FAR EAST ORCHARD LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 196700511H)

MEDIA RELEASE

FAR EAST ORCHARD DELIVERS STRONGER OPERATING PROFIT; RECOMMENDS TOTAL DIVIDEND OF 5.0 CENTS PER SHARE FOR FY2024

- **Operating profit of S$78.5 million, an increase of 35.6% year-on-year**
- **Higher contributions from both hospitality and purpose-built student accommodation business segments**
- **Recommends final dividend of 5.0 cents per share in total for FY2024, which includes a 1.0 cents per share special dividend from capital recycling**

28 February 2025, Singapore – Far East Orchard Limited ("Far East Orchard", and together with its subsidiaries, the "Group") today reported its financial year results for the full year ended 31 December 2024 ("FY2024").

SUMMARY OF FINANCIAL PERFORMANCE

Financial Highlights

S$ million	FY2024	FY2023	% CHANGE
Revenue	191.9	183.6	4.5
Operating profit	78.5	57.9	35.6
Profit after income tax(1)	61.3	66.1	-7.2
Profit attributable to equity holders of the Company(1)	59.0	65.9	-10.6
Earnings per share (Singapore cents)(1)	12.1 cents	13.7 cents	-11.9

(1) Included net fair value gains (net of tax) on investment properties. Excluding this, profit after income tax and profit attributable to equity holders would have been S$35.5 million (FY2023: S$18.3 million) and S$33.3 million (FY2023: S$18.1 million), respectively; EPS would have been at 6.82 cents (FY2023: 3.77 cents).

The Group's full-year revenue increased 4.5% to S$191.9 million (FY2023: S$183.6 million), boosted by the higher revenue contribution from the Purpose-built Student Accommodation ("PBSA") business segment. The Hospitality business segment, which contributed a majority of S$126.5 million in revenue, continued to provide stable contributions.

The Group's operating profit increased 35.6%, or S$20.6 million, to S$78.5 million (FY2023: S$57.9 million), driven by improvements in the operating performance of both the PBSA and Hospitality business segments.

The PBSA business segment operating profit increased from S$21.5 million to S$37.1 million. The segment benefited from rental growth, additional contributions from a Southampton PBSA asset acquired in May 2023, and the share of profits from the PBSA operating platform, Homes for Students ("HFS"), in which the Group acquired a 49% stake in April 2024.

The Group's hospitality business segment operating profit increased S$4.9 million to S$29.1 million, driven by stronger performance in Japan and Europe. In October 2024, the Group commenced a major refurbishment project for an owned hospitality property in Australia. The works had negatively impacted the operating performance of the property.

In December 2024, the Group completed the divestment of a hospitality asset, Rendezvous Hotel Perth Central ("RHPC"), recognising a gain on disposal of S$5.9 million. This disposal aligns with the Group's proactive asset management strategy to realise the value of RHPC and improve capital allocation.

Despite the improvement in operating profit and gain on disposal of RHPC, profit after income tax was lower at S$61.3 million (FY2023: S$66.1 million), mainly due to the lower net fair value gains recognised on investment properties and higher unrealised currency translation losses recognised in FY2024 (weakening of Australian Dollar against the Singapore Dollar). Excluding the fair value gains (net of tax), the profit after income tax would have been higher at S$35.5 million (FY2023: S$18.3 million).

The Group continues to exercise prudent capital management, preserving sufficient cash reserves and credit lines to ensure financial flexibility for future growth opportunities. In line with the Group's objective of delivering sustainable returns to the shareholders, the Board has recommended a first and final dividend of 4.0 Singapore cents per share, along with a special dividend of 1.0 Singapore cent per share, following the successful divestment of RHPC. This would bring the total dividend for FY2024 to 5.0 Singapore cents per share, up from 4.0 Singapore cents per share in FY2023.

Commenting on the FY2024 results, Mr Alan Tang, Group Chief Executive Officer of Far East Orchard, said, "Amid the current uncertain and high-cost environment, the Group is pleased to deliver a resilient set of results in FY2024, riding on the PBSA rental reversions and global travel recovery. The strategic expansion of the PBSA business as part of strengthening our lodging platform has also contributed to the positive momentum towards the Group's FEOR25 strategy. Our core business fundamentals remain sound, underpinned by disciplined capital management and portfolio optimisation."

OPERATIONAL UPDATES IN FY2024

In FY2024, several developments across the Hospitality and PBSA businesses built the foundation for strengthening the Group's lodging platform and expanding its recurring income streams.

Hospitality Business – Unlocking Opportunities

According to the latest UN Tourism Barometer, global tourism rebounded to 99% of 2019-levels in 2024. While arrivals in Asia and the Pacific region reached 87% of 2019 levels, up from 66% at the end of 2023, it still remained below the 2019 levels.[1] This sustained recovery has driven higher occupancies and room rates for the Group's hospitality business.

In 2024, the Group added over 1,000 rooms to its portfolio with openings in Australia, New Zealand and Singapore. Our hospitality joint venture, Toga Far East Hotels ("TFE Hotels"), strengthened its presence in New Zealand through a strategic partnership with Heritage Hotels, adding over 500 rooms across five properties in Auckland, Wellington, Christchurch and Queenstown. The portfolio has since been rebranded under Adina and Rendezvous.

As at 31 December 2024, the Group's hospitality arm, Far East Hospitality, together with TFE Hotels, owns or operates over 100 properties with more than 17,500 rooms across 10 countries. Expansion continues in 2025, with approximately 500 new rooms openings expected in Australia and Austria. The EVE Hotel Sydney, operated by TFE Hotels, opened in February 2025.

PBSA Business – Delivering on Strategic Focus

The UK PBSA sector remained operationally resilient in 2024, underpinned by strong student demand and high occupancy levels across the portfolio. The Group delivered stronger performance, benefiting from both the favourable market dynamics that drove rental growth and strategic acquisitions.

[1] UNWTO. "International Tourism Recovers Pre-Pandemic Levels in 2024 (unwto.org)". 25 Jan 2025.

As at 31 December 2024, portfolio occupancy for the academic year commencing September 2024 ("AY24/25") stood around 90% (AY23/24: 99%) with a lower occupancy rate, nevertheless, AY24/25 continued to achieve rental growth.

The Group's PBSA portfolio valuation as at 31 December 2024 was £391 million (S$669 million) across 13 assets in seven UK cities, reflecting a valuation gain of £13 million (S$22 million) driven by rental growth and a sustained supply-demand imbalance. The Group's joint venture PBSA development in Bristol is progressing well and is on track to be completed in 2026. Valuation gain was also recognised on this development in FY2024 and included in the share of profits from joint ventures.

Delivering on the strategic objectives, the Group acquired a 49% stake in HFS, UK PBSA operator, in April 2024. Committed to building a resilient lodging platform leveraging on the Group's investment and asset management capabilities, in August 2024, the Group established its first private fund to focus on PBSA development opportunities in the UK. The fund's first seed development, Osborne Street, Glasgow (273-bed), is in the pre-construction phase, with construction set to commence in 2025.

The Group's PBSA portfolio currently comprises close to 3,700 beds across key cities in the UK, with two developments in Bristol and Glasgow. Upon completion of the developments, the PBSA portfolio will grow to approximately 4,700 beds across 15 properties. Together with HFS, the Group will operate more than 60,000 beds.

OUTLOOK

The International Monetary Fund (IMF) projects global growth of 3.3% in 2025, a slight upward revision but still below the historical average. While inflation is expected to decline to 4.2% in 2025, the pace of disinflation remains uneven across regions. Macroeconomic and geopolitical uncertainties, including financial market volatility and policy shifts, continue to weigh on investment sentiment, business strategies, and consumer spending.[2]

Against the backdrop of economic and geopolitical uncertainties, the Group remains cautious and will focus on maintaining resilience and targeting strategic growth opportunities while navigating the evolving market conditions.

Hospitality Business

Global tourism is expected to grow by 3% to 5% in 2025, driven by Asia-Pacific's continued recovery and steady growth across most regions. This outlook assumes stable economic conditions, easing inflation, and no major geopolitical tension.[1]

In Singapore, international visitor arrivals are projected at 17.0 million to 18.5 million in 2025, still below the 2019 peak of 19.1 million[3], with key source markets such as China, India, and Southeast Asia (Indonesia, Thailand, and Vietnam) continuing to lag behind in recovery.

In Australia, international arrivals have reached 85% of 2019 levels, with domestic travel seeing modest growth. While a full recovery is projected by 2025, the moderating inflationary environment may slow momentum.[4]

Japan's tourism sector is set to grow, with international arrivals forecasted at 40.2 million in 2025, supported by favourable exchange rates, government initiatives, and Expo 2025 Osaka-Kansai.[5]

While global tourism is expected to grow steadily in 2025, the near-term outlook remains tempered by high costs and economic and geopolitical uncertainties, which could slow demand recovery. In addition,

[2] IMF. "Growth on Divergent Paths Amid Elevated Policy Uncertainty". Jan 2025.
[3] STB. "Singapore Achieves Historical High in Tourism Receipts in 2024". 4 Feb 2025.
[4] CBRE "Asia Pacific Hotel Trends Q4 2024". 20 Jan 2025.
[5] Japan National Tourism Organization. "Japan Tourism Statistics". Jan 2025.

refurbishment at selected properties and surrounding construction at a property which impacted operating performance in 2024 is expected to continue into 2025.

As part of the Group's proactive portfolio management strategy to enhance asset competitiveness and optimise long-term performance, refurbishments across our properties are underway:

- Rendezvous Hotel Scarborough (337-room) commenced a multi-year major refurbishment in October 2024 and is expected to be completed by 2028.
- Adina Apartment Hotel Sydney Darling Harbour (114-room) and Adina Apartment Hotel Frankfurt Neu Oper (134-room) are scheduled for refurbishment in 2025 and re-opening in 2026.

The Group's leased and managed property, Orchard Rendezvous Hotel, Singapore, is affected by nearby construction, and works will continue over the next few years.

In view of the uncertainties, the Group remains cautiously optimistic, prioritising cost control and strategic growth.

PBSA Business

The outlook for the UK PBSA sector is encouraging, underpinned by domestic demand from the larger population of UK 18-year-olds, improving number of international student applications, and a persistent supply-demand imbalance. The latest UCAS' January 2025 cycle application data show a 1.0% year-on-year increase in university applicants to 600,660, with international applicants rising by 2.7% to 118,800.[6] The top three countries with international applicants are China (+8.9%), India (-0.3%) and the US (+11.7%).[7]

However, the supply remains constrained, with under 20,000 new beds expected in 2025 which is below the estimated 100,000 beds needed annually. Far East Orchard's portfolio is strategically located near key higher-tariff[8] universities and is well-poised to capture this growing demand.

