



# 53<sup>RD</sup> ANNUAL GENERAL MEETING

Presentation by Group CEO

26 April 2021



FAR EAST  
ORCHARD  
LIMITED

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# AGENDA

## Financial Performance

- FY2020 Overview
- FY2020 Financial Highlights
- Dividends

## FY2020 Business Review

- Hospitality
- Purpose-Built Student Accommodation (“PBSA”)
- Property Investment/Development

## Outlook

- COVID-19 Impact
- FEOR 25 Strategy & Looking Ahead

## A year of unprecedented challenges



### LOOKING BEYOND 2020

- COVID-19 pandemic resulted in a virtual standstill for the hospitality and tourism industry
- Implemented cost containment measures and tapped on government support schemes to mitigate COVID-19's adverse impact on the Group's business
- Continued to execute our lodging platform strategy with hotel openings and PBSA acquisition, bringing hospitality portfolio over 100 properties and approximately 16,700 rooms and PBSA portfolio to over 3,500 beds across 12 UK properties
- While a full recovery may still be some way off, we must keep moving forward, and lay the groundwork for growth as we positioned ourselves with our eyes firmly fixed on a return to better times.

# FY2020 FINANCIAL HIGHLIGHTS



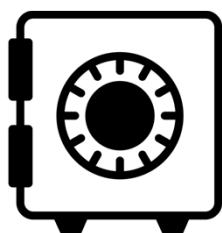
## Financial performance adversely impacted by COVID-19

	FY2020	FY2019	Change
<b>Sales</b>	<b>S\$112.1M</b>	S\$156.1M	▼ 28.1 %
<b>Total profit/(loss)</b>	<b>(S\$8.9M)</b>	S\$25.8M	▼ 134.5 %
<b>Profit attributable to equity holders</b>	<b>S\$1.5M</b>	S\$26.0M	▼ 94.2 %
<b>Earnings Per Share (Cents)</b>	<b>0.35 cents</b>	5.95 cents	▼ 94.1 %

- Group revenue and profit suffered steep declines in FY2020, due to the negative impact of COVID-19 on the Group's hospitality business.
- Declines were mitigated by higher contributions from the purpose-built student accommodation (PBSA) business in the UK, and various COVID-19 grants received during the year.
- Impairment charge of S\$8.8 mil recognised on Australia hospitality business goodwill and S\$1.1 mil on a right-of-use asset. Fair value gains on PBSA properties partially offset by revaluation losses from certain hospitality properties.

