensive experience from our established hospitality operations. As the UK student accommodation market has been structurally undersupplied<sup>1</sup>, we plan to contribute and provide high quality purpose built student housing. In addition, this new asset class opens a door to stable capital growth in one of Europe's major property markets for FEOrchard."

The student accommodation sector is increasingly becoming one of the fastest growing real estate investment opportunities. It also presents an opening for the Group to diversify its property development portfolio. The Financial Times in UK has reported that 30,000 extra

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<sup>1</sup> Insight - Student Property, Knight Frank, 2014

university places has been released for the 2014-2015 entry, before ending controls on student numbers next year<sup>2</sup>.

According to global real estate service provider Jones Lang LaSalle (JLL), the UK student buy-to-let market is buoyant; the picture is one of healthy, sustainable growth and overall stability for the sector despite well-publicised demographic dip in the number of 18-year-olds in the UK<sup>3</sup>. JLL forecasted an annual rental growth rate of 3-4 per cent for London, 2-3 per cent in university towns and 3-5 per cent regionally. Data from commercial real estate analytics firm, Real Capital Analytics, showed that the average investment yield for UK student accommodation was 5.8 per cent, compared to 5.1 per cent for offices<sup>4</sup>.

The property acquisitions, funded by internal sources and/or external debt facilities, consist of:

- Turner Court, an existing operating building
- Rosedale Court, an ongoing development
- Land site for development of two buildings
- Land site for development of three buildings

These freehold properties are well-located within walking distance of educational institutions such as Northumbria University, Newcastle University, Newcastle University Business School and Newcastle College.

According to The Complete University Guide (CUG), the Northumbria University is based in one of the best two cities for students in the UK, with the other city being London. It is also one of the largest universities in the UK, ranked 60<sup>th</sup> on CUG's University League Table 2016, attracting more than 33,000 students from 135 countries.

Newcastle University is a founding member of the Russell Group of 24 leading research institutions in the UK. It is one of the UK's leading universities with a thriving international community of almost 22,900 students in three faculties: Humanities and Social Sciences; Medical Sciences; and Science Agriculture and Engineering. Newcastle University is ranked 26<sup>th</sup> on CUG's University League Table 2016. In addition, it was ranked 10th in UK for the quality of student life based on Times Higher Education Student Experience Survey 2015.

In the last one year, FEOrchard acquired four hotels in Germany and Denmark for €21.0 million. The Group also entered into a residential development joint venture project in Sydney, Australia.

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<sup>2</sup> Universities admissions poised to top 500,000, Financial Times, 14 August 2014

<sup>3</sup> UK Student Housing Quarterly Bulletin, 2015 Q1 Review, Jones Lang LaSalle

<sup>4</sup> Greystar to buy U.K. student-housing portfolio, The Wall Street Journal, 8 March 2015

**About Far East Orchard Limited (www.fareastorchard.com.sg)**

Far East Orchard Limited (Far East Orchard) is a member of Far East Organization, Singapore's largest private property developer. Today, it has a diversified portfolio focusing on property development, hospitality real estate development and management, and healthcare real estate.

The Company currently has four residential and commercial projects under development in Singapore, as well as a hospitality property undergoing redevelopment in Malaysia. The latest addition is a residential development project, Harbourfront Balmain, in Sydney, Australia, a joint venture with Toga Group.

As a vertically integrated regional hospitality owner and operator with a sizeable overseas network, Far East Orchard, through its hospitality management arm, Far East Hospitality, has a global portfolio of over 80 properties with more than 13,000 rooms.

Far East Orchard also owns a portfolio of purpose-built medical suites in Novena Medical Center and Novena Specialist Center, which are located in Singapore's premier Novena medical hub. It intends to be the premier private owner, operator and landlord of healthcare space in Singapore.

**Issued for and on behalf of Far East Orchard Limited**

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**Notes to Editor:**



*The interiors of Rosedale Court, a brand new student development due to open in 2015. It is part of the hugely popular, lively student community in Portland Green Student Village in Newcastle.*



*Turner Court is a very popular student development which is part of the Portland Green Student Village. The site provides a combination of 4 to 7 bedroom en-suite cluster apartments and studios that can cater for single or double occupancy.*