

MEDIA RELEASE

**FAR EAST ORCHARD REPORTS NET PROFIT
OF S\$16.8 MILLION IN FY2021**

- **Group revenue decreased 4.8% year-on-year to S\$106.8 million**
- **Profit attributable to equity holders increased to S\$28.1 million, mainly due to fair value gains on investment properties**
- **Proposed dividend of 3 Singapore cents per share**

24 February 2022, Singapore – Far East Orchard Limited (“Far East Orchard” or the “Company”, and together with its subsidiaries, the “Group”) today reported its financial year results for the full year ended 31 December 2021 (“FY2021”).

SUMMARY OF FINANCIAL PERFORMANCE

Financial Highlights

S\$ million	FY2021	FY2020	% CHANGE
Revenue	106.8	112.2	(4.8)
Profit/(Loss) after income tax	16.8	(8.9)	NM
Profit attributable to equity holders of the Company	28.1	1.5	>100
Earnings per share (Singapore cents)	6.12 cents	0.35 cents	>100

NM : Not meaningful

The Group recorded a profit after income tax of S\$16.8 million in FY2021, reversing the net loss of S\$8.9 million in FY2020. This was primarily due to fair value gains on investment properties. Excluding the fair value gains, the Group would have registered a wider net loss. Profit attributable to equity holders of the Company was S\$28.1 million in FY2021 (FY2020: S\$1.5 million), resulting in earnings per share of 6.12 Singapore cents (FY2020: 0.35 Singapore cents).

Group Chief Executive Officer of Far East Orchard, Mr Alan Tang commented on the results achieved, “In the face of a challenging environment, our team actively took steps to mitigate the headwinds posed by COVID-19. The hospitality sector continues to be weighed down by changing COVID-19 restrictions. However, we will continue to persevere with our current momentum and stand ready to steer our business through these times.”

Revenue for FY2021 declined by 4.8% year-on-year to S\$106.8 million compared to FY2020. This was mainly attributable to the Group’s hospitality business being impacted by the protracted COVID-19 pandemic as well as the ongoing lockdowns and border closures which impeded international travel and tourism. The decline was partially mitigated by the demand for accommodation facilities for isolation purposes and from companies for accommodation for their foreign workers in Singapore.

The Group has been building its purpose-built student accommodation (“PBSA”) portfolio since FY2016. The adverse impact from the hospitality business segment has been partially mitigated by the increase in contribution from the PBSA business segment. Stronger demand for the United Kingdom’s (“UK”) higher education in 2021, as well as the full year contribution from a PBSA asset acquired in November 2020 contributed to an improvement for our business.

Stable rental income from the medical suites and various government support grants during the year also contributed to the improvement.

As at 31 December 2021, the Group continued to maintain a healthy balance sheet with cash and cash equivalent of S\$255.2 million.

Despite the ongoing COVID-19 impact on the business and the uncertainty of the recovery, the Group’s commitment to deliver sustainable shareholder value remains steadfast, and this year, the Board recommends a first and final dividend of 3 Singapore cents per ordinary share for FY2021.

OPERATIONAL UPDATES IN FY2021

The Group remains committed to deliver the FEOR 25 strategy – to achieve its goals of 25,000 rooms and 5,000 beds in 2025. In line with its hospitality growth plans, the Group has been transforming its hospitality arm, Far East Hospitality’s brands and offerings and had new openings throughout the year. Far East Hospitality together with its joint-venture TFE Hotels, added approximately 1,500 beds across seven hotels in Singapore, Australia, Japan, and Europe. To date, the Group owns or operates more than 100 hospitality assets with approximately 18,000 rooms.

Concurrent to the hospitality expansion, the Group continually seeks opportunities to grow the student accommodation business in the UK cities with high-tariff universities. Based on the 2021 end of cycle data from Universities and Colleges Admission Services, the number of UK applications continued to increase. While the number of applications and acceptances from European Union (“EU”) students showed a decline because of Brexit and the loss of their home fee status¹, the total number of applicants from outside the EU showed a 12% increase².

The fair value gains on investment properties were mainly from the Group’s PBSA portfolio, driven by income growth and discount rate compression. This signifies the strong demand fundamentals and the continued investment interest in this sector. As at 31 December 2021, the Group’s PBSA portfolio achieved a healthy occupancy rate of over 85% for the academic year 2021/22 which commenced in September 2021. The Group currently has a portfolio of 12 PBSAs properties in six UK cities with 3,561 beds.

At the end of 2021, the Group’s residential development in the UK, Westminster Fire Station, has been completed. The Group is preparing for the sales launch in early 2022.

In FY2021, the Group introduced Far East Orchard’s sustainability vision and has also established a sustainability-linked loan (“SLL”) framework and secured the first SLL, a four-year £50 million revolving credit facility in December 2021. This marks an important milestone in our commitment to include sustainability across our businesses.

¹ <https://www.forbes.com/sites/nickmorrison/2021/10/27/brexit-hits-uk-universities-as-eu-students-look-elsewhere/?sh=611ef92e27c3>

² <https://www.ucas.com/corporate/news-and-key-documents/news/ucas-end-cycle-2021-strong-demand-uk-he-amidst-global-pandemic>

OUTLOOK

The travel and tourism sector remains subdued. Tourism professionals expect international arrivals to return to pre-COVID levels in 2024 or later³, as the recovery remains slow and uneven due to varying measures of mobility restrictions, vaccination rates and travellers' confidence. Experts anticipate that while international tourism gradually rebounds, domestic travel will continue to steer the sector towards recovery, particularly those with large domestic markets, for instance in countries like Australia and Germany where the Group has presence.

The Group therefore expects its hospitality business to continue to be impacted in the near term. Meanwhile, the Group will actively manage its hospitality portfolio with prudence and will continue to grow its hospitality footprint globally, focusing on countries with large domestic market. In the longer-term, the Group remains positive of the potential rebound in the tourism sector.

While hospitality persists in being one of the most challenged sectors, the PBSA sector remains resilient. In February 2022, the UK has reduced the number of travel restrictions, which aids in easier travelling. The Group believes this would be an added advantage for international students who are interested to pursue higher education in UK. In the longer-term, the Group is confident that this sector bodes well due to the prestige of UK universities and the desire of students to live and study in the UK. The Group will continue to explore opportunities to grow its PBSA portfolio to provide stable income streams, with focus on cities with positive demand and supply dynamics, as well as proximity to high-tariff universities.

The recovery trajectory for FY2022 remains clouded by various downside risks including continued COVID-19 flare ups, supply chain issues, global inflation, and geopolitical tensions. As such, the Group will continue to monitor developments in the respective markets we are in and adapt to necessary changes appropriately. The Group anticipates that its financial performance for FY2022 will continue to be under pressure. The Group will continue to exercise prudence in its financial discipline and management of its resources.

– END –

³ <https://www.unwto.org/news/tourism-grows-4-in-2021-but-remains-far-below-pre-pandemic-levels>

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

Far East Orchard Limited (“Far East Orchard”) is a real estate company with a lodging platform that aims to achieve sustainable and recurring income through a diversified and balanced portfolio. Far East Orchard has been listed on the Mainboard of the Singapore Exchange since 1968. It is a member of Far East Organization, Singapore’s largest private property developer.

Established since 1967, Far East Orchard has developed residential, commercial, hospitality and purpose-built student accommodation (“PBSA”) properties in Australia, Malaysia, Singapore and the United Kingdom (“UK”).

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

Through its hospitality partnerships with The Straits Trading Company and Toga Group, Far East Orchard’s hospitality arm — Far East Hospitality — now owns more than 10 hospitality assets and manages over 100 properties with close to 18,000 rooms in Australia, Austria, Denmark, Germany, Hungary, Japan, Malaysia, New Zealand, and Singapore. Its stable of 10 unique and complementary hospitality brands are Oasia, Quincy, Rendezvous, Village, Far East Collection, A by Adina, Adina Hotels, Vibe Hotels, Travelodge Hotels and Collection by TFE Hotels.

Far East Orchard currently has a PBSA portfolio in the UK comprising more than 3,500 beds in the cities of Brighton, Bristol, Leeds, Liverpool, Newcastle upon Tyne and Sheffield.

