

**MEDIA RELEASE**

**FAR EAST ORCHARD’S 9M FY24 RESULTS BOOSTED BY PBSA GROWTH AND RESILIENT HOSPITALITY CONTRIBUTIONS**

- **Net profit of S\$18.0 million for 9M FY2024**
- **Expanding the lodging platform through strategic growth in Purpose-built Student Accommodation ("PBSA") segment**
- **Challenges remain due to increasing geopolitical tensions and financial volatility**

**07 November 2024, 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 2024 ("9M FY2024").

**SUMMARY OF FINANCIAL PERFORMANCE**

**Financial Highlights (Unaudited)**

<b>S\$ million</b>	<b>9M FY2024</b>	<b>9M FY2023</b>	<b>% Change</b>
Revenue	140.1	134.1	4.5
Operating profit	47.6	40.9	16.4
Profit after tax	18.0	7.0	>100
Profit attributable to equity holders of the Company	16.9	7.6	>100

As per prior years, due to the six-week summer break, 3Q operating profit contribution from PBSA business segment was lower reflecting seasonal fluctuations. However, the Group’s operating profit for 9M FY2024 increased 16.4% to S\$47.6 million, bolstered mainly by the strong results achieved in 1H 2024.

The Hospitality business segment maintained stable contributions, supported by buoyant performance in the Japan and Europe market.

Overall, the Group achieved a net profit of S\$18.0 million due to the strong 1H operating performance despite higher finance expenses.

Group Chief Executive Officer of Far East Orchard, Mr Alan Tang, said, “While we have seen improvements in our operating profit and net profit, riding on the PBSA rental reversions and global travel recovery, we expect to see such growth flattening due to normalisation of the post-COVID surge and market uncertainties. We remain focused on executing our strategic initiatives to enhance our business resilience as we navigate the challenges ahead.”

**OPERATIONAL UPDATES**

**Hospitality Business**

*Singapore*

The Group’s hospitality management arm, Far East Hospitality, launched its first Quincy-branded serviced residence, Quincy House Singapore, on October 1. Located within the Holland Village precinct,

this 255-room property focuses on sustainability in its design and caters to the rising trend of solo travellers seeking extended stays.

Our leased and managed property, Orchard Rendezvous Hotel, Singapore has been and will continue to be impacted by the surrounding construction works over the next few years.

#### *Overseas*

Our hospitality joint venture, Toga Far East Hotels (“TFE Hotels”), on 26 September announced that it is strengthening its presence in New Zealand through a strategic partnership with Heritage Hotels, a leading accommodation provider, which will see half of the Heritage portfolio refurbished and rebranded under the Adina and Rendezvous brands. The portfolio comprises more than 500 rooms across five properties in Auckland, Wellington, Christchurch and Queenstown. TFE Hotels will manage the portfolio, while Heritage Hotels will retain ownership of its share.

As part of the Group’s portfolio management strategy, we proactively seek opportunities to refurbish and enhance each asset in line with their respective performance and life-cycle, ensuring competitiveness and optimal performance.

- Rendezvous Perth Scarborough (337-room) has begun its refurbishment project involving some major capital works, starting with the rooms in October 2024. This work will be executed in three phases while keeping the hotel operational to mitigate the impact to the business. The refurbishment project is expected to be completed by 2H 2028.
- Adina Apartment Hotel Sydney Darling Harbour (114-room) is expected to close for refurbishment from 2Q 2025.
- Adina Apartment Hotel Frankfurt Neu Oper (134-room) is expected to undergo refurbishment from 3Q 2025.

### **PBSA Business**

#### *UK PBSA*

- As at 30 September 2024, the Group’s 13 PBSA assets, comprising nearly 3,700 beds, achieved a portfolio occupancy rate of 91% for the Academic Year 2024 (“AY24/25”), which commenced in September 2024 (AY23/24: 99.0%). The lower occupancy rate was partly due to marginally lower international student acceptance. Nevertheless, AY24/25 achieved strong rental growth.
- The newly acquired UK PBSA operator, Homes for Students, of which we hold a 49% stake, continues to grow, securing contract renewals and new operating contracts that are building a strong pipeline.

#### *PBSA Development (JV with Woh Hup)*

- Our joint venture development of Plot 6 Silverthorne Lane in Bristol (706-bed) is progressing well. The development is on track to be completed in FY2026.