With the acquisition of HFS, Far East Orchard has become one of the largest PBSA operators in the UK, managing over 60,000 beds. This scale strengthens the Group's operational efficiency and capabilities. The Group continues to expand its portfolio and capabilities to build a resilient lodging platform.

Following the establishment of the PBSA fund and the capital raised in 2024, the Group will continue to target high-potential PBSA development projects in the UK, aligning with its strategy to deploy the committed capital effectively.

Mr Tang added, "We expect to see the flattening of the rent and room rate growth at our PBSA and Hospitality businesses due to the normalisation of the post-pandemic surge and market uncertainties. Despite easing inflation and slow interest rate decline, we continue to operate in an elevated cost environment amid the ongoing economic and geopolitical uncertainties. We will adopt a cautious approach to remain focused on scaling our lodging platform and enhancing our capabilities while staying vigilant and adaptable, carefully assessing opportunities and risks to position the Group for sustainable growth and to create long-term value for our shareholders."

– END –

Note: This media release is to be read in conjunction with the Company's announcement on SGXNET on the same date.

[6] UCAS. "UCAS Release Undergraduate January Equal Consideration Applicant Data for 2025". 13 Feb 2025.
[7] Knight Frank. "UK Student Market Update Q4 2024". Jan 2025.
[8] Higher-tariff universities refer to institutions with more selective entry requirements, requiring higher A-Level grades and UCAS points for admission. These institutions often include members of the Russell Group.

Appendix:

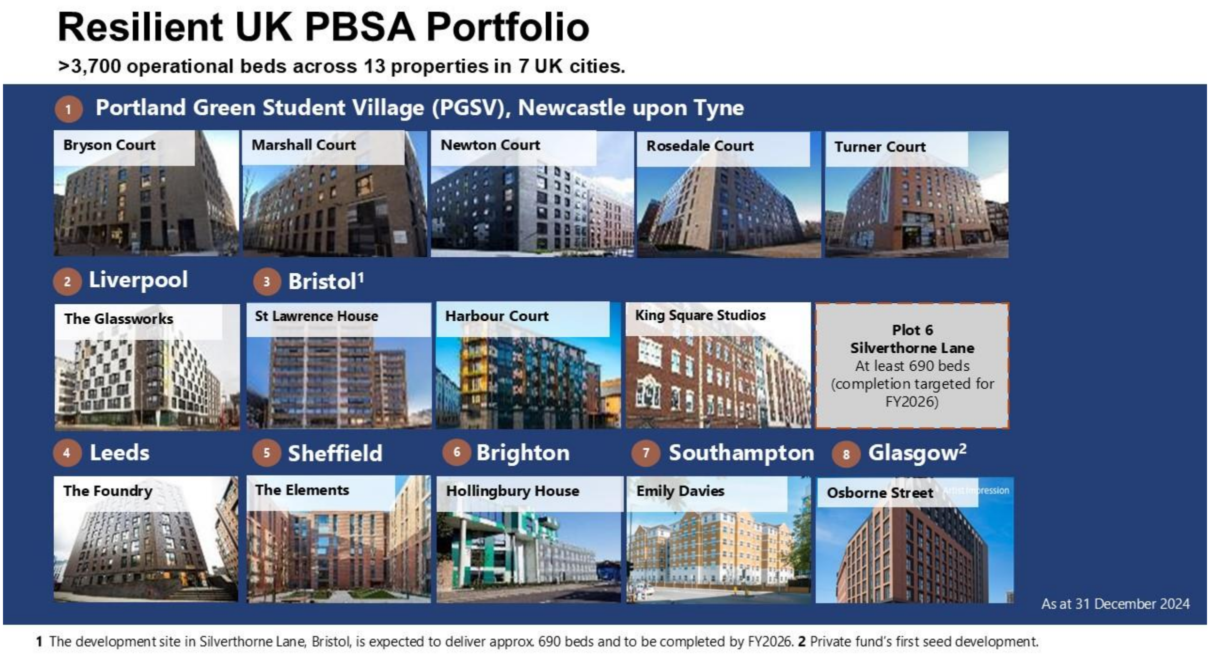
Hospitality – New Hotels Openings

The EVE Hotel, Sydney, Australia (Opened in February 2025)

Quincy House, Singapore (Opened in October 2024)

Vibe Hotel Melbourne Docklands, Australia (Opened in April 2024)

UK PBSA



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 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 17,500 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.

For further information, please contact:

Far East Orchard Limited
Investor Relations
Tel: (65) 6830 6599
Email: ir@fareastorchard.com.sg

FAR EAST ORCHARD LIMITED AND ITS SUBSIDIARIES
(Registration No. 196700511H)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
For the Six Months and Full Year Ended 31 December 2024

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		6 months ended 31 December			12 months ended 31 December		
		2024	2023	Increase/ (Decrease)	**2024**	2023	Increase/ (Decrease)
	Note	**$'000**	$'000	%	**$'000**	$'000	%
Revenue	4	**94,544**	92,757	1.9	**191,873**	183,620	4.5
Cost of sales		**(47,712)**	(47,641)	0.1	**(93,605)**	(92,529)	1.2
Gross profit		**46,832**	45,116	3.8	**98,268**	91,091	7.9
Other income							
− Interest income		**2,765**	3,483	(20.6)	**6,339**	6,796	(6.7)
− Others		**1,363**	1,003	35.9	**2,216**	1,161	90.9
Other gains and impairment losses – net		**24,910**	57,793	(56.9)	**26,796**	54,815	(51.1)
Expenses							
− Distribution and marketing		**(6,311)**	(6,062)	4.1	**(10,925)**	(10,544)	3.6
− Administrative		**(24,722)**	(22,672)	9.0	**(46,155)**	(40,269)	14.6
− Finance		**(17,132)**	(18,315)	(6.5)	**(34,249)**	(33,897)	1.0
Share of profit of							
− Associated companies		**2,517**	1,507	67.0	**4,770**	2,937	62.4
− Joint ventures		**19,829**	8,184	>100	**25,749**	8,283	>100
Profit before income tax	5	**50,051**	70,037	(28.5)	**72,809**	80,373	(9.4)
Income tax expense	6	**(8,430)**	(11,614)	(27.4)	**(11,520)**	(14,312)	(19.5)
Profit after income tax		**41,621**	58,423	(28.8)	**61,289**	66,061	(7.2)
Other comprehensive income/(loss):							
Items that may be reclassified subsequently to profit or loss:							
Cash flow hedges – Fair value losses		**(4,013)**	(12,246)	(67.2)	**(3,583)**	(9,879)	(63.7)
Share of other comprehensive loss of joint ventures		**(1,403)**	(1,390)	0.9	**(939)**	(1,180)	(20.4)
Currency translation differences arising from consolidation							
− Losses		**(9,427)**	(2,730)	>100	**(7,324)**	(971)	>100
− Reclassification		**152**	(4,862)	nm	**152**	(4,862)	nm
		(14,691)	(21,228)	(30.8)	**(11,694)**	(16,892)	(30.8)
Items that will not be reclassified subsequently to profit or loss:							
Share of other comprehensive (loss)/income of:							
− Associated companies		**(415)**	1,326	nm	**(2,199)**	1,695	nm
− Joint ventures		**6,269**	5,028	24.7	**6,991**	6,036	15.8
Revaluation (losses)/gains on property, plant and equipment – net		**(552)**	12,375	nm	**(1,300)**	11,925	nm
Financial assets, at fair value through other comprehensive income ("FVOCI") – Fair value gains – equity investments		**369**	224	64.7	**369**	224	64.7
Currency translation differences arising from consolidation		**(4,950)**	(272)	>100	**(5,000)**	(1,055)	>100
Other comprehensive (loss)/income, net of tax		**(13,970)**	(2,547)	>100	**(12,833)**	1,933	nm
Total comprehensive income		**27,651**	55,876	(50.5)	**48,456**	67,994	(28.7)
Profit attributable to:							
Equity holders of the Company		**40,740**	57,744	(29.4)	**58,968**	65,946	(10.6)
Non-controlling interest		**881**	679	29.7	**2,321**	115	>100
		41,621	58,423	(28.8)	**61,289**	66,061	(7.2)
Total comprehensive income/(loss) attributable to:							
Equity holders of the Company		**30,928**	53,493	(42.2)	**50,231**	66,655	(24.6)
Non-controlling interest		**(3,277)**	2,383	nm	**(1,775)**	1,339	nm
		27,651	55,876	(50.5)	**48,456**	67,994	(28.7)
Basic and diluted earnings per share for profit attributable to equity holders of the Company (cents per share)		**8.33**	11.84	(29.6)	**12.07**	13.70	(11.9)

nm: not meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

		Group		Company	
	Note	**31 December 2024**	31 December 2023	**31 December 2024**	31 December 2023
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and bank balances	7	**200,888**	225,632	**82,737**	128,992
Derivative financial instruments	19	**793**	-	**12**	-
Trade and other receivables		**50,079**	45,705	**181,871**	181,186
Inventories		**302**	389	**13**	14
Properties held for sale	8	**168,461**	170,666	**-**	-
Non-current asset classified as held-for-sale	12	**-**	10,569	**-**	-
		420,523	452,961	**264,633**	310,192
Non-current assets					
Derivative financial instruments	19	**262**	7,544	**262**	3,793
Financial asset, at FVOCI	19	**3,047**	2,063	**3,047**	2,063
Other non-current assets		**4,674**	5,418	**516,594**	425,662
Investments in associated companies	9	**64,521**	31,865	**696**	696
Investments in joint ventures	10	**484,252**	472,694	**300**	300
Investments in subsidiaries		**-**	-	**856,520**	856,343
Investment properties	11	**1,011,382**	967,750	**147,200**	142,800
Property, plant and equipment	12	**549,705**	569,189	**369,413**	375,353
Intangible assets	13	**98,838**	101,059	**-**	-
Deferred income tax assets		**4,259**	4,605	**3,229**	3,536
		2,220,940	2,162,187	**1,897,261**	1,810,546
Total assets		**2,641,463**	2,615,148	**2,161,894**	2,120,738
LIABILITIES					
Current liabilities					
Trade and other payables		**113,344**	102,222	**40,038**	38,901
Current income tax liabilities		**5,093**	5,632	**592**	624
Lease liabilities		**9,566**	8,987	**7,200**	6,757
Borrowings	14	**326,496**	245,082	**201,157**	148,660
Deferred income		**18,289**	18,423	**6,797**	6,797
		472,788	380,346	**255,784**	201,739
Non-current liabilities					
Other payables		**102,949**	102,853	**203,654**	197,703
Derivative financial instruments	19	**1,171**	4,160	**1,171**	4,160
Lease liabilities		**77,976**	87,542	**58,759**	65,960
Borrowings	14	**277,640**	357,265	**242,961**	238,989
Deferred income		**249,124**	255,920	**249,124**	255,920
Deferred income tax liabilities		**63,656**	61,192	**754**	889
		772,516	868,932	**756,423**	763,621
Total liabilities		**1,245,304**	1,249,278	**1,012,207**	965,360
NET ASSETS		**1,396,159**	1,365,870	**1,149,687**	1,155,378
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	15	**550,723**	549,380	**550,723**	549,380
Revaluation and other reserves		**341,516**	351,535	**302,520**	301,458
Retained profits		**495,441**	454,701	**296,444**	304,540
		1,387,680	1,355,616	**1,149,687**	1,155,378
Non-controlling interest		**8,479**	10,254	**-**	-
TOTAL EQUITY		**1,396,159**	1,365,870	**1,149,687**	1,155,378