# FY2020 KEY FINANCIAL HIGHLIGHTS

Balance sheet and liquidity position remain strong



**CASH & CASH  
EQUIVALENTS**

**S\$278.4 M**

▲ 8.1 %

FY2019: S\$257.4 M



**DEBT/EQUITY  
RATIO**

**54%**

▲ 22.7 %

FY2019: 44%



**TOTAL ASSETS**

**S\$2.62 B**

▲ 3.6 %

FY2019: S\$2.53 B



**NAV PER SHARE**

**S\$2.72**

▼ 4.6 %

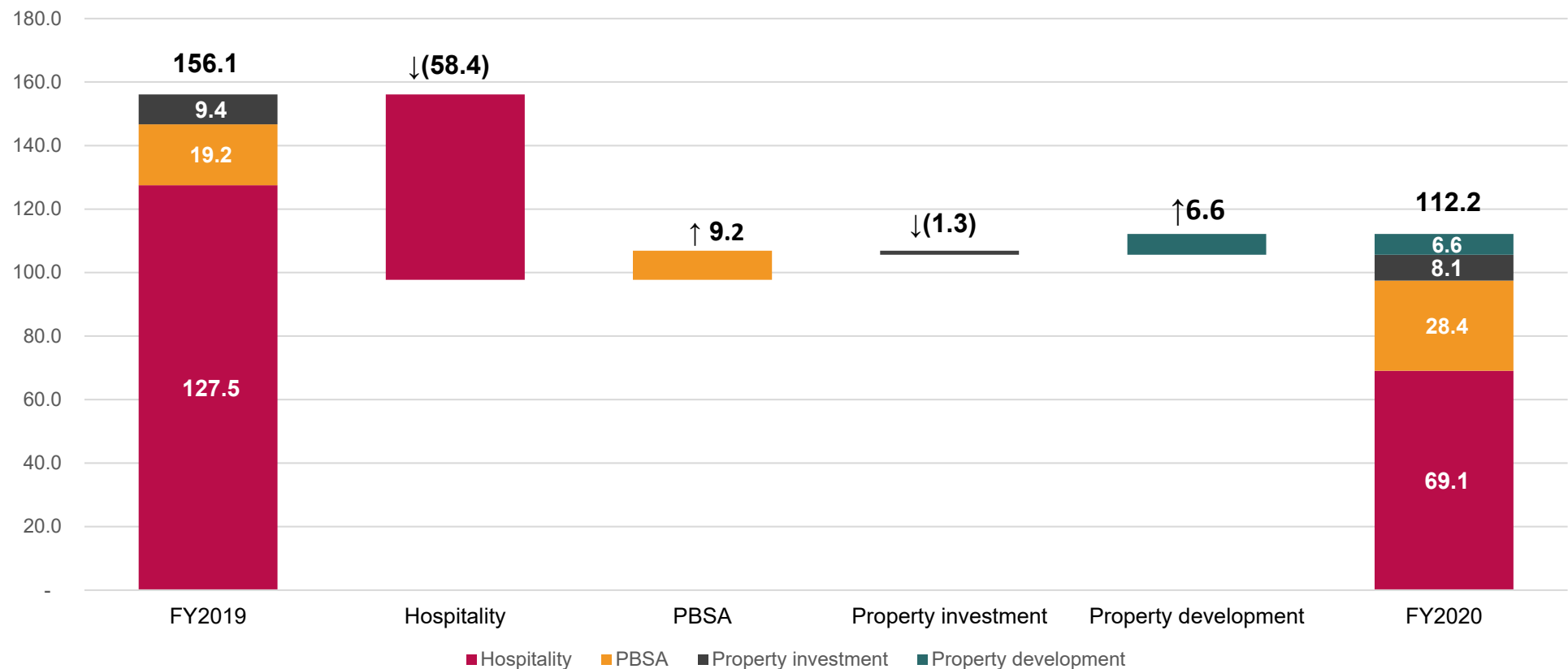
FY2019: S\$2.85

# FY2020 KEY FINANCIAL HIGHLIGHTS – Revenue



Sharp drop in hospitality revenue recorded against backdrop of COVID-19 while recurring income from PBSA business continues to grow.

Revenue (in S\$mil)



*Note: Property investment segment mainly includes medical suites*

# FY2020 KEY FINANCIAL HIGHLIGHTS – Operating Profit



Increasing proportion of the operating profit contribution from recurring income business – the PBSA business has provided some support to the Group in the COVID-19 hit year in FY2020. Businesses also supported by government COVID-19 related grants across various countries, including TFE JV.

Operating profit/(loss) (in S\$mil)





