

MEDIA RELEASE

FAR EAST ORCHARD POSTS INCREASE IN 1H FY2024 NET PROFIT TO S\$19.7M

- Profit growth driven mainly by positive performance in the Purpose-Built Student Accommodation ("PBSA") business
- PBSA segment recorded higher earnings from resilient rental growth and contribution from Emily Davis asset in Southampton
- The Group has expanded its operating capabilities with acquisition of 49% stake in UK's largest independent PBSA operator Homes For Students

13 August 2024, Singapore – Far East Orchard Limited ("Far East Orchard", and together with its subsidiaries, the "Group") today announced its financial results for the half-year period ended 30 June 2024 ("1H FY2024").

SUMMARY OF FINANCIAL PERFORMANCE

Financial Highlights

S\$ million	1H FY2024	1H FY2023	% Change
Revenue	97.3	90.9	7.0
Operating profit	36.4	28.0	30.0
Profit after tax ^{1,2}	19.7	7.6	259.2
Profit attributable to equity holders of the Company	18.2	8.2	220.0

Note ¹ 1H FY2024 profit after tax includes currency translation gains of S\$1.9 million (1H FY2023: S\$0.4 million)

² 1H FY2023 included an impairment loss of S\$3.4 million on the Group's mixed-used development in the UK

The Group's overall revenue for 1H FY2024 increased 7.0% to S\$97.3 million boosted by stronger revenue performance across all the business segments. The PBSA business segment contributed the highest increase in revenue of S\$5.5 million, or 22.8%, to S\$29.2 million owing to rental growth across most of the portfolio, the adding of contributions from its PBSA asset Emily Davies, as well as share of profits from recently 49%-acquired UK PBSA Operator, Homes For Students. The Hospitality business segment, which contributed a majority of S\$62.4 million to revenue, continued to provide stable contributions with a slight uplift by the Group's leased portfolio in Japan.

Net profit for the Group for 1H FY2024 more than doubled to S\$19.7 million, despite higher interest expenses in an elevated interest rate environment. The net profit, which included currency translation gains of S\$1.9 million, was driven by higher contributions from the PBSA segment, and joint ventures delivering stronger performances from the Hospitality business segment and Property Development segment (Woods Square) in 1H FY2024.

As at 30 June 2024, the Group maintained a healthy cash position of S\$197.6 million (S\$225.6 million as at 31 December 2023). The decrease is mainly due to cash used for the acquisition of Homes For Students in April 2024 of S\$29.9 million.

Group Chief Executive Officer of Far East Orchard, Mr Alan Tang, said, "The Group is pleased to deliver a set of upbeat results for the first half of 2024 against the backdrop of a challenging macroeconomic environment. We have expanded our investment and asset management capabilities by acquiring a

stake in Homes For Students to enhance our operating capabilities which marks a significant milestone for the business. The acquisition will propel the Group's FEOR 25 strategy and strengthen its position in the UK PBSA sector."

OPERATIONAL UPDATES

Hospitality Business – Foraging opportunity

Based on the UN Tourism (UNWTO)'s World Tourism Barometer, in Asia and the Pacific, international tourism is experiencing recovery where arrivals reached 82% of pre-pandemic levels in Q1 2024, after recovering 65% in the year 2023 when most destinations started reopening to international visitors¹.

The Group's hospitality joint venture, Toga Far East Hotels, opened Vibe Hotel Melbourne Docklands, a 272-room hotel in April. The twelfth in the Vibe brand and the second in Melbourne City, Vibe Hotel Melbourne Docklands is located close to Marvel Stadium and features harbourside and CBD views.

UK PBSA Business – Delivering on strategic focus

Rental growth for the PBSA sector remains elevated, averaging 7.6% across the UK in 2024, underpinned by faltering supply and high demand from students for housing in a number of locations in the UK. The Group's UK PBSA portfolio has benefitted from the rental growth. Merely 258,000 new PBSA beds have been added to the supply across the UK since 2012. Over the same period, 470,000 full-time students have been added to the student population².

In 1H FY2024, the Group continued to deliver on its strategic focus, and further expanded its UK PBSA portfolio with an entry into Glasgow, Scotland with a 273-bed PBSA development site in joint partnership with Woh Hup that is slated for completion in 2026.

As at 30 June 2024, the Group's UK PBSA portfolio's reservations for the academic year commencing September 2024 ("AY24/25") was around 92%.

OUTLOOK

The International Monetary Fund (IMF) has held its global growth forecast for 2024 steady at 3.2%, below the historical (2000–19) annual average of 3.8%, and cautioned risks of sticky inflation amid renewed trade or geopolitical tensions. Global medium-term prospects remain weak with lowered projections for Japan³.

In Australia, while domestic travel rebounds and has recovered strongly, exceeding pre-pandemic levels, international visitor arrivals are not expected to exceed pre-pandemic levels until 2025⁴.

In Singapore, the Singapore Tourism Board reported a 15.4% increase in visitors to 3.89 million for the second quarter of 2024, however, its forecast places numbers at 15 to 16.5 million visitors for the whole of 2024, which falls short of the 19.1 million visitors to Singapore in 2019⁵.

For the second half of 2024, the Group notes that with the current high-cost environment, the volatile macroeconomic climate, and mounting geopolitical tensions, travel recovery will be facing headwinds with the slowdown in discretionary travel spend. Nevertheless, it remains cautiously optimistic about the mid-term outlook of international travel demand. The Group's pipeline of hotel openings includes Quincy House Singapore and The Eve Hotel Sydney, which are expected to open in the fourth quarter of this year.

¹ UNWTO. "[World Tourism Barometer](#)." May 2024

² Knight Frank. "[UK Student Housing - Q2 2024](#)."

³ IMF. "[Global Growth Steady Amid Slowing Disinflation and Rising Policy Uncertainty](#)." 16 July 2024

⁴ Savills. "[Australian Hospitality 1H 2024](#)." 25 June 2024

⁵ STB. "[Singapore Tourism Analytics Network](#)." June 2024

For the Group's PBSA segment, the UK remains an attractive global destination for international students who are in pursuit of further education. The Universities and Colleges Admissions Service (UCAS) has projected student applications will reach 1 million by 2030⁶. Student numbers in the UK are at record highs, driving strong demand for accommodation and there is a current shortfall of 580,000 beds in the UK. The supply of new PBSA will continue to be limited by several factors including effortful planning requirements and the need to modernise existing stock, further compounding the current shortfall⁷.