The Group also holds a portfolio of purpose-built medical suites for lease and for sale in Singapore’s premier medical hub in Novena.

The Group’s mixed-used development in London, UK, the former Westminster Fire Station, achieved its practical completion in August 2021. The Grade II Listed heritage building, comprising residential apartments and a restaurant, is located in the prime central borough of the City of Westminster, London, UK.

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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 2021

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	6 months ended 31 December			12 months ended 31 December		
		2021 \$'000	2020 \$'000	Increase/ (Decrease) %	2021 \$'000	2020 \$'000	Increase/ (Decrease) %
Revenue	4	51,882	47,277	9.7	106,828	112,215	(4.8)
Cost of sales		(30,353)	(29,052)	4.5	(60,183)	(67,753)	(11.2)
Gross profit		21,529	18,225	18.1	46,645	44,462	4.9
Other income							
– Interest income		497	888	(44.0)	1,049	2,562	(59.1)
– Others		6,800	5,117	32.9	8,964	9,028	(0.7)
Other gains and impairment losses – net		45,993	5,944	>100	44,750	2,737	>100
Expenses							
– Distribution and marketing		(4,820)	(3,360)	43.5	(8,109)	(6,862)	18.2
– Administrative		(17,670)	(17,602)	0.4	(34,362)	(32,709)	5.1
– Finance		(8,714)	(8,218)	6.0	(17,107)	(17,106)	0.0
Share of (loss)/profit of							
– joint ventures		(10,816)	(634)	>100	(15,212)	(7,613)	99.8
– associated companies		1,249	1,120	11.5	2,460	2,142	14.8
Profit/(Loss) before income tax	5	34,048	1,480	>100	29,078	(3,359)	nm
Income tax expense	6	(11,396)	(4,426)	>100	(12,304)	(5,550)	>100
Profit/(Loss) after income tax		22,652	(2,946)	nm	16,774	(8,909)	nm
Other comprehensive income/(loss):							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Share of other comprehensive income/(loss) of joint ventures		1,882	(136)	nm	3,814	(2,664)	nm
Cash flow hedges - fair value gains/(losses)		3,661	(447)	nm	6,374	(1,796)	nm
Currency translation differences arising from consolidation							
– Gains		(7,662)	12,980	nm	(8,794)	15,051	nm
– Reclassification		(1,391)	-	nm	(1,391)	-	nm
		(3,510)	12,397	nm	3	10,591	(100.0)
<i>Items that will not be reclassified subsequently to profit or loss:</i>							
Share of other comprehensive income/(loss) of:							
– joint ventures		10,361	16,721	(38.0)	16,137	6,125	>100
– associated companies		252	3,307	(92.4)	(921)	(2,612)	(64.7)
Revaluation gains/(losses) on property, plant and equipment – net		9,169	(10,986)	nm	7,851	(13,766)	nm
Currency translation differences arising from consolidation		(2,785)	4,371	nm	(3,786)	5,815	nm
Other comprehensive income, net of tax		13,487	25,810	(47.7)	19,284	6,153	>100
Total comprehensive income/(loss)		36,139	22,864	58.1	36,058	(2,756)	nm
Profit/(Loss) attributable to:							
Equity holders of the Company		29,994	2,391	>100	28,127	1,538	>100
Non-controlling interest		(7,342)	(5,337)	37.6	(11,353)	(10,447)	8.7
		22,652	(2,946)	nm	16,774	(8,909)	nm
Total comprehensive income/(loss) attributable to:							
Equity holders of the Company		40,077	18,291	>100	43,080	811	>100
Non-controlling interest		(3,938)	4,573	nm	(7,022)	(3,567)	96.9
		36,139	22,864	58.1	36,058	(2,756)	nm
Basic and diluted earnings per share for profit attributable to equity holders of the Company (cents per share)							
		6.46	0.53	>100	6.12	0.35	>100

nm: not meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

		Group		Company	
		31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Note					
ASSETS					
Current assets					
Cash and bank balances	7	255,189	278,382	137,921	151,178
Trade and other receivables		23,845	22,080	175,993	176,403
Inventories		224	267	20	17
Development properties		-	61,235	-	-
Properties held for sale		186,891	117,036	-	-
		466,149	479,000	313,934	327,598
Non-current assets					
Derivative financial instruments	17	4,578	-	2,774	-
Other non-current assets		6,356	6,668	327,927	350,471
Investments in associated companies		23,159	21,620	696	696
Investments in joint ventures	8	470,212	478,282	300	300
Investments in subsidiaries		-	-	852,112	873,415
Investment properties	9	929,565	878,837	136,974	136,524
Property, plant and equipment	10	610,239	635,378	384,560	391,155
Intangible assets	11	111,405	114,318	-	-
Deferred income tax assets		3,721	4,511	2,577	2,461
		2,159,235	2,139,614	1,707,920	1,755,022
Total assets		2,625,384	2,618,614	2,021,854	2,082,620
LIABILITIES					
Current liabilities					
Trade and other payables		97,401	105,485	4,866	13,738
Current income tax liabilities		2,640	5,423	-	-
Lease liabilities		9,334	11,908	6,106	5,811
Borrowings	12	389,760	283,325	130,199	157,800
Deferred income		13,071	8,423	6,813	6,817
		512,206	414,564	147,984	184,166
Non-current liabilities					
Other payables		101,203	98,635	361,779	362,018
Lease liabilities		100,230	136,077	74,280	80,385
Borrowings	12	302,275	399,756	182,289	180,309
Derivative financial instruments	17	-	1,796	-	336
Deferred income		269,514	276,311	269,514	276,311
Deferred income tax liabilities		48,261	32,003	-	-
		821,483	944,578	887,862	899,359
Total liabilities		1,333,689	1,359,142	1,035,846	1,083,525
NET ASSETS		1,291,695	1,259,472	986,008	999,095
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	13	525,053	515,234	525,053	515,234
Revaluation and other reserves		355,581	340,548	292,311	288,452
Retained profits		399,494	385,101	168,644	195,409
		1,280,128	1,240,883	986,008	999,095
Non-controlling interest		11,567	18,589	-	-
TOTAL EQUITY		1,291,695	1,259,472	986,008	999,095

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

The Group		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		
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021									
Balance at 1 January 2021		515,234	13,977	361,651	(28,378)	(1,661)	(5,041)	385,101	1,259,472
Profit/(Loss) for the year		-	-	-	-	-	-	28,127	16,774
Other comprehensive income/(loss) for the year		-	-	17,016	(10,187)	(921)	9,045	-	19,284
Total comprehensive income/(loss) for the year		-	-	17,016	(10,187)	(921)	9,045	28,127	36,058
Dividend relating to 2020	14	-	-	-	-	-	-	(3,835)	(3,835)
Shares issued in-lieu of cash for dividend relating to 2020		9,819	-	-	-	-	-	(9,819)	-
Transfer of share of associated company's fair value reserve upon disposal		-	-	-	-	80	-	(80)	-
Total transactions with owners, recognised directly in equity		9,819	-	-	-	80	-	(13,734)	(3,835)
Balance at 31 December 2021		525,053	13,977	378,667	(38,565)	(2,502)	4,004	399,494	1,291,695
2020									
Balance at 1 January 2020		498,006	13,977	371,151	(43,412)	861	(1,392)	409,955	1,271,302
Profit/(Loss) for the year		-	-	-	-	-	-	1,538	(8,909)
Other comprehensive (loss)/income for the year		-	-	(9,500)	15,034	(2,612)	(3,649)	-	6,153
Total comprehensive (loss)/income for the year		-	-	(9,500)	15,034	(2,612)	(3,649)	1,538	(2,756)
Dividend relating to 2019	14	-	-	-	-	-	-	(9,074)	(9,074)
Shares issued in-lieu of cash for dividend relating to 2019		17,228	-	-	-	-	-	(17,228)	-
Transfer of share of associated company's fair value reserve upon disposal		-	-	-	-	90	-	(90)	-
Total transactions with owners, recognised directly in equity		17,228	-	-	-	90	-	(26,392)	(9,074)
Balance at 31 December 2020		515,234	13,977	361,651	(28,378)	(1,661)	(5,041)	385,101	1,259,472

