

MEDIA RELEASE

FAR EAST ORCHARD REPORTS NET PROFIT OF S\$6.5 MILLION IN 1Q FY2024

- **Driven by strong performance of the Group’s Purpose-Built Student Accommodation (“PBSA”) business along with stable contributions from the Hospitality Business segment**
- **Acquisition of UK’s largest independent PBSA operator Homes For Students Limited in April 2024 will boost the Group’s recurring income stream**
- **Macroeconomic challenges persist, intensified by ongoing geoeconomic tensions, persistent inflationary pressures, and market volatility**

7 May 2024, Singapore – Far East Orchard Limited (“Far East Orchard”, and together with its subsidiaries, the “Group”) posted a profit of S\$6.5 million for the three-month period ended 31 March 2024 (“1Q FY2024”), marking an increase of S\$2.3 million or a 54.8% increase (1Q FY2023: S\$4.2 million).

SUMMARY OF FINANCIAL PERFORMANCE

Financial Highlights

S\$ million	1Q FY2024	1Q FY2023	% Change
Revenue	50.9	46.1	10.4
Operating profit	18.1	15.4	17.5
Profit after tax	6.5	4.2	54.8
Profit attributable to equity holders of the Company	6.9	4.7	46.8

The improvement in the operating profit in 1Q FY2024 is mainly contributed by the Group’s PBSA business. The profit increase was driven notably by rental growth and the addition of a PBSA property, Emily Davies, to the PBSA operational portfolio in June 2023. The Hospitality segment continued to provide stable contributions. In addition, the Group’s property development joint venture, Woods Square, delivered higher sales and leasing income, contributing to the Group’s share of profit from the joint venture.

Group Chief Executive Officer of Far East Orchard, Mr Alan Tang, said, “While the global economy is projected to see a steady recovery this year, it is constrained by cost headwinds and present challenges such as escalating geopolitical tensions and the higher-for-longer interest rate environment. With an encouraging set of results to start off the year, we continue to manage our financial resources prudently, which would allow us to overcome uncertainties lying ahead and ensure we stay on our course to build a resilient business.”

OPERATIONAL UPDATES

Hospitality Business

The Group, through its joint venture Toga Far East Hotels (“TFE Hotels”), began operating a 273-key Vibe Hotel Melbourne Docklands (“Vibe Melbourne Docklands”) in April 2024. The opening of Vibe Melbourne Docklands, is the second hotel in Melbourne City under the Vibe brand. The Group has two more hotel openings slated for the second half of 2024.

According to United Nations World Tourism Organization's latest tourism data, international tourism recovered 88% of pre-pandemic levels in 2023, and international tourism is on track to return to pre-pandemic levels¹. While there are positive upsides to the Group's hospitality business, its recovery is susceptible to macroeconomic uncertainties and disruptions from the markets it operates in. For example, the wave of strikes in Germany has caused disruptions to the German economy², and this has impacted the performance of the Group's properties in Germany in the first quarter.

UK PBSA Business

In April 2024, the Group announced the acquisition of a 49% stake in Homes For Students Limited, UK's largest independent PBSA operator with over 40,000 beds under management, in line with its FEOR 25 Strategy and fortifying its PBSA market position in the UK. Enhancing the Group's operating management capabilities, the lodging platform will contribute to a sustainable and recurring income stream.

In March 2024, in line with the Group's strategy to enlarge and diversify its student accommodation portfolio into key student cities in the UK, Far East Orchard together with joint venture partner Woh Hup acquired a site in Central Glasgow to develop a 273-bed PBSA. This marks the Group's first entry into Glasgow and the development is expected to be completed in 2026.

As of 31 March 2024, the Group's UK PBSA portfolio had reservations for the academic year beginning September 2024 ("AY24/25") of close to 86%, matching reservations in the same period last year. Rental growth continues to hold strong in cities with supply-demand imbalances.

The Group's PBSA portfolio continues to experience strong demand on the back of good fundamentals favouring the UK as a choice for higher education. Demographic trends allude to this, with the UK student population entering university expected to continue rising and the number of international university students slated to increase³. Despite the surge in student enrolments, the existing bed capacity struggles to keep up with the demand which has allowed the Group's operational portfolio to continue to achieve a near-full occupancy consistently since 2022.

FY2024 Outlook

While IMF's latest forecast notes that global economic growth is expected to remain steady at 3.2% for 2024, which is the same pace as in 2023⁴, current and developing geopolitical tensions could lead to supply disruptions and new price spikes which may, in turn, impact our rental and occupancy rates downstream.

As the Group continues to grow its recurring income streams by focusing on its lodging platform strategy and FEOR 25 targets, it reviews its portfolio of hospitality and PBSA assets through active asset management efforts, including asset recycling through divestment and reinvestment towards higher-yielding opportunities.

As we navigate towards being asset-light, the Group will continue to explore working with more like-minded capital partners like Woh Hup in our Bristol and Glasgow development deals. Our strategic focus remains dedicated to strengthening the hospitality and PBSA platform to scale up for growth and further expansion, which includes new recurring income streams or vertical acquisitions under the lodging platform that will ensure a diversified and balanced portfolio.

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¹ UNWTO. "[International Tourism to Reach Pre-Pandemic Levels in 2024.](#)" 19 Jan 2024.

² The Business Times. "[Strike madness' hits Germany while its economy stumbles.](#)" 24 Mar 2024.

³ CBRE. "[CBRE Real Estate Market Outlook 2024 | UK.](#)" 2024.

⁴ IMF. "[Steady but Slow, Resilience Amid Divergency.](#)" Apr 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 close to 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.

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