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

The Group

		← Attributable to equity holders of the Company →									
	Note	Share capital $'000	Capital reserve $'000	Asset revaluation reserve $'000	Currency translation reserve $'000	Fair value reserve $'000	Hedging reserve $'000	Retained profits $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
2024											
Balance at 1 January 2024		**549,380**	**13,977**	**404,854**	**(73,713)**	**339**	**6,078**	**454,701**	**1,355,616**	**10,254**	**1,365,870**
Profit for the year		-	-	-	-	-	-	58,968	58,968	2,321	61,289
Other comprehensive income/(loss) for the year		-	-	4,559	(7,357)	(1,830)	(4,109)	-	(8,737)	(4,096)	(12,833)
Total comprehensive income/(loss) for the year		-	-	4,559	(7,357)	(1,830)	(4,109)	58,968	50,231	(1,775)	48,456
Dividend paid in cash relating to 2023	16		-	-	-	-	-	(18,167)	(18,167)	-	(18,167)
Shares issued in-lieu of cash for dividend relating to 2023	15	1,343	-	-	-	-	-	(1,343)	-	-	-
Total transactions with owners, recognised directly in equity		1,343	-	-	-	-	-	(19,510)	(18,167)	-	(18,167)
Transfer of share of associated company's fair value reserve upon disposal		-	-	-	-	11	-	(11)	-	-	-
Transfer of revaluation gains to retained profits		-	-	(1,293)	-	-	-	1,293	-	-	-
Balance at 31 December 2024		**550,723**	**13,977**	**408,120**	**(81,070)**	**(1,480)**	**1,969**	**495,441**	**1,387,680**	**8,479**	**1,396,159**
2023											
Balance at 1 January 2023		535,958	13,977	389,804	(67,846)	(1,595)	16,759	407,471	1,294,528	8,915	1,303,443
Profit for the year		-	-	-	-	-	-	65,946	65,946	115	66,061
Other comprehensive income/(loss) for the year		-	-	15,338	(5,867)	1,919	(10,681)	-	709	1,224	1,933
Total comprehensive Income/(loss) for the year		-	-	15,338	(5,867)	1,919	(10,681)	65,946	66,655	1,339	67,994
Dividend paid in cash relating to 2022	16	-	-	-	-	-	-	(5,567)	(5,567)	-	(5,567)
Shares issued in-lieu of cash for dividend relating to 2022	15	13,422	-	-	-	-	-	(13,422)	-	-	-
Total transactions with owners, recognised directly in equity		13,422	-	-	-	-	-	(18,989)	(5,567)	-	(5,567)
Transfer of share of associated company's fair value reserve upon disposal		-	-	-	-	15	-	(15)	-	-	-
Transfer of revaluation gains to retained profits		-	-	(288)	-	-	-	288	-	-	-
Balance at 31 December 2023		549,380	13,977	404,854	(73,713)	339	6,078	454,701	1,355,616	10,254	1,365,870

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (continued)

The Company

	Note	Share capital $'000	Asset revaluation reserve $'000	Currency translation reserve $'000	Fair value reserve $'000	Hedging reserve $'000	Retained profits $'000	Total equity $'000
2024								
Balance at 1 January 2024		**549,380**	**301,687**	**(322)**	**174**	**(81)**	**304,540**	**1,155,378**
Profit for the year		-	-	-	-	-	11,414	11,414
Other comprehensive income/(loss) for the year		-	1,400	(158)	375	(555)	-	1,062
Total comprehensive income/(loss) for the year		-	1,400	(158)	375	(555)	11,414	12,476
Dividend paid in cash relating to 2023	16	-	-	-	-	-	(18,167)	(18,167)
Shares issued in-lieu of cash for dividend relating to 2023	15	1,343	-	-	-	-	(1,343)	-
Total transactions with owners, recognised directly in equity		1,343	-	-	-	-	(19,510)	(18,167)
Balance at 31 December 2024		**550,723**	**303,087**	**(480)**	**549**	**(636)**	**296,444**	**1,149,687**
2023								
Balance at 1 January 2023		535,958	292,487	(175)	(50)	7,129	157,094	992,443
Profit for the year		-	-	-	-	-	166,435	166,435
Other comprehensive income/(loss) for the year		-	9,200	(147)	224	(7,210)	-	2,067
Total comprehensive income/(loss) for the year		-	9,200	(147)	224	(7,210)	166,435	168,502
Dividend paid in cash relating to 2022	16	-	-	-	-	-	(5,567)	(5,567)
Shares issued in-lieu of cash for dividend relating to 2022	15	13,422	-	-	-	-	(13,422)	-
Total transactions with owners, recognised directly in equity		13,422	-	-	-	-	(18,989)	(5,567)
Balance at 31 December 2023		549,380	301,687	(322)	174	(81)	304,540	1,155,378

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Twelve months ended 31 December	
		2024	2023
	Note	**$'000**	$'000
Cash flows from operating activities			
Profit after income tax		**61,289**	66,061
Adjustments for:			
Income tax expense		**11,520**	14,312
Depreciation of property, plant and equipment	5	**16,734**	17,149
Amortisation of intangible assets	5	**2,221**	2,284
Impairment of properties held for sale	5	**3,102**	7,615
Impairment of property, plant and equipment	5	**97**	105
Reversal of impairment of advances to a joint venture		**-**	(28)
Fair value gains on investment properties – net	5	**(32,288)**	(58,295)
Revaluation gains on property, plant and equipment	5	**(76)**	(477)
Gain on re-measurement of lease liability		**-**	(3)
(Gain)/Loss on disposal of non-current asset classified as held-for-sale		**(5,867)**	27
Loss on disposal of property, plant and equipment		**2**	30
Reclassification of exchange differences from currency translation reserve	5	**152**	(4,862)
Interest income	5	**(6,339)**	(6,796)
Finance expenses	5	**34,249**	33,897
Share of profit of associated companies	9	**(4,770)**	(2,937)
Share of profit of joint ventures	10	**(25,749)**	(8,283)
Unrealised currency translation losses		**7,930**	954
		62,207	60,753
Change in working capital:			
Trade and other receivables		**3,940**	1,459
Inventories		**88**	(33)
Trade and other payables		**(4,394)**	(668)
Cash generated from operations		**61,841**	61,511
Interest paid		**(225)**	(135)
Income tax paid – net		**(6,119)**	(1,000)
Net cash provided by operating activities		**55,497**	60,376
Cash flows from investing activities			
Additions to property, plant and equipment	12	**(5,930)**	(4,168)
Additions to investment properties	11	**(2,222)**	(22,180)
Proceeds from disposal of non-current asset classified as held-for-sale		**15,757**	350
Investment in a financial asset, at FVOCI		**(773)**	(846)
Investment in an associated company	9	**(30,755)**	-
Investment in joint ventures	10	**(6,152)**	-
Advances to joint ventures		**(8,107)**	(3,160)
Advances from joint ventures		**9,193**	1,966
Dividends received from an associated company	9	**832**	-
Dividends received from joint ventures	10	**11,891**	16,134
Interest received		**6,865**	6,970
Income tax paid – net		**(1,038)**	-
Net cash used in investing activities		**(10,439)**	(4,934)

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

		Twelve months ended 31 December	
	Note	**2024** **$'000**	2023 $'000
Cash flows from financing activities			
Decrease in bank deposits pledged		**1,667**	2,162
Proceeds from borrowings		**64,824**	108,750
Repayment of borrowings		**(69,380)**	(124,209)
Principal payment of lease liabilities		**(8,987)**	(8,569)
Interest paid on lease liabilities		**(5,483)**	(5,864)
Interest paid on borrowings		**(28,367)**	(27,444)
Dividends paid to equity holders of the Company	16	**(18,167)**	(5,567)
Net cash used in financing activities		**(63,893)**	(60,741)
Net decrease in cash and cash equivalents		**(18,835)**	(5,299)
Cash and cash equivalents			
Beginning of financial year		**202,271**	207,672
Effects of currency translation on cash and cash equivalents		**(4,242)**	(102)
End of financial year	7	**179,194**	202,271

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. General information

Far East Orchard Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2024 comprise the Company and its subsidiaries (the "Group").

The principal activities of the Company are investment holding, hotel operations and property investment. The principal activities of the Group are investment holding, ownership and management of hospitality properties, purpose-built student accommodation ("PBSA") properties, property development and property investment.

2. Basis of preparation

The condensed interim financial statements as at and for the six months and full year ended 31 December 2024 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore and should be read in conjunction with the Group's annual financial statements as at and for the financial year ended 31 December 2023. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those disclosed in the Group's annual financial statements as at and for the financial year ended 31 December 2023 which were prepared in accordance with SFRS(I), except for the adoption of new and amended standards as set out in Note 2.1.

As at 31 December 2024, the Group was in net current liabilities position of $52.3 million mainly due to a portion of loans maturing in the next twelve months. These loans were due to be refinanced. As of 31 December 2024, the Group has successfully secured the credit approval from the bank for the refinancing of loans amounting to $77.1 million which will mature in the first half of 2025. Upon completion of the related loan documentation, the loans will be reclassified to non-current borrowings. Details of the Group's borrowings are disclosed in Note 14. Management has concluded that it remains appropriate to prepare the financial statements for the financial period ended 31 December 2024 on a going concern basis.