With the limitations in PBSA supply, it is the Group's view that the UK PBSA sector remains favourable with its structural supply-demand gap, and the Group continues to uncover suitable opportunities in the UK to address the imbalance in student beds.

Mr Tang added, "Looking forward to the second half, we expect the economic climate to remain volatile with headwinds and geopolitical risks. Amidst the volatility, we continue to leverage on our strength and capabilities by building up our resilient lodging platform."

– END –

⁶ UCAS. "[What is the journey to a million?](#)"

⁷ CBRE. "[Purpose-Built Student Accommodation \(PBSA UK Real Estate Market Outlook 2024\)](#)."

About Far East Orchard Limited (www.fareastorchard.com.sg)

Far East Orchard Limited ("Far East Orchard") is a real estate company with a lodging platform that aims to achieve sustainable and recurring income through a diversified and balanced portfolio. Established since 1967, Far East Orchard has a track record in real estate development, investment and management across residential, commercial, hospitality and Purpose-Built Student Accommodation ("PBSA") properties in Australia, Japan, Malaysia, Singapore, and the United Kingdom ("UK").

Listed on the Mainboard of the Singapore Exchange, Far East Orchard is also a member of Far East Organization, Singapore's largest private property developer.

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

In 2023, Far East Orchard celebrated its 10-year partnerships in the hospitality business with The Straits Trading Company Limited and Toga Group, Australia. Far East Orchard's hospitality arm, Far East Hospitality, together with the joint venture, Toga Far East Hotels, now owns more than 10 assets and manages over 100 properties with more than 16,600 rooms in Australia, Austria, Denmark, Germany, Hungary, Japan, Malaysia, New Zealand, Singapore, and Switzerland, across 10 distinct brands.

Far East Orchard's PBSA portfolio comprises close to 3,700 beds across key cities in the UK. In 2022, Far East Orchard entered into a joint venture in Bristol to develop a 706-bed PBSA asset. With the completion of the development in Bristol and at the Glasgow site acquired in March 2024, the Group's total PBSA portfolio will grow to approximately 4,700 beds across 15 properties in the UK.

Additionally, the Group holds a portfolio of purpose-built medical suites for lease and sale in Novena, Singapore's premier medical hub.

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FAR EAST ORCHARD LIMITED AND ITS SUBSIDIARIES

(Registration No. 196700511H)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

Table of contents	Page
A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2
B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	3
C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	4
D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	6
E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	7
F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2	21

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June		
	Note	2024 \$'000	2023 \$'000	Increase/ (Decrease) %
Revenue	4	97,329	90,863	7.1
Cost of sales		(45,893)	(44,888)	2.2
Gross profit		51,436	45,975	11.9
Other income				
– Interest income		3,574	3,313	7.9
– Others		853	158	>100
Other gains/(losses) and impairment losses – net		1,886	(2,978)	nm
Expenses				
– Distribution and marketing		(4,614)	(4,482)	2.9
– Administrative		(21,433)	(17,597)	21.8
– Finance		(17,117)	(15,582)	9.9
Share of profit of				
– Associated companies		2,253	1,430	57.6
– Joint ventures		5,920	99	>100
Profit before income tax	5	22,758	10,336	>100
Income tax expense	6	(3,090)	(2,698)	14.5
Profit after income tax		19,668	7,638	>100
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Cash flow hedges - Fair value gains		430	2,367	(81.8)
Share of other comprehensive income of joint ventures		464	210	>100
Currency translation differences arising from consolidation		2,103	1,759	19.6
		2,997	4,336	(30.9)
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Share of other comprehensive (loss)/income of:				
– Associated companies	9	(1,784)	369	nm
– Joint ventures	10	722	1,008	(28.4)
Tax expense relating to share of joint venture's asset revaluation reserve movement		(748)	(450)	66.2
Currency translation differences arising from consolidation		(50)	(783)	(93.6)
Other comprehensive income, net of tax		1,137	4,480	(74.6)
Total comprehensive income		20,805	12,118	71.7
Profit/(Loss) attributable to:				
Equity holders of the Company		18,228	8,202	>100
Non-controlling interest		1,440	(564)	nm
		19,668	7,638	>100
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		19,303	13,162	>100
Non-controlling interest		1,502	(1,044)	nm
		20,805	12,118	71.7
Basic and diluted earnings per share for profit attributable to equity holders of the Company (cents per share)		3.74	1.73	>100

nm: not meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

		Group		Company	
		30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Note					
ASSETS					
Current assets					
Cash and bank balances	7	197,619	225,632	108,848	128,992
Derivative financial instruments	19	4,693	-	2,115	-
Trade and other receivables		50,366	45,705	182,867	181,186
Inventories		322	389	9	14
Development property		7,683	-	-	-
Properties held for sale	8	171,745	170,666	-	-
Non-current asset classified as held-for-sale	12	10,632	10,569	-	-
		443,060	452,961	293,839	310,192
Non-current assets					
Derivative financial instruments	19	628	7,544	628	3,793
Financial asset, at FVOCI	19	2,171	2,063	2,171	2,063
Other non-current assets		5,024	5,418	505,257	425,662
Investments in associated companies	9	62,228	31,865	696	696
Investments in joint ventures	10	476,442	472,694	300	300
Investments in subsidiaries		-	-	856,427	856,343
Investment properties	11	982,162	967,750	142,800	142,800
Property, plant and equipment	12	563,253	569,189	371,645	375,353
Intangible assets	13	99,949	101,059	-	-
Deferred income tax assets		4,548	4,605	3,497	3,536
		2,196,405	2,162,187	1,883,421	1,810,546
Total assets		2,639,465	2,615,148	2,177,260	2,120,738
LIABILITIES					
Current liabilities					
Trade and other payables		125,207	102,222	57,734	38,901
Current income tax liabilities		6,320	5,632	746	624
Lease liabilities		9,272	8,987	6,976	6,757
Borrowings	14	333,290	245,082	199,333	148,660
Deferred income		13,068	18,423	6,797	6,797
		487,157	380,346	271,586	201,739
Non-current liabilities					
Other payables		104,137	102,853	200,733	197,703
Derivative financial instruments	19	1,421	4,160	1,421	4,160
Lease liabilities		82,836	87,542	62,419	65,960
Borrowings	14	282,172	357,265	243,967	238,989
Deferred income		252,522	255,920	252,522	255,920
Deferred income tax liabilities		62,055	61,192	855	889
		785,143	868,932	761,917	763,621
Total liabilities		1,272,300	1,249,278	1,033,503	965,360
NET ASSETS		1,367,165	1,365,870	1,143,757	1,155,378
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	15	549,380	549,380	549,380	549,380
Revaluation and other reserves		352,621	351,535	302,901	301,458
Retained profits		453,408	454,701	291,476	304,540
		1,355,409	1,355,616	1,143,757	1,155,378
Non-controlling interest		11,756	10,254	-	-
TOTAL EQUITY		1,367,165	1,365,870	1,143,757	1,155,378

