

MEDIA RELEASE

**FAR EAST ORCHARD POSTS INCREASE IN
1H FY2024 NET PROFIT TO S\$19.7M**

- Profit growth driven mainly by positive performance in the Purpose-Built Student Accommodation ("PBSA") business
- PBSA segment recorded higher earnings from resilient rental growth and contribution from Emily Davis asset in Southampton
- The Group has expanded its operating capabilities with acquisition of 49% stake in UK's largest independent PBSA operator Homes For Students

13 August 2024, Singapore – Far East Orchard Limited ("Far East Orchard", and together with its subsidiaries, the "Group") today announced its financial results for the half-year period ended 30 June 2024 ("1H FY2024").

SUMMARY OF FINANCIAL PERFORMANCE

Financial Highlights

S\$ million	1H FY2024	1H FY2023	% Change
Revenue	97.3	90.9	7.0
Operating profit	36.4	28.0	30.0
Profit after tax ^{1,2}	19.7	7.6	259.2
Profit attributable to equity holders of the Company	18.2	8.2	220.0

Note ¹ 1H FY2024 profit after tax includes currency translation gains of S\$1.9 million (1H FY2023: S\$0.4 million)

² 1H FY2023 included an impairment loss of S\$3.4 million on the Group's mixed-used development in the UK

The Group's overall revenue for 1H FY2024 increased 7.0% to S\$97.3 million boosted by stronger revenue performance across all the business segments. The PBSA business segment contributed the highest increase in revenue of S\$5.5 million, or 22.8%, to S\$29.2 million owing to rental growth across most of the portfolio, the adding of contributions from its PBSA asset Emily Davies, as well as share of profits from recently 49%-acquired UK PBSA Operator, Homes For Students. The Hospitality business segment, which contributed a majority of S\$62.4 million to revenue, continued to provide stable contributions with a slight uplift by the Group's leased portfolio in Japan.

Net profit for the Group for 1H FY2024 more than doubled to S\$19.7 million, despite higher interest expenses in an elevated interest rate environment. The net profit, which included currency translation gains of S\$1.9 million, was driven by higher contributions from the PBSA segment, and joint ventures delivering stronger performances from the Hospitality business segment and Property Development segment (Woods Square) in 1H FY2024.

As at 30 June 2024, the Group maintained a healthy cash position of S\$197.6 million (S\$225.6 million as at 31 December 2023). The decrease is mainly due to cash used for the acquisition of Homes For Students in April 2024 of S\$29.9 million.

Group Chief Executive Officer of Far East Orchard, Mr Alan Tang, said, "The Group is pleased to deliver a set of upbeat results for the first half of 2024 against the backdrop of a challenging macroeconomic environment. We have expanded our investment and asset management capabilities by acquiring a

stake in Homes For Students to enhance our operating capabilities which marks a significant milestone for the business. The acquisition will propel the Group's FEOR 25 strategy and strengthen its position in the UK PBSA sector."

OPERATIONAL UPDATES

Hospitality Business – Foraging opportunity

Based on the UN Tourism (UNWTO)'s World Tourism Barometer, in Asia and the Pacific, international tourism is experiencing recovery where arrivals reached 82% of pre-pandemic levels in Q1 2024, after recovering 65% in the year 2023 when most destinations started reopening to international visitors¹.

The Group's hospitality joint venture, Toga Far East Hotels, opened Vibe Hotel Melbourne Docklands, a 272-room hotel in April. The twelfth in the Vibe brand and the second in Melbourne City, Vibe Hotel Melbourne Docklands is located close to Marvel Stadium and features harbourside and CBD views.

UK PBSA Business – Delivering on strategic focus

Rental growth for the PBSA sector remains elevated, averaging 7.6% across the UK in 2024, underpinned by faltering supply and high demand from students for housing in a number of locations in the UK. The Group's UK PBSA portfolio has benefitted from the rental growth. Merely 258,000 new PBSA beds have been added to the supply across the UK since 2012. Over the same period, 470,000 full-time students have been added to the student population².

In 1H FY2024, the Group continued to deliver on its strategic focus, and further expanded its UK PBSA portfolio with an entry into Glasgow, Scotland with a 273-bed PBSA development site in joint partnership with Woh Hup that is slated for completion in 2026.

As at 30 June 2024, the Group's UK PBSA portfolio's reservations for the academic year commencing September 2024 ("AY24/25") was around 92%.

