

## CHAIR'S STATEMENT



**Koh Kah Sek**  
Chair, Non-Executive Director



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### Dear Shareholders,

FY2024 was marked by a challenging operating environment shaped by elevated interest rates, inflationary pressures, and ongoing geopolitical tensions. Against this backdrop, Far East Orchard has demonstrated resilience and adaptability, anchored by our diversified lodging platform and disciplined capital management. These fundamentals have enabled us to maintain financial flexibility while navigating market volatility.

### Delivering Financial Resilience

Despite a volatile external environment in FY2024, the Group's revenue increased 4.5% to S\$191.9 million, with operating profit recording a robust 35.6% increase to S\$78.5 million, up from S\$57.9 million in the preceding year. This marks another operating profit record, highlighting the



**FIRST AND FINAL  
DIVIDEND**

**4.0**

SINGAPORE CENTS



**SPECIAL  
DIVIDEND**

**1.0**

SINGAPORE CENT

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### REVENUE

**S\$191.9**

MILLION



### PROFIT AFTER TAX

**S\$61.3**

MILLION

strength of our lodging platform. In particular, the PBSA business segment benefited from continued rental growth, an expanded portfolio and additional contribution from a strategic acquisition done by the Group in April 2024, where the Group acquired a 49% stake in a PBSA operating platform in the UK. Our hospitality business segment rode on the steady recovery in Europe and the strong recovery in Japan.

Aligning with the Group's proactive asset management strategy and improved capital allocation, the Group completed the divestment of a hospitality asset, Rendezvous Hotel Perth Central ("RHPC"), in December 2024, recognising a gain on disposal of S\$5.9 million.

Despite the improvement in operating profit and gain on disposal of RHPC, profit after tax was lower at S\$61.3 million, while profit attributable to shareholders was S\$59.0 million, mainly due to the lower fair value gains recognised from our PBSA investment properties. Excluding these fair value gains on investment properties, the Group would have recorded a bigger jump in profit after tax and profit attributable to shareholders of S\$35.5 million and S\$33.3 million, respectively, in FY2024, as compared to the adjusted amount of S\$18.3 million and S\$18.1 million in FY2023. FY2024's profitability was also partially offset by the higher currency translation losses from the weakening Australian Dollar against the Singapore Dollar.

### Strengthening Our Growth Pillars

Far East Orchard continues to focus on strategically building its lodging platform in the PBSA and Hospitality sector to grow its recurring income.

The UK PBSA market continues to demonstrate strong fundamentals, driven by a growing UK student population

and supported by sustained international student demand growth. While new supply has increased, demand continues to outpace available beds, particularly in key university cities. This supply-demand imbalance, coupled with a preference for quality accommodation, indicates continued growth potential. Far East Orchard remains focused on maintaining a balanced approach as we navigate this evolving market.

In 2024, the Group strategically expanded its presence in the UK PBSA sector through the acquisition of HFS, the UK's largest independent PBSA operator. This is a significant step forward in our strategy to strengthen our PBSA operating management capabilities in the UK.

Towards an asset-light model, the Group established our inaugural private fund (the "Fund") with a target commitment of £100 million and closed its first £70 million in August 2024. The Fund is seeded with a development site in Glasgow, acquired in March 2024.

### Solidifying Our Foundation

In our Hospitality business, we saw positive traction as travel recovery continued. The pace of recovery varies across markets. Arrivals in Asia and the Pacific region reached 87% of 2019 levels, up from 66% at the end of 2023, but still remained below the 2019 levels<sup>1</sup>. While demand for quality accommodations remains steady, growth is projected to moderate amid challenges such as rising costs, manpower shortages, slow global growth, and ongoing geopolitical uncertainties.

Nevertheless, our hospitality management arm, Far East Hospitality, together with Toga Far East Hotels, continues to expand our lodging platform in key markets. Following the addition of over 1,000 rooms to our operating portfolio in 2024, we expect to open over 500 rooms in 2025, demonstrating our confidence in the sector's long-term fundamentals. Our asset-light strategy and operational expertise position us to adapt to evolving conditions, strengthen portfolio resilience, and capture emerging opportunities.

As part of our proactive portfolio management strategy, we have commenced refurbishment works across selected hotel assets to enhance their competitiveness and optimise long-term performance. The operating performance will be impacted in the short term when these refurbishment works are ongoing.

<sup>1</sup> UNWTO. "International Tourism Recovers Pre-Pandemic Levels in 2024 (unwto.org)". 25 Jan 2025.

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The Group maintains discipline in capital allocation, ensuring investments align with our capital recycling strategy. The divestment of RHPC reflects our ongoing efforts to optimise our portfolio and returns for our shareholders. Looking ahead, we remain focused on proactive portfolio management, asset enhancements, and capital recycling to drive long-term value across our properties.