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

The Group

	Note	Attributable to equity holders of the Company						Non-controlling interest	Total equity
		Share capital	Capital reserve	Asset revaluation reserve	Currency translation reserve	Fair value reserve	Hedging reserve		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2024									
Balance at 1 January 2024		549,380	13,977	404,854	(73,713)	339	6,078	454,701	1,355,616
Profit for the period		-	-	-	-	-	-	18,228	19,668
Other comprehensive (loss)/income for the period		-	-	(18)	2,169	(1,784)	708	-	1,137
Total comprehensive (loss)/income for the period		-	-	(18)	2,169	(1,784)	708	18,228	19,303
Dividend relating to 2023 ¹	16	-	-	-	-	-	-	(19,510)	(19,510)
Total transactions with owners, recognised directly in equity		-	-	-	-	-	-	(19,510)	(19,510)
Transfer of share of associated company's fair value reserve upon disposal		-	-	-	-	11	-	(11)	-
Balance at 30 June 2024		549,380	13,977	404,836	(71,544)	(1,434)	6,786	453,408	1,355,409
¹ Relates to a final dividend of 4.00 cents per share which was approved at the Annual General Meeting held on 25 April 2024 (Note 16).									
2023									
Balance at 1 January 2023		535,958	13,977	389,804	(67,846)	(1,595)	16,759	407,471	1,294,528
Profit/(Loss) for the period		-	-	-	-	-	-	8,202	8,202
Other comprehensive income/(loss) for the period		-	-	391	1,516	369	2,684	-	4,960
Total comprehensive income/(loss) for the period		-	-	391	1,516	369	2,684	8,202	13,162
Dividend paid in cash relating to 2022	16	-	-	-	-	-	-	(5,567)	(5,567)
Shares issued in-lieu of cash for dividend relating to 2022		13,422	-	-	-	-	-	(13,422)	-
Total transactions with owners, recognised directly in equity		13,422	-	-	-	-	-	(18,989)	(5,567)
Transfer of share of associated company's fair value reserve upon disposal		-	-	-	-	15	-	(15)	-
Balance at 30 June 2023		549,380	13,977	390,195	(66,330)	(1,211)	19,443	396,669	1,302,123

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	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 period		-	-	-	-	-	6,446	6,446
Other comprehensive (loss)/income for the period		-	-	(230)	-	1,673	-	1,443
Total comprehensive (loss)/income for the period		-	-	(230)	-	1,673	6,446	7,889
Dividend relating to 2023 ¹	16	-	-	-	-	-	(19,510)	(19,510)
Total transactions with owners, recognised directly in equity		-	-	-	-	-	(19,510)	(19,510)
Balance at 30 June 2024		549,380	301,687	(552)	174	1,592	291,476	1,143,757
2023								
Balance at 1 January 2023		535,958	292,487	(175)	(50)	7,129	157,094	992,443
Profit for the period		-	-	-	-	-	5,344	5,344
Other comprehensive (loss)/income for the period		-	-	(148)	-	1,917	-	1,769
Total comprehensive (loss)/income for the period		-	-	(148)	-	1,917	5,344	7,113
Dividend paid in cash relating to 2022	16	-	-	-	-	-	(5,567)	(5,567)
Shares issued in-lieu of cash for dividend relating to 2022		13,422	-	-	-	-	(13,422)	-
Total transactions with owners, recognised directly in equity		13,422	-	-	-	-	(18,989)	(5,567)
Balance at 30 June 2023		549,380	292,487	(323)	(50)	9,046	143,449	993,989

¹Relates to a final dividend of 4.00 cents per share which was approved at the Annual General Meeting held on 25 April 2024 (Note 16).

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Six months ended 30 June	
	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Profit after income tax		19,668	7,638
Adjustments for:			
Income tax expense		3,090	2,698
Depreciation of property, plant and equipment	5	8,241	8,489
Amortisation of intangible assets	5	1,110	1,071
Impairment of properties held for sale	5	-	3,407
Impairment of property, plant and equipment	5	35	6
Gain on re-measurement of lease liability	5	-	(3)
Interest income	5	(3,574)	(3,313)
Finance expenses	5	17,117	15,582
Share of profit of associated companies	9	(2,253)	(1,430)
Share of profit of joint ventures	10	(5,920)	(99)
Unrealised currency translation gains		(1,988)	(473)
		35,526	33,573
Change in working capital:			
Trade and other receivables		77	5,241
Inventories		68	31
Development property		(7,639)	-
Trade and other payables		(10,697)	(9,574)
Cash generated from operations		17,335	29,271
Interest paid		(45)	(45)
Income tax paid – net		(2,957)	(898)
Net cash provided by operating activities		14,333	28,328
Cash flows from investing activities			
Additions to property, plant and equipment		(1,527)	(1,084)
Additions to investment properties		(1,209)	(24,041)
Investment in a financial asset, at FVOCI		(338)	(846)
Investment in an associated company	9	(30,473)	-
Advances to a joint venture		(3,978)	-
Advances from joint ventures		5,530	-
Dividends received from an associated company	9	832	-
Dividends received from joint ventures	10	1,264	6,674
Interest received		3,122	3,410
Net cash used in investing activities		(26,777)	(15,887)
Cash flows from financing activities			
Decrease in bank deposits pledged		2,309	2,126
Proceeds from borrowings		62,374	23,010
Repayment of borrowings		(58,569)	(16,246)
Advances from a non-controlling interest		1,464	-
Principal payment of lease liabilities		(4,419)	(4,235)
Interest paid on lease liabilities		(2,808)	(2,928)
Interest paid on borrowings		(14,309)	(12,559)
Dividends paid to equity holders of the Company	16	-	(5,567)
Net cash used in financing activities		(13,958)	(16,399)
Net decrease in cash and cash equivalents		(26,402)	(3,958)
Cash and cash equivalents			
Beginning of financial period		202,271	207,672
Effects of currency translation on cash and cash equivalents		698	(172)
End of financial period	7	176,567	203,542

