

**MEDIA RELEASE**

**1Q FY23 NET PROFIT INCREASED 90.9% TO S\$4.2 MILLION AS GLOBAL TRAVEL RECOVERY BOOSTED THE HOSPITALITY BUSINESS**

- Improved operating performance driven by continued recovery of hospitality business as travel demand continues to bounce back from the pandemic.
- Continued expansion with four new hotel openings in the first quarter, including an opening in a new country, Switzerland.
- Strong demand for UK purpose-built student accommodation (“PBSA”), with reservations for beds for AY23/24 ahead of last year.

**05 May 2023, Singapore** – Far East Orchard Limited (“Far East Orchard” or the “Company”, and together with its subsidiaries, the “Group”) today announced its financial results for the three-month period ended 31 March 2023 (“1Q FY23”).

**SUMMARY OF FINANCIAL PERFORMANCE**

**Financial Highlights**

S\$ million	1Q FY23	1Q FY22	% CHANGE
Revenue	46.1	29.7	55.2
Operating profit	13.9	1.2	>100.0
Profit after income tax	4.2	2.2	90.9
Profit attributable to equity holders of the Company	4.7	2.6	67.9

Revenue for 1Q FY23 increased 55.2% to S\$46.1 million compared to 1Q FY22, while profit after tax increased 90.9% to S\$4.2 million in 1Q FY23 (1Q FY22: S\$2.2 million) as the hospitality business continued to recover strongly, riding on the business travel recovery and leisure travel demand. In FY22, the hospitality business was impacted by the Omicron variant and the reintroduction of travel restrictions in several countries. In particular, Australia and Singapore borders were only opened at the end of February and 1 April 2022, respectively. The Group’s PBSA business continued to deliver stable recurring income.

Group Chief Executive Officer of Far East Orchard, Mr Alan Tang, said “Riding on the global travel recovery, our first quarter result has surpassed the same period in 1Q FY22. The improved operating performance is a result of our clear strategies to deliver unique experiences to achieve higher average daily rates and manage costs in a rising cost environment while positioning ourselves to recapture travel demands when it fully returns.”

As at 31 March 2023, the Group maintained a healthy cash position of S\$232.8 million compared to S\$233.2 million as at 31 December 2022.

**OPERATIONAL UPDATES**

**Hospitality Business – Recovery continues**

The Group has been actively reviewing and executing our strategies to transform our hospitality brands

which offer unique value propositions in view of the recovery of the tourism sector to capture the uplifts in both occupancies and room rates in the markets we operate.

In 1Q FY23, we opened four hotels with more than 500 rooms. This includes the debut of Adina Apartment Hotel Geneva (“Adina Geneva”) in Switzerland and our third hotel in Japan, a 134-key Far East Village Hotel Tokyo, Asakusa. With the opening of Adina Geneva, our hospitality’s European portfolio, operated through our joint venture Toga Far East Hotels (“TFE Hotels”), is sitting at 18 hotels with over 2,700 keys, with plans to expand further throughout Europe in the coming years.

In addition, we expect to open two new hotels in Australia and Malaysia in the second half of the year.

In the near term, the hospitality sector is expected to continue its path of recovery towards pre-COVID level. The International Air Travel Association (“IATA”) reported that total traffic<sup>1</sup> increased 55.5% in February 2023 year-on-year, particularly in the Asia-Pacific region, and has maintained a positive momentum since the lifting of travel restrictions.<sup>2</sup> Nonetheless, we remain cautiously confident of the positive recovery momentum, which will be dependent on the extent of the economic slowdown, the evolution of geopolitical tensions, labour availability and flight capacity.

As at 31 March 2023, the Group has a combined portfolio of over 16,500 rooms with close to 100 properties in 10 countries – Australia, Austria, Denmark, Germany, Hungary, Japan, Malaysia, New Zealand, Singapore and Switzerland.

### **UK PBSA Business – Market fundamentals remain strong**

The outlook for the UK PBSA sector remains strong, with demand underpinned by demographic growth, high application rates and increasing international students. The Universities and Colleges Admission Service (“UCAS”) reported that over the past five years, the number of UK 18-year-old applicants has risen by 17.4%, and it anticipates this upward trajectory will continue over the remainder of the decade.<sup>3</sup>

International students’ application continues to grow – as of the January 2023 deadline, the number of international applicants to UK undergraduate courses increased by 3% compared to the same point in the 2022 entry cycle<sup>3</sup>.