The condensed interim financial statements are presented in Singapore dollar, which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

On 1 January 2024, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Critical accounting estimates, assumptions and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

Estimates, assumptions and judgements are reviewed on an ongoing basis and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Notes 11 and 12 – Valuation of investment properties and land and buildings classified under property, plant and equipment using significant unobservable inputs
- Note 13 – Impairment assessment of goodwill: key assumptions underlying recoverable amounts

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the six months and full year ended 31 December 2024.

4. Revenue

	Group			
	6 months ended 31 December		12 months ended 31 December	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Revenue from contracts with customers	**62,614**	63,025	**123,308**	123,792
Rental income	**31,930**	29,732	**68,565**	59,828
	94,544	92,757	**191,873**	183,620

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time in the following major revenue streams and geographical regions. Revenue is attributed to countries by location of customers.

	Group			
	6 months ended 31 December		12 months ended 31 December	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Hospitality ownership and operations				
− Singapore	**19,813**	20,504	**37,551**	40,650
− Australia	**24,224**	26,711	**50,436**	52,935
− Japan	**3,180**	2,696	**6,256**	3,720
− Other countries	**3,059**	2,134	**5,234**	4,046
	50,276	52,045	**99,477**	101,351
Hospitality management and other related fees received/receivable				
Singapore				
− Other related parties*	**11,704**	10,811	**22,997**	22,134
Japan				
− Other related parties*	**261**	169	**461**	307
− Joint venture*	**373**	-	**373**	-
Total revenue from contracts with customers	**62,614**	63,025	**123,308**	123,792

*Other related parties and the joint venture comprise mainly companies which are controlled by the equity holders of the Company's ultimate holding company.

5. Profit before income tax

5.1 Significant items

	Group					
	6 months ended 31 December			12 months ended 31 December		
	2024	2023	Increase/ (Decrease)	**2024**	2023	Increase/ (Decrease)
	$'000	$'000	%	**$'000**	$'000	%
The following items were credited/(charged) to the income statement:						
Other income						
Interest income from bank deposits (Note (a))	**2,717**	3,438	(21.0)	**6,247**	6,703	(6.8)
Interest income from advances to joint venture	**48**	45	6.7	**92**	93	(1.1)
Government grant income (Note (b))	**1,075**	813	32.2	**1,637**	813	>100

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

5. Profit before income tax (continued)

5.1 Significant items (continued)

	Group					
	6 months ended 31 December			12 months ended 31 December		
	2024	2023	Increase/ (Decrease)	**2024**	2023	Increase/ (Decrease)
	$'000	$'000	%	**$'000**	$'000	%
The following items were credited/(charged) to the income statement: (continued)						
Cost of sales and administrative expenses						
Depreciation of property, plant and equipment						
− right-of-use assets (Note 12)	**(4,350)**	(4,392)	(1.0)	**(8,701)**	(8,681)	0.2
− other property, plant and equipment (Note 12)	**(4,143)**	(4,268)	(2.9)	**(8,033)**	(8,468)	(5.1)
Amortisation of intangible assets (Note 13(b))	**(1,111)**	(1,213)	(8.4)	**(2,221)**	(2,284)	(2.8)
Allowance for impairment losses on trade receivables - net	**(1,967)**	(313)	>100	**(2,292)**	(380)	>100
Other gains and impairment losses – net						
Impairment of:						
− properties held for sale (Note (c), Note 8)	**(3,102)**	(4,208)	(26.3)	**(3,102)**	(7,615)	(59.3)
− other property, plant and equipment (Note 12)	**(62)**	(99)	(37.4)	**(97)**	(105)	(7.6)
Fair value gains on investment properties – net (Note 11)	**32,288**	58,295	(44.6)	**32,288**	58,295	(44.6)
Revaluation gains on property, plant and equipment (Note 12)	**76**	477	(84.1)	**76**	477	(84.1)
Gain/(Loss) on disposal of non-current asset classified as held-for-sale (Note (d), Note 12)	**5,867**	(27)	nm	**5,867**	(27)	nm
Currency exchange losses – net	**(10,003)**	(1,505)	>100	**(8,082)**	(1,073)	>100
Reclassification of exchange differences from currency translation reserve (Note (e))	**(152)**	4,862	nm	**(152)**	4,862	nm
Finance expenses						
Interest expense for:						
− bank borrowings (Note (a))	**(18,595)**	(19,034)	(2.3)	**(37,068)**	(33,976)	9.1
− advances from non-controlling interests	**(669)**	(669)	0.0	**(1,331)**	(1,327)	0.3
− lease liabilities	**(2,675)**	(2,936)	(8.9)	**(5,483)**	(5,864)	(6.5)
Cash flow hedges, reclassified from hedging reserves	**4,807**	4,324	11.2	**9,633**	7,270	32.5
Total finance expenses	**(17,132)**	(18,315)	(6.5)	**(34,249)**	(33,897)	1.0

nm: not meaningful

a) Interest income from bank deposits declined for both the six months and full year ended 31 December 2024 due to lower bank deposits and deposit rates.

   Interest expense on bank borrowings decreased in 2H FY24 due to fixed interest hedge on certain borrowings that were entered into during the year and active repayment of borrowings. However, the full year interest expense for year ended 31 December 2024 was higher due to the higher average interest rates compared to 2023.

b) Government grant income in the six months and full year ended 31 December 2024 included various grants received from the Singapore government.

c) Impairment charge was recognised on a mixed development held for sale based on its net realisable value. The net realisable value was derived with reference to an independent external valuation performed as at 31 December 2024.

d) A gain on disposal of a hotel property in Perth, Australia of $5,867,000 was recognised in 2024 subsequent to the completion of the sale in December 2024.

e) During the six months and full year ended 31 December 2023, currency exchange difference of $4,862,000 attributable to the equity holders of the Company was reclassified from the currency translation reserve to profit or loss primarily due to the liquidation of certain subsidiaries with overseas operations.

5.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the condensed interim financial statements.

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

6. Income tax expense

	Group			
	6 months ended 31 December		12 months ended 31 December	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
Tax expense attributable to profit is made up of:				
Profit for the financial year:				
− Current income tax	**4,245**	3,303	**7,877**	6,590
− Deferred income tax	**4,906**	9,523	**4,811**	9,146
	9,151	12,826	**12,688**	15,736
(Over-provision)/Under-provision in prior financial years:				
− Current income tax	**(1,168)**	(1,477)	**(1,168)**	(1,424)
− Deferred income tax	**447**	265	**-**	-
	8,430	11,614	**11,520**	14,312

7. Cash and bank balances

For the purpose of presenting the condensed interim consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	31 December 2024	31 December 2023
	$'000	$'000
Cash and bank balances	**200,888**	225,632
Less: Bank deposits pledged	**(21,694)**	(23,361)
Cash and cash equivalents per condensed interim consolidated statement of cash flows	**179,194**	202,271

8. Properties held for sale

	Group	
	31 December 2024	31 December 2023
	$'000	$'000
Medical suites	**118,162**	118,162
Mixed development	**50,299**	52,504
	168,461	170,666

During the financial year ended 31 December 2024 and 31 December 2023, an impairment charge of $3,102,000 and $7,615,000, respectively, was recognised on the mixed development held for sale based on its net realisable value respectively. The net realisable value was derived with reference to an independent external valuation performed as at 31 December.

9. Investments in associated companies

	Group		Company	
	31 December 2024	31 December 2023	**31 December 2024**	31 December 2023
	$'000	$'000	**$'000**	$'000
Equity investment at cost			**696**	696
Beginning of financial year	**31,865**	27,233		
Additions	**30,755**	-		
Share of:				
− profit	**4,770**	2,937		
− movement in fair value reserve	**(2,199)**	1,695		
Dividends received	**(832)**	-		
Foreign exchange differences	**162**	-		
End of financial year	**64,521**	31,865		

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

9. Investments in associated companies (continued)

Additions in 2024 relate to the Group's acquisition of a 49% stake in Homes For Students Limited, a UK-based operator of purpose-built student accommodation in April 2024, for £17,600,000 ($29,920,000) and costs capitalised in relation to the acquisition.

10. Investments in joint ventures

	Group		Company	
	31 December 2024 $'000	31 December 2023 $'000	**31 December 2024 $'000**	31 December 2023 $'000
Equity investment at cost			**300**	300
Beginning of financial year	**472,694**	480,468		
Additions (Note (a))	**6,152**	-		
Share of profit	**25,749**	8,283		
Share of movements in:				
− asset revaluation reserve	**6,991**	6,036		
− currency translation reserve	**(268)**	(50)		
− hedging reserve	**(751)**	(1,146)		
Dividends received	**(11,891)**	(16,134)		
Foreign exchange differences	**(14,424)**	(4,763)		
End of financial year	**484,252**	472,694		

a) The Group established its first private fund ("Fund") in August 2024, with an aggregated committed capital of £70,000,000, to invest in PBSA development opportunities within the UK. The Group has committed £35,000,000 to the Fund. As at 31 December 2024, the shareholding held by the Group in the Fund was 50% and the investment in the Fund has been accounted for as a joint venture. The Group has injected capital of £3,585,000 (approximately $6,152,000) into the Fund and extended advances of £2,438,000 (approximately $4,166,000). As of 31 December 2024, the remaining committed capital based on the Group's proportionate interest amounted to £28,977,000 (approximately $49,513,000).

   The Fund has been seeded with a plot of land in Glasgow previously acquired on 23 May 2024 ("PBSA Land"). The PBSA Land was classified as development property as at 30 June 2024 prior to the closing of the Fund. With the establishment of the Fund and the revision in the shareholding, the PBSA Land would no longer be classified as development property and has been included in the additions based on the Group's proportionate shareholding.

b) On 21 June 2024, the Group announced that Far East Opus Pte. Ltd. ("FEOpus"), a joint venture entity in which the Group holds a 20% interest in, was served with legal claims in the High Court of Singapore on 31 May 2024 by some unit owners ("claimants") of SBF Center, a commercial development completed in 2016. FEOpus disputes these claims and believes they are without merit. Even if the claimants are successful in their claims, the maximum potential financial exposure estimated is not expected to have a material impact on the Group's financial position and ability to continue its existing business operations. As at 30 June 2024 and 31 December 2024, no provision has therefore been made on the claims.

   In March 2022, a claim was lodged against a subsidiary of an Australia hospitality joint venture, alleging underpayment of rent for a lease, wrongful termination of the lease and repudiated the lease. As at 30 June 2024 and 31 December 2024, no provision has been made as the legal advice obtained by the joint venture indicates that it is not probable that a material liability will arise.

c) During the year ended 31 December 2023 and 2024, the Group extended advances of £1,859,000 ($3,140,000) and £2,320,000 ($3,941,000), respectively, to a joint venture developing a purpose-built student accommodation project in Bristol, UK. The Group will provide additional funding of £758,000 (approximately $1,295,000), if called.