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

The Company

	Note	Share capital \$'000	Asset revaluation reserve \$'000	Hedging reserve \$'000	Retained profits \$'000	Total equity \$'000
2021						
Balance at 1 January 2021		515,234	288,788	(336)	195,409	999,095
Loss for the year		-	-	-	(13,111)	(13,111)
Other comprehensive income for the year		-	749	3,110	-	3,859
Total comprehensive income/(loss) for the year		-	749	3,110	(13,111)	(9,252)
Dividend relating to 2020	14	-	-	-	(3,835)	(3,835)
Shares issued in-lieu of cash for dividend relating to 2020		9,819	-	-	(9,819)	-
Total transactions with owners, recognised directly in equity		9,819	-	-	(13,654)	(3,835)
Balance at 31 December 2021		525,053	289,537	2,774	168,644	986,008
2020						
Balance at 1 January 2020		498,006	301,647	-	220,274	1,019,927
Profit for the year		-	-	-	1,437	1,437
Other comprehensive loss for the year		-	(12,859)	(336)	-	(13,195)
Total comprehensive (loss)/income for the year		-	(12,859)	(336)	1,437	(11,758)
Dividend relating to 2019	14	-	-	-	(9,074)	(9,074)
Shares issued in-lieu of cash for dividend relating to 2019		17,228	-	-	(17,228)	-
Total transactions with owners, recognised directly in equity		17,228	-	-	(26,302)	(9,074)
Balance at 31 December 2020		515,234	288,788	(336)	195,409	999,095

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Twelve months ended 31 December	
	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Profit/(Loss) after income tax		16,774	(8,909)
Adjustments for:			
Income tax expense		12,304	5,550
Depreciation of property, plant and equipment	5	20,095	20,932
Amortisation of intangible assets	5	2,705	2,705
Loss/(Gain) on disposal of property, plant and equipment	5	6	(5)
Gain on re-measurement of lease liability	5	(5,116)	-
Fair value gains on investment properties	5	(43,940)	(4,521)
Revaluation losses on property, plant and equipment	5	51	2,340
Write-off of property, plant and equipment		-	18
Impairment of goodwill	5	-	8,838
Impairment of a right-of-use asset	5	-	1,140
Impairment of property, plant and equipment	5	191	-
Impairment of properties held for sale	5	102	1,024
Interest income	5	(1,049)	(2,562)
Finance expenses	5	17,107	17,106
Share of loss of joint ventures		15,212	7,613
Share of profit of associated companies		(2,460)	(2,142)
Reclassification of exchange differences of subsidiaries upon disposal	5	(1,391)	-
Unrealised currency translation losses/(gains)		5,288	(10,093)
		35,879	39,034
Change in working capital:			
Trade and other receivables		(1,376)	4,348
Inventories		35	78
Development properties and properties held for sale		(7,982)	(3,301)
Trade and other payables		(7,736)	(18,578)
Cash generated from operations		18,820	21,581
Interest paid		(135)	(136)
Income tax paid – net		(2,100)	(2,126)
Net cash provided by operating activities		16,585	19,319
Cash flows from investing activities			
Additions to property, plant and equipment		(10,013)	(1,640)
Proceeds from disposal of property, plant and equipment		-	12
Additions to investment properties		(2,754)	(71,729)
Cost adjustment to an investment property		652	-
Dividends received from joint ventures		-	1,387
Investment in joint ventures		-	(23,398)
Repayment of advances from joint ventures		-	(42)
Advances (to)/from joint ventures		(918)	15,508
Interest received		998	3,666
Income tax paid – net		-	(78)
Net cash used in investing activities		(12,035)	(76,314)
Cash flows from financing activities			
Proceeds from borrowings		137,789	220,258
Repayment of borrowings		(129,618)	(111,358)
Repayment of principal portion of lease liabilities		(12,197)	(10,937)
Interest paid on lease liabilities		(8,375)	(8,958)
Interest paid on borrowings		(8,669)	(8,277)
Dividends payment to equity holders of the Company	14	(3,835)	(9,074)
Net cash (used in)/provided by financing activities		(24,905)	71,654
Net (decrease)/increase in cash and cash equivalents		(20,355)	14,659
Cash and cash equivalents			
Beginning of financial year		278,382	257,430
Less: Bank deposits pledged		(28,679)	(31,235)
Effects of currency translation on cash and cash equivalents		(2,838)	6,293
End of financial year	7	226,510	247,147

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 31 December 2021 comprise the Company and its subsidiaries (the "Group").

2. Basis of preparation

The condensed interim financial statements as at and for the six months ended 31 December 2021 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. 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 interim financial statements for the period ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I), except for the adoption of new and amended standards as set out in Note 2.1.

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

There has been no change in the accounting policies and methods of computation adopted by the Group for the current reporting period compared with the audited financial statements for the year ended 31 December 2020, except for the adoption of new or revised SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for the financial year beginning on or after 1 January 2021. The adoption of these SFRS(I) and INT SFRS(I) has no significant impact on the Group.

The Group has adopted the amendments to SFRS(I) 9, SFRS(I) 7 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2 effective 1 January 2021. In accordance with the transition provisions, the amendments shall be applied retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption.

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 2020.

Estimates, assumptions and judgements are continually evaluated 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 9 and 10 - Valuation of investment properties and land and buildings classified under property, plant and equipment using significant unobservable inputs
- Note 11 - Impairment assessment of goodwill: key assumptions underlying recoverable amounts
- Note 8 - Valuation of investment in a joint venture, Toga Hotel Holdings Unit Trust

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 2021.

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

4. Revenue

	Group			
	6 months ended 31 December		12 months ended 31 December	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue from contracts with customers	28,451	28,388	56,568	72,702
Rental income	23,431	18,889	50,260	39,513
	51,882	47,277	106,828	112,215

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major revenue streams and geographical regions. All the sales are recognised over time, except for revenue from sale of property held for sale – Singapore which is recognised at a point in time.

Revenue is attributed to countries by location of customers.

	Group			
	6 months ended 31 December		12 months ended 31 December	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Hospitality ownership and operations				
– Singapore	9,951	10,955	18,199	24,823
– Australia	10,424	8,625	21,804	22,096
– New Zealand	981	1,534	2,969	3,766
– Other countries	417	441	712	1,363
	21,773	21,555	43,684	52,048
Hospitality management and other related fees –				
Singapore – other related parties	6,678	6,833	12,884	14,093
Sale of property held for sale – Singapore	-	-	-	6,561
Total revenue from contracts with customers	28,451	28,388	56,568	72,702

5. Profit/Loss before income tax

5.1 Significant items

	Group					
	6 months ended 31 December			12 months ended 31 December		
	2021 \$'000	2020 \$'000	Increase/ (Decrease) %	2021 \$'000	2020 \$'000	Increase/ (Decrease) %
The following items were credited/(charged) to the income statement:						
<u>Other income - net</u>						
Interest income from bank deposits	435	824	(47.2)	927	2,474	(62.5)
Interest income from advances to joint venture	62	64	(3.1)	122	88	38.6
Government grant income (Note a)	6,246	5,658	10.4	8,313	9,840	(15.5)
Government grant expense (Note a)	-	(685)	nm	-	(1,003)	nm

- (a) During the six months and full year ended 31 December 2021, grant income relates mainly to wage subsidies and rental support (Six months and full year ended 31 December 2020: wage subsidies and property tax rebates) received from the Singapore and Australian governments. Grant expense in the preceding year relates to the property tax rebates received from the Singapore Government that were transferred to tenants in the form of rent concessions during the year.