E. NOTES TO THE 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 ended 30 June 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 and 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 ended 30 June 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 financial 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 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 30 June 2024, the Group was in net current liabilities position of \$44,097,000 mainly due to a portion of loans maturing in the next twelve months. The Group has commenced discussions with its financiers on the refinancing of the loans. Once refinancing is completed, the loans will be reclassified as 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 30 June 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 period. 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 INTERIM FINANCIAL STATEMENTS (continued)

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the six months ended 30 June 2024.

4. Revenue

	Group	
	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Revenue from contracts with customers	60,694	60,767
Rental income	36,635	30,096
	97,329	90,863

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	
	Six months ended 30 June	
	2024	2023
	\$'000	\$'000
Hospitality ownership and operations		
– Singapore	17,738	20,146
– Australia	26,212	26,224
– Japan	3,076	1,024
– Other countries	2,175	1,912
	49,201	49,306
Hospitality management and other related fees received/receivable		
Singapore		
– Other related parties	11,293	11,323
Japan		
– Other related parties	200	138
Total revenue from contracts with customers	60,694	60,767

5. Profit before income tax

5.1 Significant items

	Group		
	Six months ended 30 June		
	2024	2023	Increase/ (Decrease)
	\$'000	\$'000	%
The following items were credited/(charged) to the income statement:			
<u>Other income</u>			
Interest income from bank deposits	3,530	3,265	8.1
Interest income from advances to joint ventures	44	48	(8.3)
Government grant income (Note (a))	562	-	nm
<u>Cost of sales and administrative expenses</u>			
Depreciation of property, plant and equipment			
– Right-of-use assets (Note 12)	(4,351)	(4,289)	1.4
– Other property, plant and equipment (Note 12)	(3,890)	(4,200)	(7.4)
Amortisation of intangible assets (Note 13(b))	(1,110)	(1,071)	3.6
Allowance for impairment losses on trade receivables	(325)	(67)	>100

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

5. Profit before income tax (continued)

5.1 Significant items (continued)

	Group		
	Six months ended		
	30 June		
	2024	2023	Increase/ (Decrease)
	\$'000	\$'000	%
The following items were credited/(charged) to the income statement: (continued)			
<u>Other gains/(losses) and impairment losses – net</u>			
Impairment of:			
– properties held for sale (Note (b), Note 8)	-	(3,407)	nm
– property, plant and equipment (Note 12)	(35)	(6)	>100
Gain on re-measurement of lease liability	-	3	nm
Currency exchange gains – net	1,921	432	>100
<u>Finance expenses</u>			
Interest expense for:			
– bank borrowings	(18,473)	(14,942)	23.6
– advances from non-controlling interests	(662)	(658)	0.6
– lease liabilities	(2,808)	(2,928)	(4.1)
Cash flow hedges, reclassified from hedging reserves	4,826	2,946	63.8
Total finance expenses	(17,117)	(15,582)	9.9

nm: not meaningful

- (a) Government grant income in the six months ended 30 June 2024 includes various grant supports received from the Singapore government.
- (b) Properties held for sale comprise medical suites, a mixed development comprising residential units and a commercial unit held for sale. During the six months ended 30 June 2023, an impairment charge on the mixed development of \$3,407,000 was recognised based on the net realisable value. The net realisable value was derived with reference to an independent external valuation performed.

5.2 Related party transactions

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

6. Income tax expense

	Group	
	6 months ended	
	30 June	
	2024	2023
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
Profit for the financial period:		
– Current income tax	3,632	3,287
– Deferred income tax	(95)	(377)
	3,537	2,910
(Over-provision)/Under-provision in prior financial periods:		
– Current income tax	-	53
– Deferred income tax	(447)	(265)
	3,090	2,698

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

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	
	30 June 2024 \$'000	30 June 2023 \$'000
Cash and bank balances	197,619	226,939
Less: Bank deposits pledged	(21,052)	(23,397)
Cash and cash equivalents per condensed interim consolidated statement of cash flows	176,567	203,542

8. Properties held for sale

	Group	
	30 June 2024 \$'000	31 December 2023 \$'000
Medical suites	118,162	118,162
Mixed development	53,583	52,504
	171,745	170,666

During the six months ended 30 June 2024, the increase in the value of the mixed development held for sale was due to a currency translation gain. During the six months ended 30 June 2023, an impairment charge of \$3,407,000 was recognised on the mixed development held for sale based on net realisable value derived with reference to an independent external valuation performed as at 30 June 2023.

9. Investments in associated companies

	Group	Company
	30 June 2024 \$'000	30 June 2024 \$'000
Equity investment at cost		696
Beginning of interim period	31,865	
Additions	30,473	
Share of profit	2,253	
Share of movement in fair value reserve	(1,784)	
Dividends received	(832)	
Foreign exchange differences	253	
End of interim period	62,228	

Additions included 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.

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

10. Investments in joint ventures

	Group	Company
	30 June	30 June
	2024	2024
	\$'000	\$'000
Equity investment at cost		300
Beginning of interim period	472,694	
Share of profit	5,920	
Share of movements in:		
– asset revaluation reserve	722	
– currency translation reserve	95	
– hedging reserve	397	
Dividends received	(1,264)	
Foreign exchange differences	(2,122)	
End of interim period	476,442	

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. As at 30 June 2024, no provision has been made on the claims. 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.