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

11. Investment properties

	Group		Company	
	31 December 2024 $'000	31 December 2023 $'000	**31 December 2024 $'000**	31 December 2023 $'000
Beginning of financial year	**967,750**	853,207	**142,800**	124,335
Additions (Note (a))	**2,222**	23,302	**-**	-
Reclassified from property, plant and equipment (Note (b))	**-**	13,765	**-**	13,765
Net fair value gains recognised in profit or loss (Note 5.1)	**32,288**	58,295	**4,400**	4,700
Foreign exchange differences	**9,122**	19,181	**-**	-
End of financial year	**1,011,382**	967,750	**147,200**	142,800
Comprised: Completed properties	**1,011,382**	967,750	**147,200**	142,800

a) Additions for the financial year ended 31 December 2023 included the acquisition of a freehold student accommodation property located in Southampton, United Kingdom ("the PBSA Acquisition"), of which an advanced payment of £697,000 (approximately $1,122,000) was disbursed during the financial year ended 31 December 2022.

b) Following the relocation of headquarter office in 2023, the Group reclassified their formerly owner-occupied portion of an office property from property, plant and equipment to investment property as at 31 December 2023.

Valuation processes, techniques and inputs used in Level 3 fair value measurements

The Group engages external, independent and qualified valuers to determine the fair value of the investment properties on an annual basis or whenever their carrying amounts are likely to differ materially from their fair values based on the properties' highest and best use. At each financial year end, the management verifies all major inputs to the independent valuation reports, assesses property valuation movements compared to the prior year valuations and holds discussions with the independent valuers.

The Group's investment properties are measured and carried at fair value using inputs that are not based on observable market data (unobservable inputs), i.e. Level 3 fair values based on year-end valuations performed. The valuation techniques that have been used to derive the Level 3 fair values of the Group's investment properties and land and buildings classified under property, plant and equipment were included in Note 20(g) of the Group's annual financial statements for the financial year ended 31 December 2023.

At the end of each financial reporting period, management will assess whether the fair values of the Group's properties remain appropriate and engage external, independent and qualified valuers when deemed necessary. For the financial year ended 31 December 2024, the Group has engaged external independent qualified valuers to perform valuation of the investment properties before recognising the fair value movements from the last financial reporting period. In assessing whether the fair values remained appropriate, management considered whether any movement in market data such as discount rate, capitalisation rates, changes in underlying cash flows or sales comparable adopted in the valuations are reasonable. There have been no significant changes in the valuation methodologies used by the valuers compared to the last financial year-end.

As at 31 December 2024, the fair value of the investment properties amounted to $1,011,382,000 (31 December 2023: $967,750,000).

Reconciliation of fair value measurement to valuation report

	Group		Company	
	31 December 2024 $'000	31 December 2023 $'000	**31 December 2024 $'000**	31 December 2023 $'000
Fair value of investment properties based on valuation report	**1,012,410**	968,908	**147,200**	142,800
Less: carrying amount of accrued receivables	**(1,028)**	(1,158)	**-**	-
Carrying amount of investment properties	**1,011,382**	967,750	**147,200**	142,800

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

12. Property, plant and equipment

Group

	Freehold and leasehold land	Building and office	Plant, equipment, furniture and fittings	Construction -in-progress	Motor vehicles	Leasehold improvements and other assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2024							
Beginning net book value	373,870	178,957	5,778	725	135	9,724	569,189
Currency translation differences	(2,259)	(3,219)	(73)	(50)	-	(427)	(6,028)
Additions	-	-	4,081	1,796	-	53	5,930
Disposals	-	-	(2)	-	-	-	(2)
Transfers	-	-	-	(860)	-	860	-
Impairment (Note 5.1)	-	-	(97)	-	-	-	(97)
Revaluation adjustments							
– profit or loss (Note 5.1)	-	76	-	-	-	-	76
– other comprehensive income	2,259	(4,888)	-	-	-	-	(2,629)
Depreciation charge (Note 5.1)	-	(13,782)	(1,966)	-	(88)	(898)	(16,734)
End of financial year	373,870	157,144	7,721	1,611	47	9,312	**549,705**
As at 31 December 2024							
Cost	-	162,191	62,043	1,611	865	15,386	242,096
Valuation	373,870	92,734	-	-	-	-	466,604
	373,870	254,925	62,043	1,611	865	15,386	708,700
Accumulated depreciation and impairment losses	-	(97,781)	(54,322)	-	(818)	(6,074)	(158,995)
Net book value	**373,870**	**157,144**	**7,721**	**1,611**	**47**	**9,312**	**549,705**
As at 31 December 2023							
Cost	-	162,191	58,771	725	865	15,082	237,634
Valuation	373,870	105,847	-	-	-	-	479,717
	373,870	268,038	58,771	725	865	15,082	717,351
Accumulated depreciation and impairment losses	-	(89,081)	(52,993)	-	(730)	(5,358)	(148,162)
Net book value	373,870	178,957	5,778	725	135	9,724	569,189

Right-of-use assets acquired under leasing arrangements amounted to $64,412,000 (31 December 2023: $73,113,000) are presented together with the owned assets of the same class.

Company
During the financial year ended 31 December 2024, the Company acquired property, plant, and equipment amounting to $151,000. No right-of-use assets were acquired, and no assets were disposed of during the year.

Non-current asset classified as held-for-sale
During the financial year ended 31 December 2023, the Board approved the sale of a hotel property in Perth, Australia and reclassified the hotel from property, plant and equipment to non-current asset classified as held-for-sale. On 6 May 2024, the Group, through its subsidiary, had entered into an option agreement for the sale of the hotel property. The sale was completed on 17 December 2024 and accordingly, a gain on disposal of the asset was recognised (Note 5.1(d)) during the financial year ended 31 December 2024.

Valuation processes, techniques and inputs used in Level 3 fair value measurements

The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings classified as property, plant and equipment, on an annual basis and whenever their carrying amounts are likely to differ materially from their revalued amounts, based on the properties' highest and best use.

At the end of each financial reporting period, management will assess whether the fair values of the Group's properties remain appropriate and engage external, independent and qualified valuers when deemed necessary. The valuation techniques and key inputs that were used to determine the fair value, categorised under Level 3 of the fair value hierarchy were described in Note 20(g) of the Group's annual financial statements for the year ended 31 December 2023.

External valuers were engaged for all the valuations of the Group's properties for the valuations as at 31 December 2024. The same valuation techniques and key inputs were used by the valuers. As at 31 December 2024, the total freehold and leasehold land and buildings of the Group amounted to $466,604,000 (31 December 2023: $479,717,000).

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

13. Intangible assets

	Group	
	31 December 2024 $'000	31 December 2023 $'000
Goodwill arising from acquisition of hospitality businesses (Note (a))	**37,257**	37,257
Hospitality management agreements (Note (b))	**61,581**	63,802
	98,838	101,059

(a) Goodwill arising from acquisition of hospitality businesses

	Group	
	31 December 2024 $'000	31 December 2023 $'000
Cost		
Beginning and end of financial year	**55,706**	55,706
Accumulated impairment		
Beginning and end of financial year	**18,449**	18,449
Net book value	**37,257**	37,257

Impairment assessment of goodwill

Goodwill is allocated to the Management services cash-generating-unit ("CGU") within the Group's hospitality business. The recoverable amount of the Management services CGU was determined based on fair value less cost to sell ("FVLCTS").

The FVLCTS adopted by the Group was computed using the average of the values derived from the following two Level 3 valuation techniques based on management's estimates:

- Discounted Cash Flow ("DCF") method
- Guideline Public Company ("GPC") method

For further information, please refer to Note 23(a) in the Group's annual financial statements for the financial year ended 31 December 2023.

Significant estimates

<u>DCF method</u>
The assumptions used in the future net cash flows take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

Cash flow projections used in the DCF were based on financial projections approved by management covering a five-year period. Key assumptions used for the analysis of the CGU included cash flows returning to stabilised state of operations post COVID-19 recovery in 2025. Inflationary costs have also been factored in for the cash flow projections. Terminal growth rate of 1.9% (31 December 2023: 1.9%) and post-tax discount rate of 9.4% (31 December 2023: 9.4%) were used for the purpose of impairment testing.

<u>GPC method</u>
The key assumptions are the GPC multiples and normalised earnings. Normalised earnings are based on 2025 projections, which represent the stabilised state of operations post COVID-19 recovery, aligned to the cash flows used under the DCF method. The CGU's normalised earnings were determined by management based on past performance and its expectations of market developments.

Based on management's assessment of the recoverable amount as at 31 December 2024, no impairment charge was recognised.

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

13. Intangible assets (continued)

(b) Hospitality management agreements

	Group	
	31 December 2024 $'000	31 December 2023 $'000
Cost		
Beginning and end of financial year	**98,692**	98,692
Accumulated amortisation and impairment		
Beginning of financial year	**34,890**	32,606
Amortisation charge included within "Cost of sales" in profit or loss (Note 5.1)	**2,221**	2,284
End of financial year	**37,111**	34,890
Net book value	**61,581**	63,802

14. Borrowings

	Group		Company	
	31 December 2024 $'000	31 December 2023 $'000	**31 December 2024 $'000**	31 December 2023 $'000
Amount repayable in one year or less, or on demand (net of transaction costs)				
− Secured	**125,339**	89,422	**-**	-
− Unsecured	**201,157**	155,660	**201,157**	148,660
	326,496	245,082	**201,157**	148,660
Amount repayable after one year (net of transaction costs)				
− Secured	**34,679**	118,276	**-**	-
− Unsecured	**242,961**	238,989	**242,961**	238,989
	277,640	357,265	**242,961**	238,989
	604,136	602,347	**444,118**	387,649

The secured bank borrowings of the Group and the Company are secured over certain bank deposits, investment properties and property, plant and equipment.

As at 30 June 2024 and 31 December 2024, the Group's current borrowings included loans amounting to $77,124,000 that are due to be refinanced by first half of 2025. The Group has successfully secured the credit approval for the re-financing by the bank as at 31 December 2024. Upon completion of the related loan documentation, the loans will be reclassified to non-current borrowings. These loans are secured over certain subsidiaries' investment properties.

15. Share capital

	Group and Company			
	Number of shares		Amount	
	31 December 2024 '000	31 December 2023 '000	**31 December 2024 $'000**	31 December 2023 $'000
Beginning of financial year and as of 30 June	**487,757**	474,726	**549,380**	535,958
Shares issued in-lieu of dividend	**1,342**	13,031	**1,343**	13,422
End of financial year	**489,099**	487,757	**550,723**	549,380

The Company does not have any convertibles or treasury shares as at 31 December 2024 and 2023.