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

5. Profit/Loss before income tax (continued)

5.1 Significant items (continued)

	Group					
	6 months ended 31 December			12 months ended 31 December		
	2021 \$'000	2020 \$'000	Increase/ (Decrease) %	2021 \$'000	2020 \$'000	Increase/ (Decrease) %
The following items were credited/(charged) to the income statement: (continued)						
<u>Cost of sales and administrative expenses</u>						
Depreciation of property, plant and equipment						
– right-of-use assets (Note b, Note 10)	(5,485)	(6,325)	(13.3)	(11,474)	(12,667)	(9.4)
– other property, plant and equipment (Note 10)	(4,417)	(4,163)	6.1	(8,621)	(8,265)	4.3
Amortisation of intangible assets (Note 11(b))	(1,352)	(1,352)	0.0	(2,705)	(2,705)	0.0
Allowance for impairment losses on trade receivables	(93)	(702)	(86.8)	(171)	(790)	(78.4)
<u>Other gains and impairment losses – net</u>						
Impairment of:						
– properties held for sale	(102)	(1,024)	(90.0)	(102)	(1,024)	(90.0)
– right-of-use asset (Note 10)	-	(1,140)	nm	-	(1,140)	nm
– other property, plant and equipment (Note 10)	(191)	-	nm	(191)	-	nm
– goodwill (Note 11(a))	-	(4,838)	nm	-	(8,838)	nm
Fair value gains on investment properties – net (Note 9)	43,940	4,521	>100	43,940	4,521	>100
Gain on re-measurement of lease liability (Note c)	5,116	-	nm	5,116	-	nm
Revaluation gains/(losses) on property, plant and equipment (Note 10)	529	323	63.8	(51)	(2,340)	(97.8)
Currency exchange (losses)/gains - net	(4,684)	8,100	nm	(5,347)	11,553	nm
Reclassification of exchange differences of subsidiaries upon disposal (Note d)	1,391	-	nm	1,391	-	nm
(Loss)/Gain on disposal of property, plant and equipment (Note 10)	(6)	2	nm	(6)	5	nm
<u>Finance expenses</u>						
Interest expense for:						
– bank borrowings	(3,730)	(2,983)	25.0	(6,986)	(6,676)	4.6
– advances from non-controlling interests	(669)	(669)	0.0	(1,327)	(1,331)	(0.3)
– lease liabilities	(4,113)	(4,408)	(6.7)	(8,375)	(8,958)	(6.5)
Cash flow hedges, reclassified from hedging reserves	(202)	(158)	27.8	(419)	(141)	>100

nm: not meaningful

- (b) During the six months and full year ended 31 December 2021, depreciation expense on right-of-use assets decreased by \$840,000 and \$1,193,000 respectively following the decrease in carrying value of a right-of-use asset relating to a hospitality property used for operation subsequent to impairment recognised in 2020. The right-of-use asset has been fully depreciated upon expiry of the lease in November 2021.
- (c) During the six months and full year ended 31 December 2021, the Group through its wholly owned subsidiary, entered into a put and call option agreement for the sale of its reversionary interest of approximately 1.5 years in the whole of Lot 320N of Town Subdivision 8 together with the building erected thereon known as Village Residences Clarke Quay and situated at 20 Havelock Road, Singapore (the “Sale”). The expected completion of the Sale is in March 2022. Upon completion of the Sale, the lease agreement in relation to the hospitality property used in the operation of the property will be terminated. As a result, the lease liability was remeasured as at 31 December 2021 with a corresponding adjustment to the right-of-use asset (Note 10). A gain of \$5,116,000, being the amount exceeding the carrying value of the right-of-use asset was recognised accordingly.
- (d) During the six months and full year ended 31 December 2021, currency exchange difference of \$1,391,000 relating to the equity holders of the Company was reclassified from the currency translation reserve to profit or loss subsequent to the liquidation of two subsidiaries.

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

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

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The higher income tax expense during the six months and full year ended 31 December 21 was mainly due to the deferred tax recognised on the fair value gains on the investment properties, partially offset by the reversal of overprovision of income tax expense upon finalization of prior year's tax.

During the six months and full year ended 31 December 2021, the income tax expense has included an over provision of income tax expense relating to prior financial years of \$2,108,000 and \$2,673,000 respectively (Six months and full year ended 31 December 2020: Over provision of \$943,000 and \$734,000 respectively).

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 2021 \$'000	31 December 2020 \$'000
Cash and bank balances	255,189	278,382
Less: Bank deposits pledged	(28,679)	(31,235)
Cash and cash equivalents per condensed interim consolidated statement of cash flows	226,510	247,147

8. Investments in joint ventures

	Group		Company	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Equity investment at cost			300	300
Beginning of financial year	478,282	444,009		
Addition	-	23,398		
Share of loss	(15,212)	(7,613)		
Share of movements in:				
– asset revaluation reserve	16,137	6,125		
– currency translation reserve	(2)	(17)		
– hedging reserve	3,816	(2,647)		
Dividends received	-	(1,387)		
Foreign exchange differences	(12,809)	16,414		
End of financial year	470,212	478,282		

As at 31 December 2021, the carrying value of one of the Group's material equity accounted joint ventures, Toga Hotel Holdings Unit Trust ("Toga Trust"), amounted to \$182,907,000 (31 December 2020: \$193,524,000). The Group's share of Toga Trust's results recognised in the profit or loss and other comprehensive income are affected by the significant estimates and assumptions applied by Toga Trust in the:

- Determination of the fair value of its land and buildings classified under property, plant and equipment with a carrying amount of \$381,887,000 (31 December 2020: \$375,671,000); and
- Impairment assessment of its goodwill and brands with indefinite lives with a carrying amount of \$187,808,000 (31 December 2020: \$194,800,000).

The carrying amount in (a) and (b) above reflect the amounts presented in the financial statements of Toga Trust and not the Group's share of those amounts.

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

9. Investment properties

	Group		Company	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
Beginning of financial year	878,837	793,841	136,524	139,175
Fair value gains/(losses) – net	43,940	4,521	450	(2,651)
Additions				
– Acquisition	-	72,176	-	-
– Subsequent expenditure and adjustment to cost	2,102	(447)	-	-
Foreign exchange differences	4,686	8,746	-	-
End of financial year	929,565	878,837	136,974	136,524
Comprised: Completed properties	929,565	878,837	136,974	136,524

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 are included in Note 20(d) of the Group's annual financial statements for the year ended 31 December 2020.

At the end of each financial reporting period, management will assess whether fair values of the Group's properties remain appropriate and engage external, independent and qualified valuer when deemed necessary. For the financial year ended 31 December 2021, the Group has engaged external independent qualified valuers to perform valuations of the investment properties before recognizing the fair value movements from the last financial reporting period. In assessing whether the fair values are appropriate, management has considered whether the movement in market data such as discount rate, capitalization rates, changes in underlying cash flows or sales comparables adopted in the valuations are reasonable. There has been no significant changes in valuation methodologies used by the valuers compared to the last financial year-end.

As a result of the valuations performed as at 31 December 2021, the Group has recognised net fair value gains of \$43,940,000 on its investment properties primarily due to the increase in fair value of the student accommodation asset class in United Kingdom. As at 31 December 2021, the fair value of the student accommodation asset class in United Kingdom was \$607,317,000 (31 December 2020: \$559,664,000). The increase was primarily due to a lower discount rate used by the valuers in the discounted cash flows for majority of the student accommodation assets and higher cash flows adopted as a result of student bookings secured for the new semester.

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

10. Property, plant and equipment

As at 31 December 2021, the Group's carrying value of property, plant and equipment included right-of-use assets amounting to \$85,883,000 (31 December 2020: \$118,476,000).

