

MEDIA RELEASE

FAR EAST ORCHARD REPORTS RESILIENT 9M FY23 OPERATING PERFORMANCE DRIVEN BY THE CONTINUED RECOVERY OF THE HOSPITALITY BUSINESS

- Revenue increased 36.7% year-on-year to S\$134.1 million.
- Resilient operating performance across the Hospitality and Purpose-built student accommodation ("PBSA") businesses but impacted by overall rising costs and high interest rate environment.
- Macroeconomic headwinds remain exacerbated by increasing ongoing geoeconomic tensions, persistent inflationary pressures, and market volatility.

08 November 2023, Singapore – Far East Orchard Limited ("Far East Orchard", and together with its subsidiaries, the "Group") today announced its business update for the nine months ended 30 September 2023 ("9M FY23").

FINANCIAL HIGHLIGHTS
(Unaudited)

| S\$ million | 9M FY23 | 9M FY22 | % CHANGE |
|--|---------|------------------|----------|
| Revenue | 134.1 | 98.1 | 36.7 |
| Operating profit | 40.9 | 37.6 | 8.8 |
| Profit after income tax | 7.0 | 7.0 ¹ | - |
| Profit attributable to equity holders of the Company | 7.6 | 6.4 | 18.8 |

^{Note 1} 9M FY22 included a one-off gain from the de-recognition of lease liabilities recognised by the Australia hospitality joint venture. Excluding this one-off gain, profit after tax for 9M FY23 would have been higher by S\$7.6 million compared to 9M FY22.

Revenue for 9M FY23 increased by S\$36.0 million, or 36.7%, to S\$134.1 million, mainly attributable to the Hospitality business as it continued to recover strongly with international travel demand, driving higher occupancies and ADRs. In the prior period, the Hospitality business was impacted by Omicron-triggered restrictions and border closures in the first quarter.

The Group's PBSA business performance remained resilient, supported by a strong domestic and international student demand and a slowdown in bed supply, which led to a 99% portfolio occupancy rate and rental growth for the academic year ("AY") which commenced in September 2022 ("AY22/23").

Despite higher revenue, the Group's 9M FY23 profit after tax was flat against the prior period at S\$7.0 million. This is mainly due to higher operating expenses, higher financing costs driven by the rising interest environment, and the absence of one-off gains in the prior period including the de-recognition of lease liabilities recognised in the first half of FY22. In 1H FY23, the Group recognised an impairment loss of S\$3.4 million on its mixed-used development in the UK due to a housing market slowdown amidst a high-interest rate environment.

OPERATIONAL UPDATES

Hospitality Business

Tourism demand continues to show resilience and sustained recovery despite economic and geopolitical challenges, as international arrival numbers reached 84% of pre-pandemic levels (for the year up to July 2023).¹ As the tourism sector rebounds, the Group's Hospitality business continues to record improved hotel occupancies and room rates across its portfolio.

Year-to-date, the Group has opened five hotels with approximately 550 rooms across Australia, Austria, Japan, and Switzerland. In 2024, approximately 600 rooms are expected to open across Asia Pacific and Europe.

The Group will continue to position itself for growth by adopting technological innovations while creating unique experiences for the spectrum of travellers visiting the destinations we operate in.

In line with our commitment to be responsible towards the environment and society, the Group's hospitality arm, Far East Hospitality, on 5 October 2023, was awarded the prestigious Singapore Hotel Sustainability Award 2023-2024 under our Sentosa clusters of Hotels – Oasia Resort Sentosa, The Barracks Hotel Sentosa, The Outpost Hotel Sentosa and Village Hotel Sentosa.

UK PBSA Business

The demand for PBSA is expected to remain strong, underpinned by demographic trends, with the domestic student population entering university expected to continue rising and the number of international students also to increase, building on a record number in 2022.² The increasing university demand coupled with the supply slowdown, continues to present significant growth opportunities for the Group.

A month into the new academic year beginning September 2023 (AY23/24), the Group's UK PBSA portfolio maintained its near-full occupancy rate of 99%, similar to AY22/23, reflecting the continuous strength of student demand and effective marketing strategies. In October, the Group's joint venture with Woh Hup to develop at least 690 beds in Bristol have commenced work and is expected to be completed in AY26/27, ahead of schedule.

With the sector's fundamentals strengthening, the Group actively monitors development opportunities to expand our portfolio to achieve our FEOR25 target of 5,000 beds by 2025.

OUTLOOK

The global recovery remains slow, with the International Monetary Fund (IMF) forecasting global growth for 2023 to slow from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024, below the historical average.³ Several forces holding back the recovery include prevailing geoeconomic fragmentation, persistent inflationary pressures, and higher labour and energy costs, providing a challenging backdrop for the Group's medium-term outlook.

In the near term, besides the challenging economic environment and geopolitical tensions, persistent inflation and rising oil prices which translate into higher transport and accommodation costs, could impact travel behaviour.¹ The Group remains cautiously optimistic about the full return of international tourism in 2024.

¹ UNWTO. "[International tourism swiftly overcoming pandemic downturn.](#)" 19 September 2023.

² Knight Frank. "[Knight Frank & UCAS Student Accommodation Survey Report – 2023.](#)" 2023.

³ IMF. "[Navigating Global Divergences.](#)" 10 October 2023.

The UK PBSA market continues to indicate a robust outlook with expectations of sustained student demand growth and an imbalance in the demand/supply of student housing that will continue to fuel rental growth. The Group remains optimistic about the sector and the market environment as it presents opportunities for development despite the current economic headwinds.

Group Chief Executive Officer of Far East Orchard, Mr Alan Tang, commented, "Amidst the challenging macroeconomic headwinds such as the persistent inflationary pressures, tight labour market, rising interest rates and escalating geopolitical issues, we will continue to focus on driving revenue growth and managing our costs prudently while being forward-looking on strategic opportunities to deliver sustainable long-term growth."

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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. 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 over 3,600 beds in Brighton, Bristol, Leeds, Liverpool, Newcastle upon Tyne, Sheffield, and Southampton. In 2022, Far East Orchard acquired a PBSA property, a 690-bed development site at Bristol. Upon completing the development site at Bristol, it would bring Far East Orchard's PBSA portfolio to approximately 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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