The Company does not have any subsidiary that holds shares issued by the Company as at 31 December 2024 and 2023.

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

16. Dividend

	Company	
	31 December 2024	31 December 2023
	$'000	$'000
Ordinary dividend paid		
Final dividend paid for in respect of the previous financial year of 4 cents per share (2023: 3 cents per share) using		
− new shares issued	**1,343**	13,422
− cash	**18,167**	5,567
	19,510	18,989

At the upcoming Annual General Meeting, a first and final dividend of 4 cents per share and a special dividend of 1 cent per share amounting to a total of $24,455,000 will be recommended. These condensed financial statements do not reflect this dividend, which will be accounted for in equity attributable to equity holders of the Company as an appropriation of retained profits in the financial year ending 31 December 2025.

17. Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	31 December 2024	31 December 2023
	$'000	$'000
Investment properties	**1,105**	160
Property, plant and equipment	**9,652**	2,207
	10,757	2,367

18. Net asset value

	Group		Company	
	31 December 2024	31 December 2023	**31 December 2024**	31 December 2023
Net asset value per ordinary share based on total number of issued shares as at the end of the year	**$2.84**	$2.78	**$2.35**	$2.37

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

19. Fair value measurements

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value measurement disclosure of other assets that are recognised or measured at fair value, can be found in Note 11 and 12.

	Group		Company	
	31 December 2024 $'000	31 December 2023 $'000	**31 December 2024 $'000**	31 December 2023 $'000
Assets				
Derivative financial instruments – Level 2	**1,055**	7,544	**274**	3,793
Financial asset, at fair value through other comprehensive income ("FVOCI") – Level 3	**3,047**	2,063	**3,047**	2,063
Liabilities				
Derivative financial instruments – Level 2	**1,171**	4,160	**1,171**	4,160

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of the reporting year. There were no transfers between Levels 1 and 2 during the year.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. These investments are classified as Level 2 and comprise debt investments and derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

For the investment classified as FVOCI, it is an unlisted equity security measured at fair value at each reporting period. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant.

The Group estimates the fair value of its unlisted equity security classified as FVOCI based on its share of the investee company's net asset value ("NAV"), which is a significant unobservable input. NAV is determined by reference to the attributable net assets of the investee company based on the latest available financial statements, adjusted, where applicable, for valuations of the underlying investment properties held by the investee determined primarily by independent and professional valuers.

Management reviews the appropriateness of the methodologies used to determine NAV, and evaluates the appropriateness and reliability of inputs (including those developed internally by management) used in the determination of NAV.

As at 31 December 2023 and 2024, the Group has committed equity of $1,856,000 and $962,000, respectively, and to provide funding if called, to the unlisted equity security.

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

20. Segment information

Management has determined the operating segments based on the reports reviewed by the Group Chief Executive Officer for performance measurement and resource allocation.

The Group operates its hospitality business across three segments.

(i) Management services

The management services segment includes all of the hospitality properties that the Group manages directly in Singapore, Japan, and Malaysia.

(ii) Operations

The operations segment includes leased properties in Singapore, Japan and Australia and the Group's investment in Toga Hotel Holdings Unit Trust and the REIT Manager of Far East Hospitality Trust.

(iii) Property ownership

The property ownership segment includes hospitality properties located in Australia, Germany, Denmark, Malaysia and Japan that are owned directly by the Group or through the Group's investments in joint ventures.

The Group manages its property business across three segments.

(i) Student accommodation

Student accommodation segment includes properties located in United Kingdom that are owned directly or held through a joint venture by the Group and includes those under development, that are held for rentals or/and long-term capital appreciation. The segment also includes the Group's investment in a student accommodation operator business.

(ii) Development

The development segment includes all unsold completed properties that are held through joint ventures, medical suites that are held for sale and the mixed development that are held for sale in United Kingdom. Rental income from the leasing of properties held for sale, if any, is included under the investment segment on the reports reviewed by the Group's Group Chief Executive Officer.

(iii) Investment

The investment segment includes medical suites, and some offices that are held for rentals or/and long-term capital appreciation.

There was no revenue from transactions with a single external customer that accounts for 10% or more of the Group's revenue for the full year ended 31 December 2024 and 2023.

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

20. Segment information (continued)

The segment information provided to the Group Chief Executive Officer for the reportable segments are as follows:

	Hospitality			Property			Total
	Management services	Operations	Property ownership	Student accommodation	Development	Investment	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2024							
Total segment revenue	33,532	42,551	53,849	53,840	-	11,546	195,318
Inter-segment revenue	(3,445)	-	-	-	-	-	(3,445)
Revenue from external parties	30,087	42,551	53,849	53,840	-	11,546	191,873
Expenses include (Note (a)):							
− Depreciation of property, plant and equipment	(116)	(8,424)	(7,079)	-	-	-	(15,619)
− Amortisation of intangible assets	(2,221)	-	-	-	-	-	(2,221)
− Hospitality supplies and services	(1,831)	(10,022)	(13,441)	-	-	-	(25,294)
− Employee compensation	(10,395)	(8,229)	(18,203)	-	-	-	(36,827)
− Property tax and upkeep of properties	(179)	(925)	(5,559)	(17,495)	-	(2,160)	(26,318)
Operating profit/(loss)	6,759	9,023	(720)	26,004	(13)	6,926	47,979
Share of profit of:							
− associated companies	-	3,293	-	1,477	-	-	4,770
− joint ventures	-	6,590	4,139	9,571	5,449	-	25,749
Total operating profit	6,759	18,906	3,419	37,052	5,436	6,926	78,498
Corporate expenses							(4,575)
Interest income							6,339
Finance expenses							(34,249)
Others*							26,796
Profit before income tax							72,809
Income tax expense							(11,520)
Profit after income tax							61,289

* Material and non-cash items are disclosed as "Other gains and impairment losses – net" (Note 5.1).
(a) These expenses exclude those under the Corporate assets segment.

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

20. Segment information (continued)

	Hospitality			Property			Total
	Management services	Operations	Property ownership	Student accommodation	Development	Investment	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2024							
Segment assets	112,712	391,662	234,875	733,146	173,162	317,378	1,962,935
Investments in associated companies	-	32,958	-	31,563	-	-	64,521
Investments in joint ventures	-	170,254	89,389	18,311	206,298	-	484,252
	112,712	594,874	324,264	783,020	379,460	317,378	2,511,708
Corporate assets (Note (b))							129,755
Total assets							2,641,463
Segment assets include:							
Additions to:							
− Investment in associated companies	-	-	-	30,755	-	-	30,755
− Investment in joint ventures	-	-	-	6,152	-	-	6,152
− Investment properties	-	-	208	2,014			2,222
− Property, plant and equipment	40	198	5,643	-	-	-	5,881

(b) During the year ended 31 December 2024, the Group acquired property, plant and equipment amounting to $49,000 under Corporate assets segment.

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

20. Segment information (continued)

	Hospitality			Property			Total
	Management services	Operations	Property ownership	Student accommodation	Development	Investment	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2023							
Total segment revenue	29,583	45,678	55,079	46,390	-	10,312	187,042
Inter-segment revenue	(3,422)	-	-	-	-	-	(3,422)
Revenue from external parties	26,161	45,678	55,079	46,390	-	10,312	183,620
Expenses include:							
− Depreciation of property, plant and equipment	(152)	(8,455)	(7,583)	-	-	-	(16,190)
− Amortisation of intangible assets	(2,284)	-	-	-	-	-	(2,284)
− Hospitality supplies and services	(977)	(8,907)	(12,677)	-	-	-	(22,561)
− Employee compensation	(10,472)	(8,415)	(17,898)	-	-	-	(36,785)
− Property tax and upkeep of properties	(85)	(1,003)	(4,645)	(16,047)	-	(2,022)	(23,802)
Operating profit/(loss)	6,349	9,226	2,359	21,668	(738)	7,804	46,668
Share of profit/(loss) of:							
− associated companies	-	2,937	-	-	-	-	2,937
− joint ventures	-	1,495	1,797	(182)	5,173	-	8,283
Total operating profit	6,349	13,658	4,156	21,486	4,435	7,804	57,888
Corporate expenses							(5,229)
Interest income							6,796
Finance expenses							(33,897)
Others*							54,815
Profit before income tax							80,373
Income tax expense							(14,312)
Profit after income tax							66,061

* Material and non-cash items are disclosed as “Other gains and impairment losses – net” (Note 5.1).
(a) These expenses exclude those under the Corporate assets segment.

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

20. Segment information (continued)

	Hospitality			Property			Total
	Management services	Operations	Property ownership	Student accommodation	Development	Investment	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December 2023							
Segment assets	115,396	401,200	233,012	700,130	174,979	308,182	1,932,899
Investments in associated companies	-	31,865	-	-	-	-	31,865
Investments in joint ventures	-	175,722	93,542	2,582	200,848	-	472,694
	115,396	608,787	326,554	702,712	375,827	308,182	2,437,458
Corporate assets (Note (a))							177,690
Total assets							2,615,148
Segment assets include:							
Additions to:							
− Investment properties	-	-	-	23,302	-	-	23,302
− Property, plant and equipment	262	159	2,122	-	-	-	2,543

(b) During the year ended 31 December 2023, the Group acquired property, plant and equipment amounting to $7,456,000 under Corporate assets segment.

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)

20. Segment information (continued)

Geographical information

The Group's six business segments operate in five main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the management of hospitality properties, hotel operations, property development, property investment and investment holding.
- Australia – the operations in this area are principally the management of hospitality properties, hotel operations and property ownership.
- United Kingdom – the operations in this area are principally student accommodation, property development and management of student accommodation properties.
- Japan – the operations include management of hospitality properties, hotel operations and property ownership in Japan.
- Other countries – the operations include hotel operations and property ownership in Malaysia, Germany and Denmark.