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 2021							
Beginning net book value	378,102	244,781	9,835	999	684	977	635,378
Currency translation differences	(2,050)	(3,980)	(103)	(36)	-	(20)	(6,189)
Additions	-	487	364	9,415	-	235	10,501
Disposals	-	-	(6)	-	-	-	(6)
Transfers	-	-	1,623	(10,173)	-	8,550	-
Impairment	-	-	(190)	-	-	(1)	(191)
Derecognition of right-of-use asset (Note 5.1(c))	-	(21,601)	-	-	-	-	(21,601)
Revaluation adjustments							
– profit or loss (Note 5)	-	(51)	-	-	-	-	(51)
– other comprehensive income	948	11,545	-	-	-	-	12,493
Depreciation charge (Note 5)	-	(16,919)	(2,538)	-	(193)	(445)	(20,095)
End of financial year	377,000	214,262	8,985	205	491	9,296	610,239
As at 31 December 2021							
Cost	-	162,375	71,254	205	1,070	13,544	248,448
Valuation	377,000	128,384	-	-	-	-	505,384
	377,000	290,759	71,254	205	1,070	13,544	753,832
Accumulated depreciation and impairment losses	-	(76,497)	(62,269)	-	(579)	(4,248)	(143,593)
Net book value	377,000	214,262	8,985	205	491	9,296	610,239
As at 31 December 2020							
Cost	-	208,442	70,303	999	1,070	4,848	285,662
Valuation	378,102	126,316	-	-	-	-	504,418
	378,102	334,758	70,303	999	1,070	4,848	790,080
Accumulated depreciation and impairment losses	-	(89,977)	(60,468)	-	(386)	(3,871)	(154,702)
Net book value	378,102	244,781	9,835	999	684	977	635,378

During the six months ended 31 December 2021, a right-of-use asset of \$21,601,000 was reduced to zero subsequent to the remeasurement of lease liability (Note 5.1(c)).

Company

During the full year ended 31 December 2021, the Company acquired property, plant and equipment amounting to \$16,000 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 each financial reporting period, management will assess whether fair values of the Group's properties remain appropriate and engage external, independent and qualified valuer when deemed necessary. The valuation techniques and key inputs that were used to determine the fair value which is categorised under Level 3 of the fair value hierarchy are described in Note 20(d) of the Group's annual financial statements for the year ended 31 December 2020. A revaluation loss was previously recognised on the freehold land and building in Malaysia during the six months ended 30 June 2021. The valuation of the freehold land and building in Malaysia was determined by an independent and qualified valuer using the same valuation technique as the last financial year. The resulting revaluation loss was due to a decline in the overall cash flows projected using the discounted cash flow valuation technique.

External valuers were engaged for all the valuations of the Group's properties for the valuations as at 31 December 2021. The same valuation techniques and key inputs were used by the valuers. Other than the freehold land and building in Malaysia where revaluation loss has been recognised during the half year-end ended 30 June 2021, the valuation of freehold land and buildings of the Group have increased due to the improved cash flows projections adopted by the valuer. As at 31 December 2021, the total freehold land and buildings of the Group amounted to \$505,384,000 (31 December 2020: \$504,418,000).

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

11. Intangible assets

	Group	
	31 December 2021 \$'000	31 December 2020 \$'000
Goodwill arising from acquisition of hospitality businesses (Note (a))	42,723	42,927
Hospitality lease and management agreements (Note (b))	68,682	71,391
	111,405	114,318

(a) Goodwill arising from acquisition of hospitality businesses

	Group	
	31 December 2021 \$'000	31 December 2020 \$'000
<i>Cost</i>		
Beginning of financial year	57,244	56,170
Currency translation differences	(549)	1,074
End of financial year	56,695	57,244
<i>Accumulated impairment</i>		
Beginning of financial year	14,317	4,898
Currency translation differences	(345)	581
Impairment	-	8,838
End of financial year	13,972	14,317
Net book value	42,723	42,927

Impairment assessment of goodwill

Goodwill is allocated to the CGUs within the Group's hospitality business as follows:

	Group	
	31 December 2021 \$'000	31 December 2020 \$'000
Management services – Singapore (Note (i))	37,257	37,257
Property ownership – Australia (Note (ii))	5,466	5,670
	42,723	42,927

(i) Management services – Singapore

The recoverable amount of the "Management services – Singapore" 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; and
- Guideline Public Company ("GPC") method

For further information, please refer to Note 23(a)(i) in the Group's annual financial statements for the year ended 31 December 2020.

Significant estimates

DCF method

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 a gradual recovery period from COVID-19 pandemic, with 2024 cash flows returning to pre COVID-19 level. Terminal growth rate of 1.9% and post-tax discount rate of 8.5% were used for the purpose of impairment testing, unchanged from prior year.

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

11. Intangible assets (continued)

(a) Goodwill arising from acquisition of hospitality businesses (continued)

(i) Management services – Singapore (continued)

GPC method

The key assumptions are the GPC multiples and normalised earnings. Normalised earnings are based on 2024 projections, in line with the expectation of the recovery period from COVID-19 and cash flows used under the DCF method. The CGU's normalised earnings is 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 2021, no impairment charge was recognised.

(ii) Property ownership – Australia

The recoverable amount determined in the last reporting period was based on value-in-use calculations. Cash flow projections used in the value-in-use calculations were based on financial projections approved by management covering a ten-year period as the CGU is only expected to achieve a steady growth rate of cash flows after ten years.

For further information, please refer to Note 23(a)(ii) in the Group's annual financial statements for the year ended 31 December 2020.

Significant estimates

Cash flows beyond the ten-year period were extrapolated using the estimated growth rate of 0% to 1.5%, unchanged from prior year. Key assumptions used for the analysis of the CGU also include the budgeted EBITDA margin for the period 2022 to 2031 determined by management based on past performance and its expectations of market developments. Cash flows for the period of 2022 to 2024 from the Group's hospitality ownership business in Australia took into account the COVID-19 impact on the CGU. As at 31 December 2021, the pre-tax discount rate of 8.2% (31 December 2020: 8.3%) was adopted for the purpose of goodwill impairment testing.

Based on management's assessment of the recoverable amount as at 31 December 2021, no impairment charge was recognised.

(b) Hospitality lease and management agreements

	Group	
	31 December 2021 \$'000	31 December 2020 \$'000
<i>Cost</i>		
Beginning of financial year	99,292	98,873
Currency translation differences	(214)	419
End of financial year	99,078	99,292
<i>Accumulated amortisation and impairment</i>		
Beginning of financial year	27,901	24,777
Currency translation differences	(210)	419
Amortisation charge included within "Cost of sales" in profit or loss (Note 5)	2,705	2,705
End of financial year	30,396	27,901
Net book value	68,682	71,391

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

12. Borrowings

	Group	
	31 December 2021 \$'000	31 December 2020 \$'000
Amount repayable in one year or less, or on demand (net of transaction costs)		
– Secured	239,561	105,525
– Unsecured	150,199	177,800
	389,760	283,325
Amount repayable after one year (net of transaction costs)		
– Secured	119,986	219,447
– Unsecured	182,289	180,309
	302,275	399,756
	692,035	683,081

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

As at 31 December 2021, the Group's current borrowings increased by \$106,435,000 mainly due to a reclassification of a portion of the loans from non-current to current given the maturity of the loans. The Group will be refinancing loans totaling \$138,692,000, that are secured over certain subsidiaries' investment properties, and these loans will be reclassified to non-current borrowings in 2022.

13. Share capital

	Group and Company			
	Number of shares		Amount	
	31 December 2021 '000	31 December 2020 '000	31 December 2021 \$'000	31 December 2020 \$'000
Beginning of financial year and as of 30 June	455,485	438,360	515,234	498,006
Shares issued in-lieu of dividend	9,049	17,125	9,819	17,228
End of financial year	464,534	455,485	525,053	515,234

The Company does not have any convertibles or treasury shares as at 31 December 2021.

The Company does not have any subsidiary that holds shares issued by the Company as at 31 December 2021 and 2020.

14. Dividend

	Company	
	31 December 2021 \$'000	31 December 2020 \$'000
Ordinary dividend paid		
Final dividend paid in respect of the previous financial year of 3 cents per share (2020: 6 cents per share) using		
– new shares issued	9,819	17,228
– cash	3,835	9,074
	13,654	26,302

At the upcoming Annual General Meeting, a final dividend of 3 cents per share amounting to a total of \$13,936,000 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 2021.

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

15. Capital commitments

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

	Group	
	31 December 2021 \$'000	31 December 2020 \$'000
Development properties	-	12,307
Properties held for sale	77	-
Property, plant and equipment	1,323	11,448
	1,400	23,755

16. Net asset value

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Net asset value per ordinary share based on total number of issued shares as at the end of the year	\$2.76	\$2.72	\$2.12	\$2.19

17. 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 Notes 9 and 10.