During the year ended 31 December 2023, the Group extended advances of £1,859,000 (\$3,140,000) to a joint venture developing a purpose-built student accommodation project. The Group will provide additional funding of £758,000 (approximately \$1,299,000), if called.

11. Investment properties

	Group	Company
	30 June	30 June
	2024	2024
	\$'000	\$'000
Beginning of interim period	967,750	142,800
Additions – Subsequent expenditure	1,209	-
Foreign exchange differences	13,203	-
End of interim period	982,162	142,800
Comprising: Completed properties	982,162	142,800

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, 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 every half-year, management will assess whether the fair values of the Group’s properties remain appropriate by holding discussions with asset managers and corroborating through independent research and market data. 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 would result in a material impact to the fair values of the properties since 31 December 2023. The Group will engage external independent qualified valuer whenever carrying amounts of the properties are likely to differ materially from the fair values recognised in the last financial reporting period.

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

11. Investment properties (continued)

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

Based on management's assessment, the fair values determined based on the year-end valuations performed as at 31 December 2023 remained appropriate as at 30 June 2024 and as such no fair value movements have been recognised for the six months ended 30 June 2024.

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
Six months ended 30 June 2024							
Beginning net book value	373,870	178,957	5,778	725	135	9,724	569,189
Currency translation differences	297	465	3	7	-	41	813
Additions	-	-	1,365	105	-	57	1,527
Impairment (Note 5.1)	-	-	(35)	-	-	-	(35)
Depreciation charge (Note 5.1)	-	(6,889)	(740)	-	(44)	(568)	(8,241)
End of interim period	374,167	172,533	6,371	837	91	9,254	563,253
As at 30 June 2024							
Cost	-	162,191	60,226	837	865	15,202	239,321
Valuation	374,167	106,358	-	-	-	-	480,525
	374,167	268,549	60,226	837	865	15,202	719,846
Accumulated depreciation and impairment losses	-	(96,016)	(53,855)	-	(774)	(5,948)	(156,593)
Net book value	374,167	172,533	6,371	837	91	9,254	563,253
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

Company

During the six months ended 30 June 2024, the Company acquired property, plant and equipment amounting to \$37,000 and there was no disposal of assets.

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 every half-year, 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. The fair values of the property, plant and equipment determined based on the year-end valuations performed at 31 December 2023 remained appropriate as at 30 June 2024 and as such no revaluation movements have been recognised for the six months ended 30 June 2024.

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, has entered into an option agreement ("Option") for the disposal of the hotel property ("Disposal"). As at 30 June 2024, the hotel property continued to be classified as a non-current asset held-for-sale as there are conditions to be satisfied upon the exercise of the Option and before the completion of the Disposal.

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

13. Intangible assets

	Group
	30 June
	2024
	\$'000
Goodwill arising from acquisition of hospitality businesses (Note (a))	37,257
Hospitality lease and management agreements (Note (b))	62,692
	<u>99,949</u>

(a) Goodwill arising from acquisition of hospitality businesses

	Group
	30 June
	2024
	\$'000
<i>Cost</i>	
Beginning and end of interim period	<u>55,706</u>
<i>Accumulated impairment</i>	
Beginning and end of interim period	<u>18,449</u>
Net book value	<u>37,257</u>

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

DCF method

Cash flow projections used in the DCF were based on financial projections approved by management covering a five-year (31 December 2023: five-year) period. Key assumptions used for the analysis of the CGU included cash flows returning to pre COVID-19 level and stabilised state of operations 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.

GPC method

The key assumptions are the GPC multiples and normalised earnings. Normalised earnings are based on 2025 projections, in line with the expectation of the recovery period from COVID-19 and stabilised state of operations, 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.

As at 30 June 2024, management has considered and assessed possible changes to the key assumptions and have not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amounts. No further testing for impairment of goodwill was performed as there were no indicators of impairment.

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

13. Intangible assets (continued)

(b) Hospitality lease and management agreements

	Group
	30 June 2024 \$'000
<i>Cost</i>	
Beginning and end of interim period	98,692
<i>Accumulated amortisation and impairment</i>	
Beginning of interim period	34,890
Amortisation charge included within "Cost of sales" in profit or loss (Note 5.1)	1,110
End of interim period	36,000
Net book value	62,692

14. Borrowings

	Group		Company	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Amount repayable in one year or less, or on demand (net of transaction costs)				
– Secured	126,957	89,422	-	-
– Unsecured	206,333	155,660	199,333	148,660
	333,290	245,082	199,333	148,660
Amount repayable after one year (net of transaction costs)				
– Secured	38,205	118,276	-	-
– Unsecured	243,967	238,989	243,967	238,989
	282,172	357,265	243,967	238,989
	615,462	602,347	443,300	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, the Group has loans amounting to \$163,106,000 that have been classified as current borrowings as they are maturing in the next twelve months and due to be refinanced. The Group is in the midst of refinancing these loans. A portion of these loans is secured over certain subsidiaries' investment properties. The loans will be reclassified to non-current borrowings once refinancing is completed.

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

15. Share capital

	Group and Company			
	Number of shares		Amount	
	30 June 2024 '000	31 December 2023 '000	30 June 2024 \$'000	31 December 2023 \$'000
Beginning of half-year and end of financial period	487,757	487,757	549,380	549,380

The Company does not have any convertibles or treasury shares as at 30 June 2024 and 31 December 2023.

The Company does not have any subsidiary that holds shares issued by the Company as at 30 June 2024 and 31 December 2023.

16. Dividend

A first and final dividend of four cents per share amounting to a total of \$19,510,000 relating to 2023 ("FY2023 Dividend") was approved at the Annual General Meeting held on 25 April 2024. 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.

A first and final dividend of three cents per share and a special dividend of one cent per share, totaling \$18,989,000 for 2022 ("FY2022 Dividend"), was approved at the Annual General Meeting on 19 April 2023. On 28 June 2023, 13,031,538 new shares amounting to \$13,422,000 were allotted and issued to eligible shareholders who elected to participate in the Scrip Dividend Scheme for the FY2022 Dividend. Dividends amounting to \$5,567,000 were paid in cash on 28 June 2023.