	Revenue	
	12 months ended 31 December	
	2024	2023
	$'000	$'000
Singapore	**69,968**	71,954
Australia	**53,619**	56,060
United Kingdom	**55,962**	47,532
Japan	**7,090**	4,027
Other countries	**5,234**	4,047
	191,873	183,620

	Non-current assets	
	31 December 2024	31 December 2023
	$'000	$'000
Singapore	**1,040,973**	1,035,186
Australia	**327,819**	348,125
United Kingdom	**724,091**	644,850
Japan	**35,570**	37,924
Other countries	**92,487**	96,102
	2,220,940	2,162,187

21. Event occurring after balance sheet date

On 24 January 2025, the Group through its wholly owned subsidiary, acquired additional interest ("Acquisition") of 6.7% in Woodlands Square Pte. Ltd. ("WSPL") for $25,000,000 ("Consideration") from one of its joint venture partners ("Seller") 26.6% interest in WSPL held by the Seller was sold to the other existing joint venture partner ("Partner"). Subsequent to the Acquisition, the Group's interest in WSPL has increased from 33.3% to 40.0% while the Partner holds the remaining 60% interest. With the loss of joint control following the Acquisition, WSPL will be re-classified from a joint venture to an associate and the share of profit or loss will continue to be recognised in the profit or loss. As the Consideration is lower than 6.7% of the net asset value of WSPL acquired, the Group will be recognising a one-off gain of approximately $9,000,000 in the financial year ending 31 December 2025.

F. OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Far East Orchard Limited and its subsidiaries as at 31 December 2024 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, statement of changes in equity of the Company and condensed consolidated statement of cash flows for the six-month period and year then ended and certain explanatory notes have not been audited or reviewed by the Company's auditor.

2. Review of performance of the Group

(a) <u>Group performance review for the six months and full year ended 31 December 2024 ("2H FY24" and "FY24")</u>

Revenue
Revenue for 2H FY24 increased by $1.8 million (1.9%) to $94.5 million (2H FY23: $92.8 million). For FY24, revenue increased $8.3 million (4.5%) to $191.9 million (FY23: $183.6 million).

For both 2H FY24 and FY24, the increase in revenue was mainly contributed by the PBSA business segment. The PBSA business segment improved as the portfolio benefited from rental growth for the academic year commencing in September 2023 and 2024 ("AY23/24" and "AY24/25") and included additional contribution from a PBSA asset in Southampton, acquired in May 2023. The PBSA business segment achieved a portfolio occupancy rate of 99% for AY23/24. As at 31 December 2024, the Group's PBSA portfolio occupancy for AY24/25 stood around 90%, with lower occupancy rate partly due to marginally lower international student acceptance. Nevertheless, AY24/25 achieved strong rental growth.

In 2H FY24, revenue from the hospitality business segment decreased by $0.5 million to $64.1 million (2H FY23: $64.6 million), resulting in the full year $0.4 million decrease in revenue to $126.5 million for FY24 (FY23: $126.9 million). This was mainly due to the weaker performance from leased properties in Singapore and owned hotels in Australia. The revenue of an owned hotel in Australia was also negatively impacted by the commencement of refurbishment works in October 2024. The lower revenue was partially offset by additional revenue contributions from a leased hotel in Japan, which began operations in April 2023, and stronger performance from the managed properties in Japan.

Gross profit
Gross profit increased by $1.7 million (3.8%) to $46.8 million in 2H FY24 (2H FY23: $45.1 million) and $7.2 million (7.9%) to $98.3 million in FY24 (FY23: $91.1 million) due to the increase in revenue.

Other income
Other income, comprising interest income from bank deposits and grant income, declined by $0.4 million to $4.1 million in 2H FY24 (2H FY23: $4.5 million) due to the lower interest income from the lower bank deposits and deposit rates.

For FY24, other income however increased by $0.6 million to $8.6 million in FY24 (FY23: $8.0 million) due to the higher government grants received from the Singapore government, offsetting the lower interest income.

Other gains and impairment losses – net
The Group recognised net gains of $24.9 million in 2H FY24 (2H FY23: $57.8 million) and $26.8 million in FY24 (FY23: $54.8 million). The lower net gains in 2H FY24 and FY24 were mainly due to lower fair value gains on investment properties and higher unrealised currency losses recognised.

Fair value gains on investment properties of $32.3 million were recognised in 2H FY24 and FY24 (2H FY23 and FY23: $58.3 million). The fair value gains were mainly from the Group's PBSA portfolio, amounting to $22.1 million (FY23: $50.6 million). In 2H FY24 and FY24, the Group also recognised a $5.9 million gain on the disposal of a hotel property in Perth, Australia. An impairment charge for 2H FY24 and FY24 of $3.1 million (2H FY23: $4.2 million, FY23: $7.6 million) was recognised on a mixed development held for sale based on its net realisable value.

Expenses
Total expenses increased by $1.2 million to $48.2 million in 2H FY24 (2H FY23: $47.0 million). For FY24, total expenses increased by $6.6 million to $91.3 million (FY23: $84.7 million). This increase was mainly due to higher administrative expenses, primarily driven by inflationary pressures and additional operating cost to support the enlarged PBSA portfolio. Higher professional fees were also incurred to support the PBSA acquisitions during the year. Higher allowance for impairment on trade and accrued receivables was recognised due to a specific provision for a tenant as the recoverability of the amounts is considered at risk given the tenant's financial position.

Finance expenses declined by $1.2 million for 2H FY24 to $17.1 million (2H FY23: $18.3 million) due to fixed interest hedge on certain borrowings that were entered into during the year and active repayment of borrowings. However, the full year interest expense for FY24 was marginally higher at $34.2 million (FY23: $33.9 million) due to the higher average interest rates compared to 2023.

F. OTHER INFORMATION (continued)

2. Review of performance of the Group (continued)

(a) <u>Group performance review for the six months and full year ended 31 December 2024 ("2H FY24" and "FY24")</u> (continued)

Share of profit of associated companies and joint ventures
The Group's share of profit of associated companies for 2H FY24 increased by $1.0 million to $2.5 million (2H FY23: $1.5 million). For FY24, the share of profit increased by $1.9 million to $4.8 million (FY23: $2.9 million). This growth was primarily driven by higher share of profits from an associated company and a newly acquired UK-based PBSA operator, Homes For Students Limited ("HFS Acquisition") on 25 April 2024.

The Group's share of profit of joint ventures for 2H FY24 was $19.8 million (2H FY23: $8.2 million). For FY24, the share of profit of joint ventures was $25.7 million (FY23: $8.3 million). The share of profit was higher mainly due to fair value gains recognised by a PBSA joint venture and revaluations gain recognised by a hospitality joint venture in 2H FY24 and FY24. Higher share of profit was also recognised from the stronger operating performance from the hospitality joint ventures, driven by the strong hospitality performance in Japan and Europe. A higher share of profit from a property development joint venture was recognised, driven by stronger property sales and increased leasing income.

Income tax expense
The lower income tax expense in 2H FY24 and FY24 was primarily due to higher deferred tax recognised on the higher fair value gains of investment properties in 2H FY23 and FY23.

Profit after income tax and Profit attributable to equity holders of the Company
The Group reported a profit after income tax of $41.6 million in 2H FY24, compared to $58.4 million in 2H FY23. For FY24, profit after income tax was $61.3 million (FY23: $66.1 million). While the operating businesses recorded higher operating profit from the improvement in the operating performance, partially offset by higher finance expenses resulting from elevated bank borrowing rates, the lower profit after tax in 2H FY24 and FY24 was mainly due to lower other gains.

Profit attributable to equity holders of the Company was $40.7 million for 2H FY24, compared to $57.7 million in 2H FY23. For FY24, profit attributable to equity holders stood at $59.0 million, compared to $65.9 million in FY23.

(b) <u>Cash flow, working capital, assets or liabilities of the Group</u>

Cash flow and working capital
In FY24, the Group utilised cash and cash equivalents amounting to $18.8 million, compared to $5.3 million in FY23. The net decrease in cash and cash equivalents in FY24 was mainly due to the cash used for the HFS Acquisition in April 2024 of $30.8 million and investment into a PBSA development fund established by the Group in August 2024, partially offset by the sale proceeds received from the sale of a hotel property in Perth.

Net cash inflows from operating activities in FY24 totalled $55.5 million, down from $60.4 million in FY23 mainly due to timing of operating cash receipts and payments and income tax payments.

Net cash used in investing activities in FY24 amounted to $10.4 million, compared to $4.9 million in FY23. The cash outflows from investing activities in FY24 was mainly for the HFS Acquisition and investment in the Fund. The outflows were partially offset by advances and dividends received from joint ventures and sales proceeds from the sale of the hotel property. In FY23, the cash outflows were primarily due to the acquisition of a freehold student accommodation property in Southampton, UK, completed in May 2023, offset by dividends received from joint ventures.

Net cash outflows from financing activities in FY24 were $63.9 million, higher than the $60.7 million in FY23. This increase was mainly due to the cash dividends paid to equity holders of the Company in FY24, and higher interest paid on borrowings in FY24. During the year, the Group continued to make active repayment of borrowings, resulting in a net decrease of borrowings of $4.6 million in FY24 (FY23: $15.5 million)

Assets
As at 31 December 2024, total assets stood at $2,641.5 million, an increase of $26.3 million from the previous year-end. This increase was primarily due to the increase in valuation of the investment properties. The strengthening of GBP against SGD also had positive translation effects on the investment properties. The Group's investment in associates and joint ventures increased following the HFS Acquisition and the investment into the PBSA development fund. Share of profits and reserves from joint ventures further increased the investment in joint ventures.

Meanwhile, cash and bank balances declined mainly due to dividend payments, partial repayments of bank borrowings, and funding for the HFS Acquisition. The weakening of AUD against SGD had negative translation effects on the carrying value of property, plant and equipment and the investment in joint ventures.

F. OTHER INFORMATION (continued)

2. Review of performance of the Group (continued)

(b) <u>Cash flow, working capital, assets or liabilities of the Group</u> (continued)

Liabilities

As at 31 December 2024, total liabilities were $1,245.3 million, a decrease of $4.0 million from the previous year-end. The decrease was mainly due to decrease in value of the derivative financial instruments and lease liabilities. The decrease was partially offset by higher trade and other payables, mainly due to advances from joint ventures, and a net increase in borrowings despite the partial repayments due to strengthening of GBP against SGD.

The Group's current liabilities were higher than the current assets by $52.3 million due to certain loans maturing in the next twelve months. For loans amounting to approximately $77.1 million that are due for renewal in the first half of 2025, the Group has secured credit approval from the bank for the refinancing of loans. These loans will be reclassified to non-current borrowings upon completion of the refinancing.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast has been disclosed.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

<u>Outlook</u>

The International Monetary Fund (IMF) projects global growth of 3.3% in 2025, a slight upward revision but still below the historical average. While inflation is expected to decline to 4.2% in 2025, the pace of disinflation remains uneven across regions. Macroeconomic and geopolitical uncertainties, including financial market volatility and policy shifts, continue to weigh on investment sentiment, business strategies, and consumer spending.[1]

Against the backdrop of economic and geopolitical uncertainties, the Group remains cautious and will focus on maintaining resilience and targeting strategic growth opportunities while navigating the evolving market conditions.