	Group		Company	
	31 December 2021 \$'000	31 December 2020 \$'000	31 December 2021 \$'000	31 December 2020 \$'000
<i>Assets/(Liabilities)</i>				
Derivative financial instruments – Level 2	4,578	(1,796)	2,774	(336)

Derivative financial instruments are interest rate swaps that are cash flow hedges that the Group has entered into for the Group's exposure to interest rate risk on its borrowings.

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. There were no transfers between Levels 1 and 2 during the year.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

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

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

18. Segment information

Management has determined the operating segments based on the reports reviewed by the executive director and management 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 and Japan.

(ii) Operations

The operations segment includes leased properties in Singapore, Australia, New Zealand and the Group's investment in Toga 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 by the Group and includes those under development, that are held for rentals or/and long-term capital appreciation.

(ii) Development

The development segment includes all property development projects at various stages of development and unsold completed properties that are held through either joint ventures or joint operations, medical suites that are held for sale and residential units 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 executive director and management.

(iii) Investment

The investment segment includes medical suites, and some offices located in Singapore 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 2021 and 2020.

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

18. Segment information (continued)

The segment information provided to the executive director and management for the reportable segments are as follows:

	Hospitality				Property			Total
	Management services	Operations – Singapore	Operations – Australia and New Zealand	Property ownership	Student accommodation	Development	Investment	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>2021</u>								
Total segment revenue	14,789	18,199	4,347	24,560	37,290	-	9,548	108,733
Inter-segment revenue	(1,905)	-	-	-	-	-	-	(1,905)
Revenue from external parties	12,884	18,199	4,347	24,560	37,290	-	9,548	106,828
Operating (loss)/profit	(2,259)	2,432	(1,791)	(8,783)	20,344	-	7,159	17,102
Share of profit/(loss) of:								
– joint ventures	-	-	(16,959)	(934)	-	2,681	-	(15,212)
– associated companies	-	2,460	-	-	-	-	-	2,460
Total operating (loss)/profit	(2,259)	4,892	(18,750)	(9,717)	20,344	2,681	7,159	4,350
Corporate expenses								(3,964)
Interest income								1,049
Finance expense								(17,107)
Others*								44,750
Profit before income tax								29,078
Income tax expense								(12,304)
Profit after income tax								16,774
Segment assets	114,601	422,140	4,492	259,451	650,787	190,475	293,139	1,935,085
Investments in associated companies	-	23,159	-	-	-	-	-	23,159
Investments in joint ventures	-	-	182,908	93,245	-	194,059	-	470,212
	114,601	445,299	187,400	352,696	650,787	384,534	293,139	2,428,456
Corporate assets								196,928
Total assets								2,625,384

* Material and non-cash items are disclosed as “Other gains and impairment losses – net” (Note 5).

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

18. Segment information (continued)

	Hospitality				Property			Total
	Management services	Operations – Singapore	Operations – Australia and New Zealand	Property ownership	Student accommodation	Development	Investment	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>2020</u>								
Total segment revenue	16,190	24,823	5,264	24,924	28,426	6,561	8,124	114,312
Inter-segment revenue	(2,097)	-	-	-	-	-	-	(2,097)
Revenue from external parties	14,093	24,823	5,264	24,924	28,426	6,561	8,124	112,215
Operating profit/(loss)	976	5,509	(2,237)	(4,997)	13,551	566	5,831	19,199
Share of profit/(loss) of:								
– joint ventures	-	-	(14,347)	(5,738)	-	12,472	-	(7,613)
– associated companies	-	2,142	-	-	-	-	-	2,142
Total operating profit/(loss)	976	7,651	(16,584)	(10,735)	13,551	13,038	5,831	13,728
Corporate expenses								(4,249)
Interest income								2,562
Finance expense								(17,106)
Others*								1,706
Loss before income tax								(3,359)
Income tax expense								(5,550)
Loss after income tax								(8,909)
Segment assets	118,500	459,456	13,776	258,269	584,485	180,402	290,766	1,905,654
Investments in associated companies	-	21,620	-	-	-	-	-	21,620
Investments in joint ventures	-	-	193,523	93,381	-	191,378	-	478,282
	118,500	481,076	207,299	351,650	584,485	371,780	290,766	2,405,556
Corporate assets								213,058
Total assets								2,618,614

* Material and non-cash items are disclosed as “Other gains and impairment losses – net” (Note 5).

E. NOTES TO THE INTERIM FINANCIAL STATEMENTS (continued)

18. 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 hotel operations, property development, property investment and investment holding.
- Australia – the operations in this area are principally the hotel operations and property ownership.
- New Zealand – the operations in this area are principally the hotel operations.
- United Kingdom – the operations in this area are principally student accommodation and property development.
- Other countries – the operations include hotel operations and property ownership in Malaysia and property ownership in Germany, Denmark and Japan.

	Revenue	
	12 months ended	
	31 December	
	2021	2020
	\$'000	\$'000
Singapore	40,333	53,601
Australia	25,229	25,059
New Zealand	2,969	3,766
United Kingdom	37,539	28,426
Other countries	758	1,363
	106,828	112,215

	Non-current assets	
	31 December	31 December
	2021	2020
	\$'000	\$'000
Singapore	1,023,878	1,055,383
Australia	389,489	388,186
United Kingdom	612,047	559,695
Other countries	133,821	136,350
	2,159,235	2,139,614

During the year ended 31 December 2021, the Group acquired property, plant and equipment amounting to \$9,790,000 under Property ownership reportable segment.

19. Subsequent event

In February 2022, it was announced in the media that Tanglin Shopping Centre ("TSC") was sold for \$868,000,000 in a collective sale to a Singapore-based developer. The Group, through its wholly owned subsidiary, owns four office units in TSC. The Group will receive sales proceeds based on an allocation of the gross sale proceeds ("sale consideration") in accordance with an agreed method of apportionment in the Collective Sale Agreement. A gain on sale of investment property, being the difference between the sale consideration and carrying value of the units, is expected to be recognised upon the completion of the collective sale.

F. OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Far East Orchard Limited and its subsidiaries as at 31 December 2021 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 and full year ended 31 December 2021 ("2H FY21" and "FY21")

Revenue

Despite the impact of COVID-19 on the hospitality segment, revenue for 2H FY21 of \$51.9 million (2H FY20: \$47.3 million) was higher by \$4.6 million (9.7%) due to higher contribution from the student accommodation ("PBSA") segment in the United Kingdom ("UK"), and higher rental income from the medical suites as lesser rental relief was given.

For FY21, revenue decreased by \$5.4 million (4.8%) to \$106.8 million (FY20: \$112.2 million). The Group's hospitality business was impacted by the prolonged COVID-19 pandemic as ongoing lockdowns and border closures impeded international travel and tourism. In Singapore, the decline was partially mitigated by the demand for accommodation facilities for isolation purposes and from companies for accommodation for their foreign workers.

The decrease in revenue from the hospitality business was partially offset by the higher revenue from PBSA segment due to stronger demand for the United Kingdom's higher education as well as the full year contribution from the newly PBSA asset acquired in November 2020. As at 31 December 2021, the Group's PBSA portfolio achieved healthy occupancy rate of over 85% for the academic year 2021/22 which commenced in September 2021.

Higher rental income from the medical suites was also recognised in FY21 as lesser rental relief was given.

Gross profit

Gross profit increased by \$3.3 million (18.1%) to \$21.5 million in 2H FY21 (2H FY20: \$18.2 million). For FY21, gross profit increased by \$2.2 million (4.9%) to \$46.6 million in (FY20: \$44.5 million). The increase in 2H FY21 and FY21 was mainly due to the higher gross profit contribution from the PBSA segment partially offset by the lower gross profit from the hospitality business.

Other income

Other income included interest income from bank deposits and grant income. The Group's other income increased by \$1.3 million to \$7.3 million in 2H FY21 (2H FY20: \$6.0 million) mainly due to rental support income from the Singapore government received in 2H FY21, partially offset by the lower interest income from lower bank deposit rates.

For FY21, the Group's other income decreased by \$1.6 million to \$10.0 million (FY20: \$11.6 million) mainly due to the lower interest income from lower bank deposits rates and lower grant income in FY21. In FY21, while the Group continued to receive wage subsidies from the governments in Singapore and Australia and rental support income from the Singapore government, total grant income decreased by \$1.5 million in FY21.