17. Capital commitments

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

	Group		Company	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Investment properties	149	160	-	-
Property, plant and equipment	3,172	2,207	-	-
	3,321	2,367	-	-

18. Net asset value

	Group		Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Net asset value per ordinary share based on total number of issued shares as at the end of the period/year	\$2.78	\$2.78	\$2.34	\$2.37

E. NOTES TO THE 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	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
<i>Assets</i>				
Derivative financial instruments – Level 2	5,321	7,544	2,743	3,793
Financial asset, at fair value through other comprehensive income ("FVOCI") – Level 3	2,171	2,063	2,171	2,063
<i>Liabilities</i>				
Derivative financial instruments – Level 2	1,421	4,160	1,421	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 period/year. There were no transfers between Levels 1 and 2 during the period/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 30 June 2024, the Group has committed remaining equity of \$1,361,000 to provide funding if called, to the unlisted equity security.

E. NOTES TO THE 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 either joint ventures or joint operations, 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 six months ended 30 June 2024 and 2023.

E. NOTES TO THE 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
<u>1 January to 30 June 2024</u>							
Total segment revenue	13,155	23,246	27,699	29,167	-	5,724	98,991
Inter-segment revenue	(1,662)	-	-	-	-	-	(1,662)
Revenue from external parties	11,493	23,246	27,699	29,167	-	5,724	97,329
Operating profit/(loss)	4,050	4,493	624	15,609	(396)	3,864	28,244
Share of profit/(loss) of:							
- associated companies	-	1,664	-	589	-	-	2,253
- joint ventures	-	1,446	2,380	(238)	2,332	-	5,920
Total operating profit	4,050	7,603	3,004	15,960	1,936	3,864	36,417
Corporate expenses							(2,002)
Interest income							3,574
Finance expenses							(17,117)
Others*							1,886
Profit before income tax							22,758
Income tax expense							(3,090)
Profit after income tax							19,668
<u>As at 30 June 2024</u>							
Segment assets	112,147	402,364	233,576	711,648	176,566	307,837	1,944,138
Investments in associated companies	-	31,745	-	30,483	-	-	62,228
Investments in joint ventures	-	181,371	89,522	2,368	203,181	-	476,442
	112,147	615,480	323,098	744,499	379,747	307,837	2,482,808
Corporate assets							156,657
Total assets							2,639,465
Segment assets include:							
Additions to:							
- Investment in associated companies	-	-	-	30,473	-	-	30,473
- Investment properties	-	-	71	1,138	-	-	1,209
- Property, plant and equipment	40	39	1,411	-	-	-	1,490

* Material and non-cash items are disclosed as "Other gains/(losses) and impairment losses – net" (Note 5.1).

During the six months ended 30 June 2024, the Group acquired property, plant and equipment amounting to \$37,000 under Corporate assets segment.

E. NOTES TO THE 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
<u>1 January to 30 June 2023</u>							
Total segment revenue	13,047	23,533	27,265	23,747	-	4,857	92,449
Inter-segment revenue	(1,586)	-	-	-	-	-	(1,586)
Revenue from external parties	11,461	23,533	27,265	23,747	-	4,857	90,863
Operating profit/(loss)	3,925	4,812	1,164	13,217	(375)	3,678	26,421
Share of profit/(loss) of:							
- associated companies	-	1,430	-	-	-	-	1,430
- joint ventures	-	(1,164)	692	(145)	716	-	99
Total operating profit	3,925	5,078	1,856	13,072	341	3,678	27,950
Corporate expenses							(2,367)
Interest income							3,313
Finance expenses							(15,582)
Others*							(2,978)
Profit before income tax							10,336
Income tax expense							(2,698)
Profit after income tax							7,638
<u>As at 30 June 2023</u>							
Segment assets	112,783	420,028	230,434	655,327	178,370	285,354	1,882,296
Investments in associated companies	-	29,032	-	-	-	-	29,032
Investments in joint ventures	-	182,487	90,320	2,443	196,392	-	471,642
	112,783	631,547	320,754	657,770	374,762	285,354	2,382,970
Corporate assets							182,294
Total assets							2,565,264
Segment assets include:							
Additions to:							
- Investment properties	-	-	-	24,041	-	-	24,041
- Property, plant and equipment	-	28	960	-	-	-	988

* Material and non-cash items are disclosed as "Other gains/(losses) and impairment losses – net" (Note 5.1).
During the six months ended 30 June 2023, the Group acquired property, plant and equipment amounting to \$96,000 under Corporate assets segment.

E. NOTES TO THE 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	
	6 months ended	
	30 June	
	2024	2023
	\$'000	\$'000
Singapore	33,696	36,062
Australia	27,952	27,715
United Kingdom	30,230	24,012
Japan	3,276	1,162
Other countries	2,175	1,912
	97,329	90,863

	Non-current assets	
	30 June	31 December
	2024	2023
	\$'000	\$'000
Singapore	1,031,485	1,035,186
Australia	353,038	348,125
United Kingdom	682,424	644,850
Japan	34,858	35,393
Other countries	94,600	98,633
	2,196,405	2,162,187

F. OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Far East Orchard Limited and its subsidiaries as at 30 June 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) Group performance review for the six months ended 30 June 2024 ("1H FY24")

Revenue

Revenue for 1H FY24 of \$97.3 million (1H FY23: \$90.9 million) was higher by \$6.4 million (7.0%) mainly due to the higher revenue from the hospitality and PBSA business segments.

Revenue increased \$5.5 million (22.8%) in 1H FY24 to \$29.2 million (1H FY23: \$23.7 million) for the PBSA business segment as the portfolio benefited from higher rental growth for the academic year commencing in September 2023 ("AY23/24") and additional contribution from a PBSA asset in Southampton, acquired in May 2023. The PBSA business segment achieved a stable portfolio occupancy rate of 99% for AY23/24, consistent with the last academic year. As at 30 June 2024, the Group's PBSA portfolio's reservations for the academic year commencing September 2024 ("AY24/25") was around 92%.

Revenue from the hospitality business segment increased by \$0.1 million in 1H FY24 to \$62.4 million (1H FY23: \$62.3 million). Additional revenue contribution from a leased hotel in Japan, which commenced operations in April 2023 and better performance of the managed properties in Japan, was partially offset by the weaker performance of leased and managed properties in Singapore.