#### *PBSA Fund Management & Investment*

- FEOR established its first private fund in Singapore, the FE UK Student Accommodation Development Fund (FESAD) in August 2024. The fund has successfully completed its first closing, securing £70 million of the targeted £100 million in aggregate commitment.
- The fund’s first seed development, Osborne Street, Glasgow, will feature 273 beds. Pre-construction activities are currently underway, with actual construction to commence after the discharge of all planning conditions.

## **OUTLOOK**

The International Monetary Fund (IMF) forecasts stable but modest global growth at 3.2% for 2024 and 2025, unchanged from previous projections. While global inflation is expected to decline,<sup>1</sup> risks from increasing geopolitical tensions and financial volatility remain a key concern for global businesses.

### **Hospitality Business**

Based on the UN Tourism (UNWTO)'s World Tourism Barometer, international tourism has rebounded to 96% of pre-pandemic levels as of July 2024, with approximately 790 million tourists travelling, an 11% increase compared to 2023. This recovery is primarily driven by strong demand in Europe and the reopening of markets in Asia and the Pacific despite ongoing economic and geopolitical challenges.<sup>2</sup>

In Singapore, visitor arrivals from January to September 2024 increased by 24.1% year-on-year, totalling 12.6 million. This puts the country on track to meet the Singapore Tourism Board's target of 15 to 16 million for the year, though still below the 19.1 million visitors recorded in 2019.<sup>3</sup>

In Australia, the tourism sector is experiencing uneven recovery. International arrivals remain at 2.2 million, still below pre-pandemic levels, while domestic travel, which had previously exceeded pre-pandemic levels, shows signs of stabilising.<sup>4</sup>

In Japan, data from the Japan National Tourism Organization indicates that international arrivals have surpassed pre-pandemic levels, reaching 26.9 million, up 10.1% compared to the same period in 2019. Projections suggest that the total arrivals for 2024 will exceed 31.9 million.<sup>5</sup>

### **UK PBSA Business**

Demand for student accommodation remains healthy, supported by a slight increase in full-time undergraduate acceptance for AY24/25. A total of 498,340 students have been accepted, reflecting a 0.9% rise from the previous year, driven by growth in UK 18-year-olds, although there has been a marginal decline in international student acceptance (-0.6%). China remains the largest international market, followed by India and Hong Kong.<sup>6</sup>

Between January to September 2024, the UK has seen a 16% decrease in sponsored visa applications compared to the same period in 2003.<sup>7</sup> The decrease is believed to be linked to the UK immigration rule change with effect from January 2024, where international students on non-research courses will not be allowed to bring dependants with them to the UK.

Despite the above, the UK PBSA sector continues to be defined by an acute supply and demand imbalance. While student numbers in the UK are at record high, which is driving demand for accommodation, rental rates are expected to moderate due to softer demand from international students.

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<sup>1</sup> IMF. "[Policy Pivots, Rising Threats](#)." October 2024

<sup>2</sup> UNWTO. "[World Tourism Barometer](#)." September 2024

<sup>3</sup> STB. "[Singapore Tourism Analytics Network](#)." September 2024

<sup>4</sup> Colliers. "[Hotels 3Q Research Report - Australia](#)." October 2024

<sup>5</sup> Japan National Tourism Organization. "[Japan Tourism Statistics](#)" September 2024

<sup>6</sup> UCAS. "[Record acceptances for UK 18-year olds as international growth flattens out](#)." 19 September 2024.

<sup>7</sup> [UK Home Office Official Statistics](#). 10 October 2024

## **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. Established in 1967, Far East Orchard has a proven track record in real estate development, investment, and management across residential, commercial, hospitality, and Purpose-Built Student Accommodation (“PBSA”) 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. Following a strategic transformation in 2012, the Group expanded into hospitality management and invested in healthcare real estate. In 2015, it diversified its portfolio to include the development and investment of PBSA properties in the UK.

In 2023, Far East Orchard celebrated a decade of partnerships in the hospitality business with The Straits Trading Company Limited and Toga Group, Australia. Its 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 17,000 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 and two PBSA developments in Bristol and Glasgow. With the completion of the developments, the Group’s total PBSA portfolio will grow to approximately 4,700 beds across 15 properties. In 2024, Far East Orchard acquired a 49% stake in a UK PBSA operator, Homes for Students. In the same year, the Group also launched a private student accommodation fund focused on PBSA development in the UK.

The Group also owns purpose-built medical suites for lease and sale in Novena, Singapore’s premier medical hub.

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