Other gains and impairment losses – net

Other gains-net recognised in 2H FY21 increased by \$40.0 million to \$46.0 million (2H FY20: \$5.9 million). For FY21, other gains-net increased by \$42.0 million to \$44.8 million (FY20: \$2.7 million). The increases were mainly due to the fair value gains on the investment properties of \$43.9 million. The fair value gains on investment properties were mainly from the Group's PBSA portfolio, driven by income growth and discount rate compression. In addition, there was a recognition of a gain of \$5.1 million arising from remeasurement of a lease liability due to the expected termination of a lease agreement in relation to a hospitality property. The gains were partially offset by currency translation loss in 2H FY21 and FY21 (currency translation gain in the prior period and year). In the prior period and year, an impairment charge on the Australia hospitality business of \$8.8 million was recognised.

Expenses

Total expenses increased by \$2.0 million to \$31.2 million in 2H FY21 (2H FY20: \$29.2 million). For FY21, total expenses increased by \$2.9 million to \$59.6 million in (FY20: \$56.7 million). The increases were mainly due to the higher operating expenses arising from the PBSA property acquired in 2020 and the higher branding and marketing cost incurred by the hospitality segment with the easing of certain restrictions in Singapore during the year.

F. OTHER INFORMATION (continued)

2. Review of performance of the Group (continued)

(a) Group performance review for the six months and full year ended 31 December 2021 ("2H FY21" and "FY21")
(continued)

Share of loss/profit of joint ventures and associated companies

The share of loss of joint ventures of the Group for 2H FY21 was \$10.8 million compared to \$0.6 million in 2H FY20. For FY21, the share of loss of joint ventures was \$15.2 million compared to \$7.6 million in FY20. The higher share of loss for 2H FY21 and FY21 was mainly due to the negative impact of the extended lockdowns in Australia on a hospitality joint venture. The share of loss from the hospitality joint ventures in Australia and Europe would have been higher if not for various government grants received. The share of results of joint ventures in the preceding year also included share of profit recognised from the sales of commercial units upon Woods Square attaining TOP in February 2020.

The Group's share of profit of associated companies for 2H FY21 increased by \$0.1 million to \$1.2 million (2H FY20: \$1.1 million). For FY21, the Group's share of profit of associated companies increased by \$0.3 million to \$2.5 million (FY20: \$2.1 million). These were mainly due to higher distribution income and lower operating expenses.

Income tax expense

The higher income tax expense for 2H FY21 and FY21 was mainly due to the deferred tax recognised on the fair value gains of the investment properties. This was partially offset by the reversal of overprovision of income tax expense upon finalization of prior year's tax.

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

The Group recorded a profit after income tax of \$22.7 million in 2H FY21 as compared to loss after income tax of \$2.9 million in 2H FY20. For FY21, the Group's profit after income tax was \$16.8 million as compared to loss after income tax of \$8.9 million in FY20.

Profit attributable to equity holders of the Company of \$30.0 million for 2H FY21 was \$27.6 million higher than the \$2.4 million in 2H FY20. For FY21, profit attributable to equity holders of \$28.1 million was \$26.6 million higher than the \$1.5 million in FY20. The reversal from the loss position in prior year/period was primarily due to the fair value gains on investment properties recognised in 2H FY21. Without the fair value gains on investment properties, the Group would have been in a net loss position in 2H FY21 and FY21.

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

Cash flow and working capital

The Group utilised cash and cash equivalents of \$20.4 million for FY21 as compared to generating \$14.7 million in FY20 due to lower cash provided by operating activities and higher cash used in financing activities.

Net cash inflows from operating activities of the Group for FY21 were lower at \$16.6 million compared to \$19.3 million for FY20 mainly due to the lower operating profit from the Group's hospitality business. Net cash inflows for FY20 also included proceeds from sale of a unit of medical suite.

Net cash used in investing activities of the Group for FY21 was \$12.0 million compared to \$76.3 million for FY20 respectively. Net cash outflows in FY21 were mainly for the refurbishment expenditure of Rendezvous Hotel Melbourne, whereas net cash outflows in FY20 were higher with the completion of a hotel development in Tokyo, Japan, and the acquisition of a student accommodation property located in Bristol, UK ("PBSA Acquisition") in November 2020.

Net cash outflows from financing activities of the Group for FY21 were lower at \$24.9 million compared to net cash inflows of \$71.7 million for FY20 mainly due to the higher draw down of bank borrowings in FY20 to fund the completion of the hotel development in Tokyo, Japan and the PBSA Acquisition.

Assets

Total assets as at 31 December 2021 were \$2,625.4 million. Compared to 31 December 2020, total assets increased by \$6.8 million.

The increase in total assets was mainly due to increase in investment properties arising from fair value gains and currency exchange movement. In addition, the residential development in UK was completed as at 31 December 2021, and has been reclassified from development properties to properties held for sale on the balance sheet.

The increase was partially offset by the decrease in investment in joint ventures as a result of the recognition of the share of losses from the hospitality joint ventures and a drop in carrying value of property, plant and equipment arising from the derecognition of a right-of-use asset.

F. OTHER INFORMATION (continued)

2. Review of performance of the Group (continued)

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

Liabilities

Total liabilities as at 31 December 2021 were \$1,333.7 million. Compared to 31 December 2020, total liabilities decreased by \$25.4 million mainly due to the decrease in lease liabilities and payments of operating expenses. The decrease was partially offset by currency movement on bank borrowings denominated in GBP and deferred tax liabilities on the fair value gains recognised on the investment properties.

The Group's current liabilities are higher than the current assets by \$46.1 million due to the reclassification of a portion of the loans from non-current to current given the maturity of the loans in 2022. These loans are secured over certain subsidiaries' investment properties. The Group will be refinancing loans of approximately \$138.7 million and these loans will be reclassified to non-current borrowings in 2022.

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

Subsequent to the business performance update announcement on 9 November 2021, a profit guidance was issued on 28 January 2022. The results were in line with the profit guidance disclosed to shareholders.

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 pace of global economy recovery is expected to weaken as the recent rise in COVID-19 cases and new waves of variant mutation could prolong the pandemic and induce renewed economic disruptions. The International Monetary Fund cited that global growth is expected to moderate to 4.4% in 2022, from 5.9% in 2021.¹ Factors hampering the recovery are the ongoing pandemic, rising energy cost, labour shortages and supply chain disruption which caused elevated inflation across many countries. Countries where the Group operates in will inevitably be affected, posing challenges to our business performance.

In the face of such challenging times, the Group's priority remains – safeguarding the health and safety of our employees and customers, all whilst ensuring business continuity and growth.

Hospitality Business Outlook

Tourism continues to be one of the most directly affected sectors from COVID-19. The World Tourism Organization recorded a small upturn in global tourism in 2021, however, international tourist arrivals are still significantly below pre-pandemic years.² Europe and Asia Pacific, where the Group's properties are located, also showed lower tourist arrivals compared to 2019. The International Air Transport Association report corroborated that Europe and Asia Pacific full-year international traffic has declined as compared to 2019, with the latter plunging 93.2% in 2021, the deepest decline among all regions.³

Tourism professionals expect international arrivals to return to pre-COVID levels in 2024 or later², as the recovery remains slow and uneven due to varying measures of mobility restrictions, vaccination rates and travellers' confidence. Experts also expect that while international tourism gradually rebounds, domestic travel continues to steer the sector towards recovery, particularly those with large domestic markets, for instance in countries like Australia and Germany where the Group has properties in.

The increasing COVID-19 cases due to the Omicron variant have also resulted in some countries reintroducing travel bans and restrictions, which will subsequently disrupt the recovery and travel confidence through early 2022.

¹ <https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022>

² <https://www.unwto.org/news/tourism-grows-4-in-2021-but-remains-far-below-pre-pandemic-levels>

³ <https://www.iata.org/en/pressroom/2022-releases/2022-01-25-02/>

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)

As travel and tourism sector remains subdued, alongside experts' forecast that full recovery is still two years away, the Group's hospitality business is therefore expected to be impacted in the near term. Meanwhile, the Group will actively manage its hospitality portfolio with prudence and will continue to grow its hospitality footprint globally, as well as in countries with large domestic markets. In the longer-term, the Group remains positive of the potential rebound in the tourism sector.