Gross profit

Gross profit increased by \$5.4 million (11.9%) to \$51.4 million in 1H FY24 (1H FY23: \$46.0 million) due to the increase in revenue, partially offset by the higher operating costs.

Other income

Other income, which included interest income from bank deposits and grant income, increased by \$0.9 million to \$4.4 million in 1H FY24 (1H FY23: \$3.5 million). This increase was mainly due to higher interest income from higher bank deposit rates in 1H FY24, coupled with various grant supports received from the Singapore government.

Other gains/losses and impairment losses – net

In 1H FY24, the Group reported net gain of \$1.9 million in "Other gains/losses and impairment losses – net," compared to a net loss of \$3.0 million in 1H FY23. This was mainly due to the recognition of unrealised currency gains of \$1.9 million in 1H FY24 (1H FY23: unrealised currency gains of \$0.4 million) attributed to the strengthening of the Australian Dollar ("AUD") and British Pound ("GBP") against the Singapore Dollar ("SGD").

Additionally, in 1H FY23, the Group recognised an impairment loss of \$3.4 million on a mixed-use development held for sale in the UK, driven by the slowdown in the UK housing market amid rising interest rates.

Expenses

Total expenses increased by \$5.5 million to \$43.2 million in 1H FY24 (1H FY23: \$37.7 million). This increase was mainly due to higher finance expenses resulting from elevated bank borrowing rates (the increase would have been more if not for the active repayments of borrowings made since 2nd half of FY23) and higher administrative expenses primarily driven by inflationary pressures and additional operating cost to support the expanded PBSA portfolio. Higher professional fees were also incurred to support the PBSA acquisitions during the period. Higher allowance for impairment on trade receivables was recognised due to a specific provision for a tenant.

Share of profit of joint ventures and associated companies

The Group's share of profit of associated companies for 1H FY24 increased by \$0.9 million to \$2.3 million (1H FY23: \$1.4 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 from joint ventures for 1H FY24 was \$5.9 million, a significant increase compared to \$0.1 million recognised in 1H FY23. A higher share of profits from a property joint venture was recognised, driven by stronger property sales and increased leasing income. The Group also recognised higher share of profits from its hospitality joint ventures driven by strong hospitality performance in Japan and one-off grant income for the Australia joint venture.

F. OTHER INFORMATION (continued)

2. Review of performance of the Group (continued)

(a) Group performance review for the six months ended 30 June 2024 ("1H FY24") (continued)

Income tax expense

Income tax expense increased in line with higher taxable income.

Profit after income tax and Profit attributable to equity holders of the Company

The Group recorded a higher profit after income tax of \$19.7 million in 1H FY24, compared to \$7.6 million in 1H FY23. This increase was primarily driven by positive operating performance from both the hospitality and PBSA business segments. However, this was partially offset by higher finance expenses resulting from elevated bank borrowing rates. Profit attributable to the equity holders of the Company of \$18.2 million in 1H FY24 was \$10.0 million higher than the \$8.2 million in 1H FY23.

(b) Cash flow, working capital, assets or liabilities of the Group

Cash flow and working capital

In 1H FY24, the Group utilised cash and cash equivalents amounting to \$26.4 million, compared to \$4.0 million in 1H FY23. The net decrease in cash and cash equivalents in 1H FY24 is mainly due to the cash used for the HFS Acquisition in April 2024 of \$30.5 million.

Net cash inflows from operating activities in 1H FY24 totalled \$14.3 million, down from \$28.3 million in 1H FY23 mainly due to timing of operating cash receipts and payments. This decrease was also due to the acquisition of a plot of land in Glasgow, UK, intended for development into a PBSA on 23 May 2024 ("PBSA land acquisition").

Net cash used in investing activities in 1H FY24 amounted to \$26.8 million, compared to \$15.9 million in 1H FY23. The cash outflows in 1H FY24 were mainly related to the HFS Acquisition, partially offset by advances from joint ventures. In 1H 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 1H FY24 were \$14.0 million, down from \$16.4 million in 1H FY23. This decrease was mainly due to the dividend paid in 1H FY23, offset by higher interest paid on borrowings in 1H FY24. The net proceeds from borrowings were used to fund the PBSA land acquisition.

Assets

Total assets as at 30 June 2024 were \$2,639.5 million, an increase of \$24.3 million from the preceding year-end. This increase was primarily due to advances to a joint venture and positive translation effects on properties held for sale and investment properties, driven by the strengthening of the GBP against the SGD. Additionally, the HFS Acquisition in April 2024 resulted in an increase in the investment in associated companies. The PBSA land acquisition further contributed to an increase in development property.

However, cash and bank balances decreased, mainly due to cash used for partial repayments of bank borrowings and funding for the HFS Acquisition.

Liabilities

Total liabilities as at 30 June 2024 were \$1,272.3 million, an increase of \$23.0 million from the preceding year end. This increase was mainly due to the accrual of a final dividend payable of 4.00 cents per share, amounting to \$19.5 million, approved at the Annual General Meeting on 25 April 2024. Additionally, currency effects on GBP-denominated borrowings, due to the strengthening of the GBP against the SGD, and the drawdown of borrowings to finance the PBSA land acquisition resulted in the higher borrowings. These increases were partly offset by partial repayments of bank borrowings, a strategic decision aimed at mitigating rising borrowing costs.

The Group's current liabilities were higher than the current assets by \$44.1 million due to a portion of the loans maturing in 1H FY25. A portion of these loans are secured over certain subsidiaries' investment properties. The Group is in the midst of refinancing loans of approximately \$163.1 million which 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.

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.

The global operating environment remains volatile. Macroeconomic headwinds, geopolitical uncertainties, and challenges arising from inflationary pressures and higher-for-longer interest rate environment continue to impact the business.

The International Monetary Fund (IMF) has held its global growth forecast for 2024 steady at 3.2%, below the historical (2000–19) annual average of 3.8% but has cautioned risks of sticky inflation amid renewed trade or geopolitical tensions. Global medium-term prospects remain weak with lowered projections for Japan¹.