<u>Hospitality Business</u>

Global tourism is expected to grow by 3% to 5% in 2025, driven by Asia-Pacific's continued recovery and steady growth across most regions. This outlook assumes stable economic conditions, easing inflation, and no major geopolitical tension.[2]

In Singapore, international visitor arrivals are projected at 17.0 million to 18.5 million in 2025, still below the 2019 peak of 19.1 million[3], with key source markets such as China, India, and Southeast Asia (Indonesia, Thailand, and Vietnam) continuing to lag behind in recovery.

In Australia, international arrivals have reached 85% of 2019 levels, with domestic travel seeing modest growth. While a full recovery is projected by 2025, the moderating inflationary environment may slow momentum.[4]

Japan's tourism sector is set to grow, with international arrivals forecasted at 40.2 million in 2025, supported by favourable exchange rates, government initiatives, and Expo 2025 Osaka-Kansai.[5]

While global tourism is expected to grow steadily in 2025, the near-term outlook remains tempered by high costs and economic and geopolitical uncertainties, which could slow demand recovery. In addition, refurbishment at selected properties and surrounding construction at a property which impacted operating performance in 2024 is expected to continue into 2025.

As part of the Group's proactive portfolio management strategy to enhance asset competitiveness and optimise long-term performance, refurbishments across our properties are underway:

- Rendezvous Hotel Scarborough (337-room) commenced a multi-year major refurbishment in October 2024 and is expected to be completed by 2028.
- Adina Apartment Hotel Sydney Darling Harbour (114-room) and Adina Apartment Hotel Frankfurt Neu Oper (134-room) are scheduled for refurbishment in 2025 and re-opening in 2026.

[1]IMF. "Growth on Divergent Paths Amid Elevated Policy Uncertainty". Jan 2025.
[2]UNWTO. "International Tourism Recovers Pre-Pandemic Levels in 2024 (unwto.org)". 25 Jan 2025.
[3]STB. "Singapore Achieves Historical High in Tourism Receipts in 2024". 4 Feb 2025.
[4]CBRE "Asia Pacific Hotel Trends Q4 2024". 20 Jan 2025.
[5]Japan National Tourism Organization. "Japan Tourism Statistics". Jan 2025.

F. OTHER INFORMATION (continued)

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months. (continued)

Hospitality Business (continued)
The Group's leased and managed property, Orchard Rendezvous Hotel, Singapore, is affected by nearby construction, and works will continue over the next few years.

In view of the uncertainties, the Group remains cautiously optimistic, prioritising cost control and strategic growth.

PBSA Business
The outlook for the UK PBSA sector is encouraging, underpinned by domestic demand from the larger population of UK 18-year-olds, improving number of international student applications, and a persistent supply-demand imbalance. The latest UCAS' January 2025 cycle application data show a 1.0% year-on-year increase in university applicants to 600,660, with international applicants rising by 2.7% to 118,800.[6] The top three countries with international applicants are China (+8.9%), India (-0.3%) and the US (+11.7%).[7]

However, the supply remains constrained, with under 20,000 new beds expected in 2025 which is below the estimated 100,000 beds needed annually. Far East Orchard's portfolio is strategically located near key higher-tariff[8] universities and is well-poised to capture this growing demand.

With the acquisition of HFS, Far East Orchard has become one of the largest PBSA operators in the UK, managing over 60,000 beds. This scale strengthens the Group's operational efficiency and capabilities. The Group continues to expand its portfolio and capabilities to build a resilient lodging platform.

Following the establishment of the PBSA fund and the capital raised in 2024, the Group will continue to target high-potential PBSA development projects in the UK, aligning with its strategy to deploy the committed capital effectively.

[6]UCAS. "UCAS Release Undergraduate January Equal Consideration Applicant Data for 2025". 13 Feb 2025.
[7]Knight Frank. "UK Student Market Update Q4 2024". Jan 2025.
[8]Higher-tariff universities refer to institutions with more selective entry requirements, requiring higher A-Level grades and UCAS points for admission. These institutions often include members of the Russell Group.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions, such as (without limitation) general industry and economic conditions, interest rate movements, cost of capital and capital availability, competition from other companies and venues for sale/manufacture/distribution of goods and services, shift in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

5. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Material changes in contributions to sales and operating profit are explained in paragraph 2(a).

6. Dividend

(a) Current Financial Period Reported On

The Board of Directors is pleased to recommend the following dividend in respect of the financial year ended 31 December 2024 for approval by shareholders at the next Annual General Meeting to be convened:

Name of Dividend	- First and final (One-tier tax exempt)
Dividend Type	- Cash or share in-lieu
Dividend Amount Per Share	- 4 cents – First and final dividend

Name of Dividend	- Special (One-tier tax exempt)
Dividend Type	- Cash or share in-lieu
Dividend Amount Per Share	- 1 cent - Special dividend

F. OTHER INFORMATION (continued)

6. Dividend (continued)

(b) Corresponding Period of the Immediately Preceding Financial Year

The following dividend was declared and paid in respect of financial year ended 31 December 2023 (“FY2023 Dividend”) as approved by shareholders at the Annual General Meeting held on 25 April 2024:

Name of Dividend	- First and final (One-tier tax exempt)
Dividend Type	- Cash or share in-lieu
Dividend Amount Per Share	- 4 cents – First and final dividend

1,341,401 new shares amounting to $1,343,000 have been allotted and issued on 5 July 2024 to the eligible shareholders who had elected to participate in the Scrip Dividend Scheme in respect of the FY2023 Dividend. Dividends amounting to $18,167,000 have been paid in cash on 5 July 2024.

(c) Date payable

To be announced later.

(d) Record date

To be announced later.

7. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

8. Interested person transactions

The Company had obtained approval for a shareholders' mandate for interested person transactions under Rule 920(1)(a)(ii) as set out in the circular to shareholders dated 24 June 2013.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than $100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
		Full year ended 31 December 2024 $'000	Full year ended 31 December 2024 $'000
Agape Services Pte. Ltd.	Associate of controlling shareholder		
Supply of goods and services		(571)	-
Ariake Hospitality Kabushiki Kaisha	Associate of controlling shareholder		
Hospitality management income		246	-
Boo Han Holdings Pte. Ltd.	Associate of controlling shareholder		
Hospitality management income		606	-
China Classic Pte Ltd	Associate of controlling shareholder		
Hospitality management income		1,542	-
Commons SR Trustee Pte. Ltd.	Associate of controlling shareholder		
Hospitality management income		162	-
Dollar Land Singapore Private Limited	Associate of controlling shareholder		
Hospitality management income		261	-
Far East Hospitality Real Estate Investment Trust	Associate of controlling shareholder		
Management income[9]		3,523	-
Rental expense on operating leases			
- offices		(112)	-
- hotels and serviced residences		(17,592)	-

[9]Pursuant to the trust deed constituting Far East Hospitality Real Estate Investment Trust ("Far East H-REIT") (the "Trust Deed") and entered into between FEO Hospitality Asset Management Pte. Ltd. ("FEOHAM") (in its capacity as the manager of Far East H-REIT) and DBS Trustee Limited (in its capacity as the trustee of Far East H-REIT), FEOHAM is entitled to a management fee comprising a base fee of 0.28% per annum of the value of the Deposited Property (as defined in the Trust Deed) and a performance fee of 4.0% per annum of net property income or the annual distributable amount (as defined in the Trust Deed) in the relevant year, whichever is lower. During the financial year ended 31 December 2024, the Company was a 33% shareholder of FEOHAM, and this amount represents 33% of the management fees received during the financial period, being the value at risk to the Group.

F. OTHER INFORMATION (continued)

8. Interested person transactions (continued)

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than $100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
		Full year ended 31 December 2024 $'000	Full year ended 31 December 2024 $'000
Far East Management (Private) Limited	Associate of controlling shareholder		
Management service fees		(2,107)	-
Hospitality services		(627)	-
Far East Organization Centre Pte Ltd	Associate of controlling shareholder		
Hospitality management income		1,465	-
Far East Real Estate Agency Pte. Ltd.	Associate of controlling shareholder		
Property management services		(570)	-
Sales and marketing services		(174)	-
Far East Rocks Pty Ltd	Associate of controlling shareholder		
Rental expense on operating leases - hotel		(909)	-
Far East Soho Pte. Ltd.	Associate of controlling shareholder		
Hospitality management income		1,185	-
Far East SR Trustee Pte Ltd	Associate of controlling shareholder		
Hospitality management income		564	-
Fontaine Investment Pte Ltd	Associate of controlling shareholder		
Hospitality management income		1,791	-
Golden Development Private Limited	Associate of controlling shareholder		
Hospitality management income		2,092	-
Golden Landmark Pte. Ltd.	Associate of controlling shareholder		
Hospitality management income		1,070	-
Orchard Mall Pte. Ltd.	Associate of controlling shareholder		
Hospitality management income		595	-
Orchard Parksuites Pte Ltd	Associate of controlling shareholder		
Hospitality management income		1,137	-
Oxley Hill Properties Pte Ltd	Associate of controlling shareholder		
Hospitality management income		463	-
Riverhub Pte Ltd	Associate of controlling shareholder		
Rental expense on operating leases - offices		(875)	-
Riverland Pte Ltd	Associate of controlling shareholder		
Hospitality management income		349	-
Sakuragicho Hospitality Kabushiki Kaisha	Associate of controlling shareholder		
Hospitality management income		280	-
Serene Land Pte Ltd	Associate of controlling shareholder		
Hospitality management income		1,256	-
Transurban Properties Pte. Ltd.	Associate of controlling shareholder		
Hospitality management income		1,119	-

F. OTHER INFORMATION (continued)

9. A breakdown of sales

	Group		
	Full year ended 31 December		Increase/ (Decrease)
	2024	2023	
	$'000	$'000	%
Sales reported for the first half year	**97,329**	90,863	7.1
Profit after tax before deducting non-controlling interests reported for first half year	**19,668**	7,638	>100
Sales reported for the second half year	**94,544**	92,757	1.9
Profit after tax before deducting non-controlling interests reported for second half year	**41,621**	58,423	(28.8)

10. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) for the financial year ended 31 December 2024.

There are no persons occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

11. Confirmation Pursuant to Rule 720(1) of the Listing Manual
Far East Orchard Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

On behalf of the Board of Directors

Koh Kah Sek
Chairman

Alan Tang Yew Kuen
Group CEO and Executive Director

28 February 2025