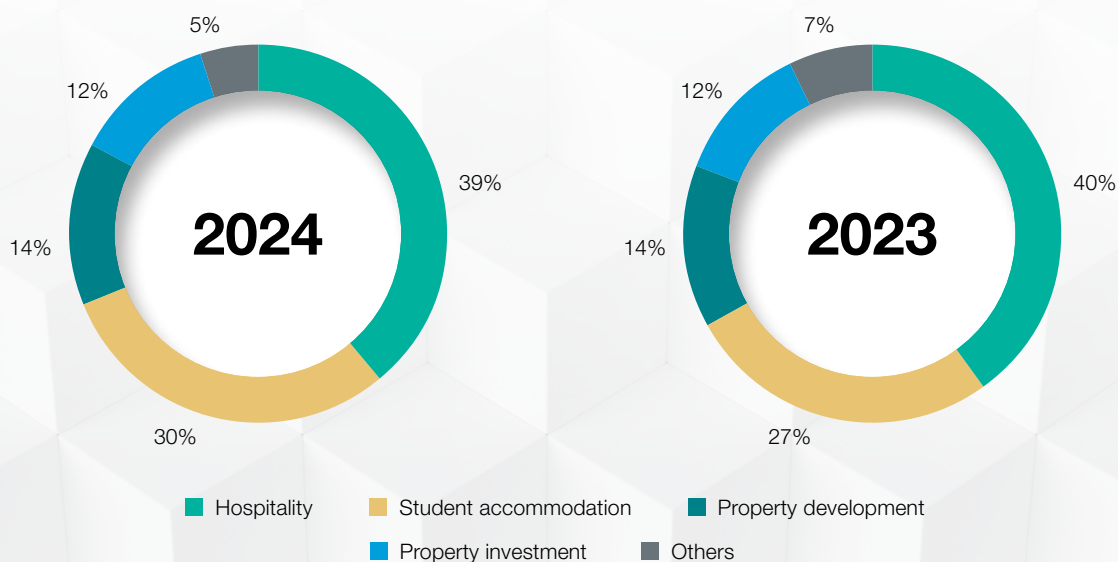
As we strengthen our lodging platform and expand recurring income streams, we remain guided by discipline and a clear strategy. With prudent capital management, Far East Orchard is well-positioned to enhance returns and drive sustainable growth.

### Advancing on our Sustainability Journey

Sustainability remains integral to our long-term strategy. As stewards of the company, the Board recognises the importance of sustainability as a business imperative and actively oversees initiatives that align with the Group's long-term objective of fostering a resilient and future-ready Far East Orchard.

Advancing on our sustainability journey, the Group commenced a climate scenario analysis across key assets in our portfolio to understand how climate-related risks and opportunities could impact our portfolio, with plans to quantify the impact. The Board remains actively engaged in this process, ensuring that when completed, the analysis

### TOTAL ASSETS BY BUSINESS SEGMENTS



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will enable us to make better-informed strategic decisions to align with the Group carbon emissions reduction target of 42% by 2030 from the 2022 baseline.

Upholding strong governance and diversity remains a priority for Far East Orchard. In the 2024 Singapore Governance and Transparency Index (SGTI), Far East Orchard was ranked among the top 18% of companies, and in the 2025 Singapore Board Diversity Index, we were ranked in the top 8% of 553 companies listed on the Singapore Exchange (SGX). These recognitions affirm our commitment to fostering diverse perspectives within our leadership. Additionally, our dedication to transparency and corporate governance was also acknowledged with the Bronze Award in the mid-cap category for Best Annual Report at the 2024 Singapore Corporate Awards. We believe that upholding strong corporate governance is essential to sustaining our business for the long term.

### Delivering on our Commitment to Shareholders

The Group remains steadfast in our commitment to delivering tangible returns to our shareholders. Taking into account the Group's FY2024 financial performance, one-off gain from the disposal of RHPC, and our continued focus on prudent capital management to maintain cash reserves and credit lines for future growth opportunities, the Board has recommended a first and final dividend of 4.0 Singapore cents per share, along a special dividend of 1.0 Singapore cent. This brings the total dividend for FY2024 to 5.0 Singapore cents per share, an increase from the 4.0 Singapore cents per share declared for FY2023.

### Board Changes: A Fond Farewell and New Beginning

On 25 April 2024, we bid farewell to Mr Samuel Gene Rhee, whose unwavering commitment and contributions have been invaluable to the Board and the Group. On behalf of the Board, I extend our heartfelt gratitude for Samuel's dedication and best wishes in his future endeavours.

During the year, we welcomed Mr Chan Hon Chew to the Board. Hon Chew's extensive experience in business, finance, and strategic planning will provide valuable perspectives as the Group continues to build on its growth foundations.

These changes reaffirm our commitment to maintaining a dynamic and diverse Board equipped to guide the Group towards sustainable long-term value creation.

### Acknowledgement

I would like to express my appreciation to the management team and staff members for their dedication and resilience in executing our strategic priorities. I am also grateful for the continued trust and support from our shareholders, business partners, and stakeholders. A special note of appreciation goes to my fellow Board members for their stewardship and oversight in guiding the Group through today's business landscape.

Looking ahead, while signs of recovery are emerging, including expectations of moderating interest rates and sustained travel demand, macroeconomic pressures persist arising from global geopolitical tensions and headwinds. Far East Orchard remains committed to financial discipline and leveraging its lodging platform to unlock growth opportunities and create long-term shareholder value.

### Koh Kah Sek

Chair, Non-Executive Director  
18 March 2025