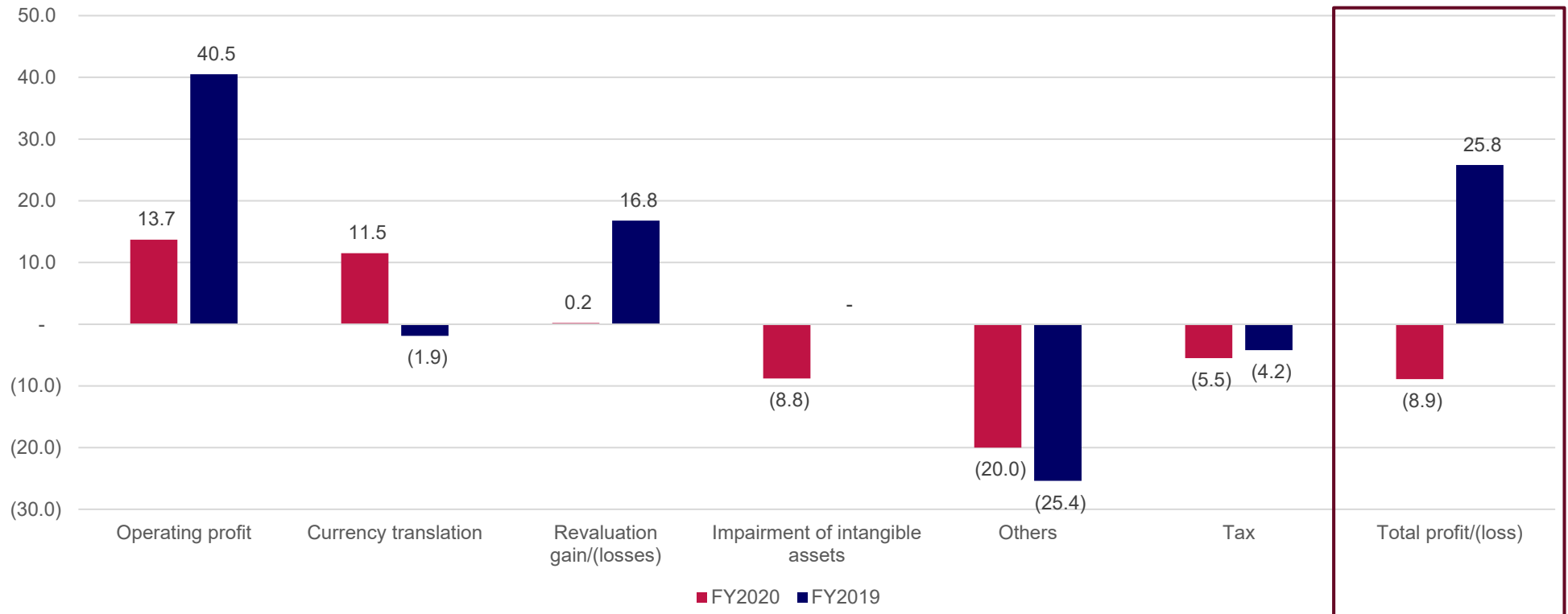
# FY2020 KEY FINANCIAL HIGHLIGHTS

## – Total Profit/(Loss)



Currency translation gains from strengthening of AUD and share of net fair value gains contributed to non-BAU gains, offset by impairment of intangible assets.

Total profit/(loss) (in S\$mil)



# FY2020 KEY FINANCIAL HIGHLIGHTS

– Significant items impacting total profit/loss in 2020



COVID-19 impacted the hospitality assets, retail/medical properties performance, driving the valuation decline; but PBSA assets valuation held up

Gain/(Loss)	In S\$mil
Fair value changes on Investment Properties	4.6
Revaluation losses on PPE	(2.3)
Impairment charges	(10.9)
Government grant income	9.8
Government grant expense	(1.0)
Currency exchange gains – net	11.5
<b>Total</b>	<b>11.7</b>

Fair Value Changes from 2019 recognised in P&L	
	In S\$mil
Retail/Commercial Assets	(1.7)
PBSA Portfolio	14.0
Medical Suites (held as IP)	(7.7)
Hospitality Assets	(2.3)
<b>Total</b>	<b>2.3</b>

Impairment charges	
	In S\$mil
Medical Suites (held for sale)	(1.0)
ROU Assets in NZ	(1.1)
Goodwill on Australian hospitality business	(8.8)
<b>Total</b>	<b>(10.9)</b>