OUTLOOK

The International Monetary Fund (IMF) has held its global growth forecast for 2024 steady at 3.2%, below the historical (2000–19) annual average of 3.8%, and cautioned risks of sticky inflation amid renewed trade or geopolitical tensions. Global medium-term prospects remain weak with lowered projections for Japan³.

In Australia, while domestic travel rebounds and has recovered strongly, exceeding pre-pandemic levels, international visitor arrivals are not expected to exceed pre-pandemic levels until 2025⁴.

In Singapore, the Singapore Tourism Board reported a 15.4% increase in visitors to 3.89 million for the second quarter of 2024, however, its forecast places numbers at 15 to 16.5 million visitors for the whole of 2024, which falls short of the 19.1 million visitors to Singapore in 2019⁵.

For the second half of 2024, the Group notes that with the current high-cost environment, the volatile macroeconomic climate, and mounting geopolitical tensions, travel recovery will be facing headwinds with the slowdown in discretionary travel spend. Nevertheless, it remains cautiously optimistic about the mid-term outlook of international travel demand. The Group's pipeline of hotel openings includes Quincy House Singapore and The Eve Hotel Sydney, which are expected to open in the fourth quarter of this year.

¹ UNWTO. "[World Tourism Barometer](#)." May 2024

² Knight Frank. "[UK Student Housing - Q2 2024](#)."

³ IMF. "[Global Growth Steady Amid Slowing Disinflation and Rising Policy Uncertainty](#)." 16 July 2024

⁴ Savills. "[Australian Hospitality 1H 2024](#)." 25 June 2024

⁵ STB. "[Singapore Tourism Analytics Network](#)." June 2024

For the Group's PBSA segment, the UK remains an attractive global destination for international students who are in pursuit of further education. The Universities and Colleges Admissions Service (UCAS) has projected student applications will reach 1 million by 2030⁶. Student numbers in the UK are at record highs, driving strong demand for accommodation and there is a current shortfall of 580,000 beds in the UK. The supply of new PBSA will continue to be limited by several factors including effortful planning requirements and the need to modernise existing stock, further compounding the current shortfall⁷.

With the limitations in PBSA supply, it is the Group's view that the UK PBSA sector remains favourable with its structural supply-demand gap, and the Group continues to uncover suitable opportunities in the UK to address the imbalance in student beds.

Mr Tang added, "Looking forward to the second half, we expect the economic climate to remain volatile with headwinds and geopolitical risks. Amidst the volatility, we continue to leverage on our strength and capabilities by building up our resilient lodging platform."

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⁶ UCAS. "[What is the journey to a million?](#)"

⁷ CBRE. "[Purpose-Built Student Accommodation \(PBSA UK Real Estate Market Outlook 2024\)](#)."

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

Far East Orchard Limited ("Far East Orchard") is a real estate company with a lodging platform that aims to achieve sustainable and recurring income through a diversified and balanced portfolio. Established since 1967, Far East Orchard has a track record in real estate development, investment and management across residential, commercial, hospitality and Purpose-Built Student Accommodation ("PBSA") properties in Australia, Japan, Malaysia, Singapore, and the United Kingdom ("UK").

Listed on the Mainboard of the Singapore Exchange, Far East Orchard is also a member of Far East Organization, Singapore's largest private property developer.

Redefining itself through a strategic business transformation in 2012, Far East Orchard expanded into the hospitality management business and invested in healthcare real estate. In 2015, it further diversified its real estate portfolio to include the development and investment of PBSA properties in the UK.

In 2023, Far East Orchard celebrated its 10-year partnerships in the hospitality business with The Straits Trading Company Limited and Toga Group, Australia. Far East Orchard's hospitality arm, Far East Hospitality, together with the joint venture, Toga Far East Hotels, now owns more than 10 assets and manages over 100 properties with more than 16,600 rooms in Australia, Austria, Denmark, Germany, Hungary, Japan, Malaysia, New Zealand, Singapore, and Switzerland, across 10 distinct brands.

Far East Orchard's PBSA portfolio comprises close to 3,700 beds across key cities in the UK. In 2022, Far East Orchard entered into a joint venture in Bristol to develop a 706-bed PBSA asset. With the completion of the development in Bristol and at the Glasgow site acquired in March 2024, the Group's total PBSA portfolio will grow to approximately 4,700 beds across 15 properties in the UK.

Additionally, the Group holds a portfolio of purpose-built medical suites for lease and sale in Novena, Singapore's premier medical hub.

For further information, please contact:

Mr Dominic Seow

Investor Relations

Tel: (65) 6830 6599

Email: ir@fareastorchard.com.sg