As at 31 March 2023, the Group’s UK PBSA portfolio has seen reservations for the academic year beginning September 2023 (“AY23/24”) of close to 90%, surpassing the prior year’s reservations at this point in time (AY22/23: over 80%) and with continued rental growth.

Emily Davies at Southampton, an operational PBSA asset acquired in December 2022<sup>4</sup>, is expected to be completed in May 2023 due to a delay in the seller’s completion of the works. Upon the completion of the acquisition, the Group will own more than 3,700 beds across 13 properties in 7 UK cities.

Amidst the unprecedented demand for student accommodation, the rising cost of living, inflation, and interest rates will continue to be a challenge. Nonetheless, the Group takes a positive long-term outlook on the PBSA sector and will continue with active asset management to drive the performance of assets, which includes leveraging on the strong rental demand and adopting cost management strategies.

### **FY2023 Outlook**

The International Monetary Fund (“IMF”) forecasted global growth to fall from 3.4% in 2022 to 2.8% in 2023 and noted downside risks amid an uncertain outlook.<sup>5</sup> This outlook reflects the tighter policy

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<sup>1</sup> Measured in revenue passenger kilometers or RPKs

<sup>2</sup> IATA. “[Air Travel Growth Continues in February](#).” 4 April 2023.

<sup>3</sup> UCAS. “[Second highest ever number of UK 18-year-olds apply to university or college by January deadline](#).” 9 February 2023.

<sup>4</sup> [Far East Orchard announcement](#) dated 09 December 2022.

<sup>5</sup> IMF. “[A Rocky Recovery](#).” April 2023.

stances needed to bring down inflation, the recent turmoil in the financial sector, the ongoing geopolitical tensions and the growing geoeconomic fragmentation.

We will continue to focus on revenue growth to counter the inflation across our businesses through dynamically priced room rates and bed rentals while continuing to drive operational efficiencies and managing costs.

“The hospitality segment is expected to continue its recovery from the pandemic, and demand for our PBSA segment will remain strong. However, with the uncertain global outlook, we remain disciplined and committed to being agile and prudent in implementing business strategies across our businesses while navigating the macro headwinds. The steps we have taken over the past years have transformed our business operations and improved our brand proposition for growth.” Mr Tang added.

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## **About Far East Orchard Limited ([www.fareastorchard.com.sg](http://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. Far East Orchard has been listed on the Mainboard of the Singapore Exchange since 1968. It is a member of Far East Organization, Singapore’s largest private property developer.

Established since 1967, Far East Orchard has developed residential, commercial, hospitality and Purpose-Built Student Accommodation (“PBSA”) properties in Australia, Japan, Malaysia, Singapore, and the United Kingdom (“UK”).

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

Through its hospitality partnerships with The Straits Trading Company and Toga Group, Far East Orchard’s hospitality arm — Far East Hospitality — now owns more than 10 hospitality assets and manages close to 100 properties with over 16,500 rooms in Australia, Austria, Denmark, Germany, Hungary, Japan, Malaysia, New Zealand, Singapore and Switzerland. Its stable of 10 unique and complementary hospitality brands are Oasia, Quincy, Rendezvous, Village, Far East Collection, A by Adina, Adina Apartment Hotels and Adina Serviced Apartments, Vibe Hotels, Travelodge Hotels and Collection by TFE Hotels.

Far East Orchard’s UK PBSA portfolio comprises more than 3,500 beds in Brighton, Bristol, Leeds, Liverpool, Newcastle upon Tyne and Sheffield. In 2022, Far East Orchard acquired two PBSA properties, a 690-bed development site at Bristol and a 180-bed property at Southampton. Upon the completion of the development site at Bristol and the acquisition of the Southampton property, it would bring Far East Orchard’s PBSA portfolio to more than 4,400 beds across 14 properties in the UK.

The Group also holds a portfolio of purpose-built medical suites for lease and sale in Singapore’s premier medical hub in Novena.

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