UK PBSA Business Outlook

The easing of United Kingdom ("UK") COVID-19 restrictions in July last year enabled universities to resume in-person teaching. Based on the 2021 end of cycle data from the Universities and Colleges Admission Services released in January 2022, the number of UK applications continued to increase. While the number of applications and acceptances from European Union ("EU") students showed a decline because of Brexit and the loss of their home fee status⁴, the total number of applicants from outside the EU showed a 12% increase.⁵

The surge in applications from outside UK proves that the country remains a globally attractive destination to international students. In addition, Knight Frank stated that there will be continued investment interest in this sector, with investors looking beyond the disruption in the 2020/21 academic year.⁶

In February 2022, UK has reduced the number of travel restrictions, which aids in easier travelling. The Group believes this would be an added advantage for international students who are interested to pursue higher education in UK. In the longer-term, the Group is confident that this sector bodes well due to the prestige of UK universities and the desire of students to live and study in the UK. The Group will continue to explore opportunities to grow its PBSA portfolio to provide stable income streams, with focus on cities with positive demand and supply dynamics, as well as proximity to high-tariff universities.

Overall Outlook

Overall, the outlook for FY2022 remains clouded by various downside risks including continued COVID-19 flare ups, supply chain issues, global inflation, and geopolitical tensions. As the Group's hospitality segment remains its biggest contributor, with near term challenges facing the hospitality industry, the operating performance for FY22 is expected to remain under pressure. While hospitality persists to being one of the most challenged sectors, the outlook for the Group's PBSA business in the UK remains resilient.

The Group will continue to monitor developments in the respective markets we are in and adapt to necessary changes appropriately, as it continues to execute the lodging platform strategy. The Group will also continue to exercise prudence in its financial discipline and management of its resources while positioning for the eventual recovery.

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 due to the same reasons as explained in paragraph 2(a).

⁴ <https://www.forbes.com/sites/nickmorrison/2021/10/27/brexit-hits-uk-universities-as-eu-students-look-elsewhere/?sh=611ef92e27c3>

⁵ <https://www.ucas.com/corporate/news-and-key-documents/news/ucas-end-cycle-2021-strong-demand-uk-he-amidst-global-pandemic>

⁶ <https://www.knightfrank.com/research/article/2022-01-21-confidence-sours-students-return-and-the-uks-house-price-map-is-redrawn>

F. OTHER INFORMATION (continued)

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 2021 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	- 3 cents - First and final dividend

(b) Corresponding Period of the Immediately Preceding Financial Year

The following dividend was declared and paid in respect of financial year ended 31 December 2020 as approved by shareholders at the Annual General Meeting held at 26 April 2021:

Name of Dividend	- First and Final (One-tier tax exempt)
Dividend Type	- Cash or share in-lieu
Dividend Amount Per Share	- 3 cents - First and final dividend

Cash dividends amounting to \$3,835,000 was paid out to the shareholders who did not participate in the Scrip Dividend Scheme ("Scheme") on 5 July 2021. The allotment and issuance of 9,049,394 new shares amounting to approximately \$9,819,000 under the Scheme have been made on 5 July 2021 to the participating shareholders.

(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.

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 period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
		Full year ended 31 December 2021 \$'000	Full year ended 31 December 2021 \$'000
<u>Agape Services Pte. Ltd.</u> Supply of goods and services	Associate of controlling shareholder	(368)	-
<u>Ariake Hospitality Kabushiki Kaisha</u> Interest accrued on shareholders' loan ⁽¹⁾	Associate of controlling shareholder	-	119
<u>Boo Han Holdings Pte. Ltd.</u> Hospitality management income Interest accrued on shareholders' loan ⁽¹⁾	Associate of controlling shareholder	466 -	- 119
<u>China Classic Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	308	-
<u>Dollar Land Singapore Private Limited</u> Hospitality management income	Associate of controlling shareholder	197	-
<u>Far East Hospitality Real Estate Investment Trust</u> Management income ⁽²⁾ Hospitality services income Rental expense on operating leases - offices - hotels and serviced residences	Associate of controlling shareholder	3,149 270 (1,156) (17,000)	- - - -
<u>Far East Management (Private) Limited</u> Management service fees Hospitality services Sale of a property unit ⁽³⁾	Associate of controlling shareholder	(2,168) (1,834) -	- - 591
<u>Far East Organization Centre Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	1,005	-
<u>Far East Real Estate Agency Pte. Ltd.</u> Property management services	Associate of controlling shareholder	(394)	-

⁽¹⁾ As set out in the Group's announcement dated 7 October 2019, Ariake Hospitality Kabushiki Kaisha ("AHKK") is a 50-50 joint venture entity by Far East Hospitality Holdings Pte. Ltd. ("FEHH") (a 70% held subsidiary of the Company) with Boo Han Holdings Pte. Ltd. ("BHH") (a member of Far East Organization). These amounts relate to the interest during the year on the principal owing by AHKK as at 31 December 2021 to its shareholders, FEHH and BHH, relating to the purchase of a hotel project located in Ariake, Tokyo.

⁽²⁾ Pursuant to the trust deed constituting Far East Hospitality Real Estate Investment Trust ("FEH-REIT") dated 1 August 2012 (as amended, varied or supplemented from time to time) (the "Trust Deed") and entered into between FEO Hospitality Asset Management Pte. Ltd. ("FEOHAM") (in its capacity as the manager of FEH-REIT) and DBS Trustee Limited (in its capacity as the trustee of FEH-REIT), FEOHAM is entitled to a management fee comprising a base fee of 0.3% 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 (as defined in the Trust Deed). During the financial year ended 31 December 2021, 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.

⁽³⁾ Woodlands Square Pte. Ltd. ("WSPL") holds the property Woods Square, and is a joint venture by the Group's wholly-owned subsidiary, Tannery Holdings Pte Ltd with Far East Civil Engineering (Pte.) Limited and Sekisui House, Ltd. WSPL entered into an option to purchase dated 10 March 2021, and a sale and purchase agreement dated 29 March 2021, with Far East Management (Private) Limited ("FEM"), a member of Far East Organization, for the sale of a property unit at Woods Square to FEM. Please refer to the Company's announcement dated 23 March 2021 for more details.

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 period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
		Full year ended 31 December 2021 \$'000	Full year ended 31 December 2021 \$'000
<u>Far East Rocks Pty Ltd</u> Rental expense on operating leases - hotel	Associate of controlling shareholder	(241)	-
<u>Far East Soho Pte. Ltd.</u> Hospitality management income	Associate of controlling shareholder	379	-
<u>Fontaine Investment Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	1,321	-
<u>Golden Development Private Limited</u> Hospitality management income	Associate of controlling shareholder	1,303	-
<u>Golden Landmark Pte. Ltd.</u> Hospitality management income	Associate of controlling shareholder	415	-
<u>Orchard Mall Pte. Ltd.</u> Hospitality management income	Associate of controlling shareholder	309	-
<u>Orchard Parksuites Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	820	-
<u>Oxley Hill Properties Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	352	-
<u>Precious Treasure Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	174	-
<u>Riverland Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	278	-
<u>Serene Land Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	787	-
<u>Transurban Properties Pte. Ltd.</u> Hospitality management income	Associate of controlling shareholder	628	-

9. A breakdown of sales

	Group		Increase/ (Decrease) %
	Full year ended 31 December 2021 \$'000	2020 \$'000	
Sales reported for the first half year	54,946	64,938	(15.4)
Loss after tax before deducting non-controlling interests reported for first half year	(5,878)	(5,963)	(1.4)
Sales reported for the second half year	51,882	47,277	9.7
Profit/(Loss) after tax before deducting non-controlling interests reported for second half year	22,652	(2,946)	nm

F. OTHER INFORMATION (continued)

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 2021.

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 Boon Hwee
Chairman

24 February 2022

Alan Tang Yew Kuen
Group CEO and Executive Director