Hospitality Business

Based on the UN Tourism (UNWTO)'s World Tourism Barometer, in Asia and the Pacific, international tourism is experiencing recovery where arrivals reached 82% of pre-pandemic levels in Q1 2024, after recovering 65% in the year 2023 when most destinations started reopening to international visitors². In Australia, while domestic travel rebounds and has recovered strongly, exceeding pre-pandemic levels, international visitor arrivals are not expected to exceed pre-pandemic levels until 2025³.

In Singapore, the Singapore Tourism Board reported a 15.4% increase in visitors to 3.89 million for the second quarter of 2024, however, its forecast places numbers at 15 to 16.5 million visitors for the whole of 2024, which falls short of the 19.1 million visitors to Singapore in 2019⁴.

For the second half of 2024, the Group notes that with the current high-cost environment, the volatile macroeconomic climate, and mounting geopolitical tensions, travel recovery will be facing headwinds with the slowdown in discretionary travel spend. Nevertheless, it remains cautiously optimistic about the mid-term outlook of international travel demand. The Group's pipeline of hotel openings includes Quincy House Singapore and The Eve Hotel Sydney, which are expected to open in the fourth quarter of this year.

UK PBSA Business

Rental growth for the PBSA sector averaged at 7.6% across the UK in 2024, underpinned by faltering supply and high demand from students for housing in a number of locations in the UK. The Group's UK PBSA portfolio has benefitted from rental growth. Merely 258,000 new PBSA beds have been added to the supply across the UK since 2012. Over the same period, 470,000 full-time students have been added to the student population⁵.

The UK remains an attractive global destination for international students who are in pursuit of further education. The Universities and Colleges Admissions Service (UCAS) has projected student applications will reach 1 million by 2030⁶. Student numbers in the UK are at record highs, driving strong demand for accommodation and there is a current shortfall of 580,000 beds in the UK. The supply of new PBSA will continue to be limited by several factors including effortful planning requirements and the need to modernise existing stock, further compounding the current shortfall⁷.

As of 30 June 2024, the Group's UK PBSA portfolio had reservations for the academic year beginning September 2024 ("AY24/25") of around 92% with rental growth continuing to hold strong in cities with supply-demand imbalances. The development site acquired by the Group in Glasgow that will be developed into a 273-bed PBSA, is expected to commence construction in Q4 2024.

With the limitations in PBSA supply, it is the Group's view that the UK PBSA sector remains favourable with its structural supply-demand gap, and the Group continues to explore suitable opportunities in the UK to address the imbalance in student beds.

¹ IMF. "[Global Growth Steady Amid Slowing Disinflation and Rising Policy Uncertainty](#)." 16 July 2024

² UNWTO. "[World Tourism Barometer](#)." May 2024

³ Savills. "[Australian Hospitality 1H 2024](#)." 25 June 2024

⁴ STB. "[Singapore Tourism Analytics Network](#)." June 2024

⁵ Knight Frank. "[UK Student Housing - Q2 2024](#)."

⁶ UCAS. "[What is the journey to a million?](#)"

⁷ CBRE. "[Purpose-Built Student Accommodation \(PBSA\) UK Real Estate Market Outlook 2024](#)."

F. OTHER INFORMATION (continued)

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

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Record date

Not applicable.

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

Dividends are not recommended or declared for half-year. Any recommendation for dividend will be made only after consideration of the full year results and the factors indicated in our dividend policy, and any declaration/payment of dividends will be subject to shareholder approval.

F. OTHER INFORMATION (continued)

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)
		Half-year ended 30 June 2024 \$'000	Half-year ended 30 June 2024 \$'000
<u>Agape Services Pte. Ltd.</u> Supply of goods and services	Associate of controlling shareholder	(309)	-
<u>Boo Han Holdings Pte. Ltd.</u> Hospitality management income	Associate of controlling shareholder	304	-
<u>China Classic Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	763	-
<u>Dollar Land Singapore Private Limited</u> Hospitality management income	Associate of controlling shareholder	128	-
<u>Far East Hospitality Real Estate Investment Trust</u> Management income ⁸ Rental expense on operating leases - hotels and serviced residences	Associate of controlling shareholder	1,734 (8,897)	- -
<u>Far East Management (Private) Limited</u> Management service fees Hospitality services	Associate of controlling shareholder	(1,030) (314)	- -
<u>Far East Organization Centre Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	738	-
<u>Far East Real Estate Agency Pte. Ltd.</u> Property management services	Associate of controlling shareholder	(289)	-
<u>Far East Rocks Pty Ltd</u> Rental expense on operating leases - hotel	Associate of controlling shareholder	(442)	-
<u>Far East Soho Pte. Ltd.</u> Hospitality management income	Associate of controlling shareholder	581	-
<u>Far East SR Trustee Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	262	-
<u>Fontaine Investment Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	879	-
<u>Golden Development Private Limited</u> Hospitality management income	Associate of controlling shareholder	1,066	-
<u>Golden Landmark Pte. Ltd.</u> Hospitality management income	Associate of controlling shareholder	527	-
<u>Orchard Mall Pte. Ltd.</u> Hospitality management income	Associate of controlling shareholder	284	-

⁸Pursuant 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 six months ended 30 June 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)
		Half-year ended 30 June 2024 \$'000	Half-year ended 30 June 2024 \$'000
<u>Orchard Parksuites Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	578	-
<u>Oxley Hill Properties Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	231	-
<u>Riverhub Pte Ltd</u> Rental expense on operating leases - offices	Associate of controlling shareholder	(430)	-
<u>Riverland Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	180	-
<u>Sakuragicho Hospitality Kabushiki Kaisha</u> Hospitality management income	Associate of controlling shareholder	135	-
<u>Serene Land Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	608	-
<u>Transurban Properties Pte. Ltd.</u> Hospitality management income	Associate of controlling shareholder	558	-

By Order of the Board

Alan Tang Yew Kuen
Director
13 August 2024

Confirmation Pursuant to Rule 705(5) of the Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of Far East Orchard Limited which may render the unaudited financial statements for the period ended 30 June 2024 to be false or misleading in any material respect.

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

13 August 2024

Alan Tang Yew Kuen
Group CEO and Executive Director