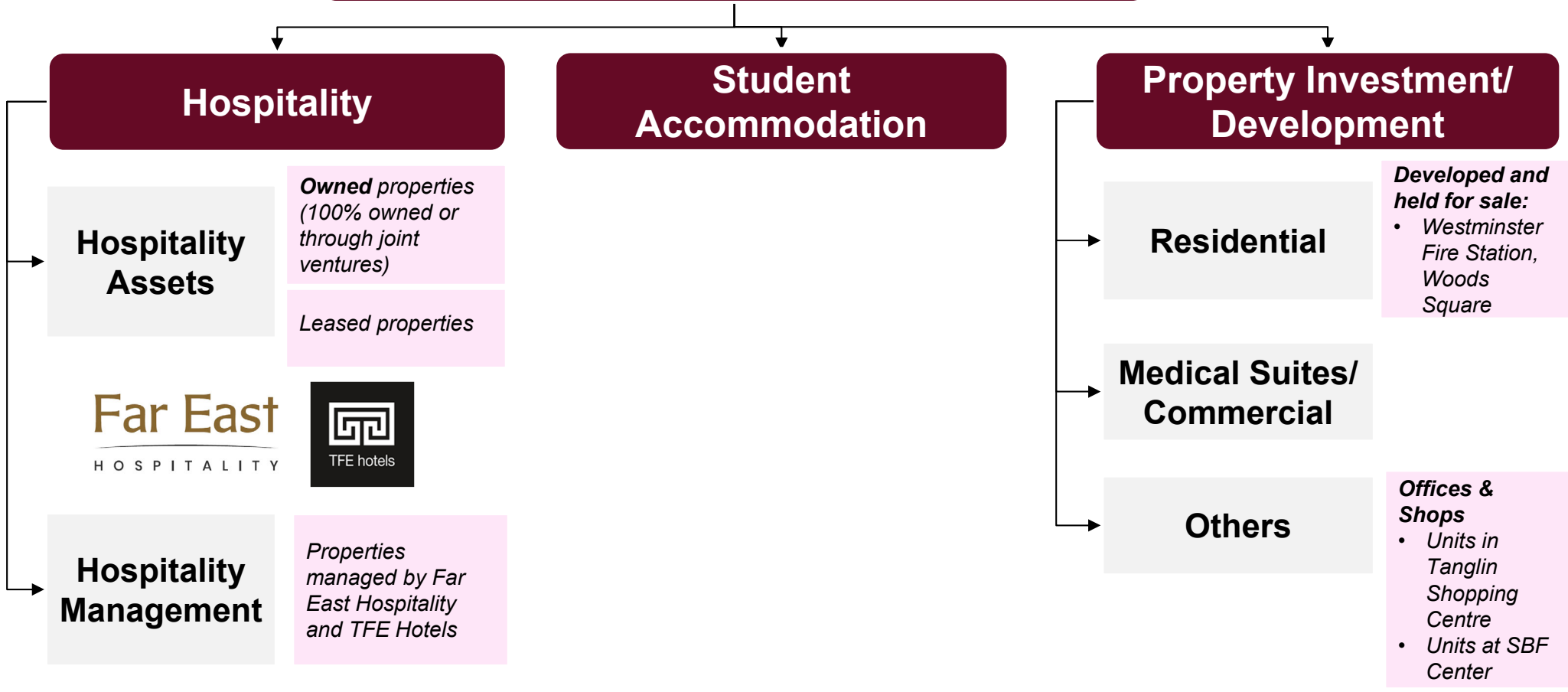
Government grant income comprises wage subsidies received under the Jobs Support Scheme and JobKeeper Payment Scheme in Singapore and Australia respectively, and property tax rebates and cash grants received from the Singapore Government.

## Conserving cash for uncertainties ahead

- Proposed dividend of 3.0 cents per share for FY2020
- Striking a balance between sustainable shareholder returns and maintaining sufficient capital reserves
- Economic recovery may be protracted, especially for the hospitality business
- Important to maintain a strong liquidity position to face the challenges ahead

*Far East Orchard Limited is a real estate company with a lodging platform that aims to achieve a sustainable and recurring income through a diversified and balanced portfolio*

## Far East Orchard Limited





**Far East**  
HOSPITALITY





# HOSPITALITY – 2020 OPENINGS

Achieved the milestone of 100 operating hotels during the year

**Far East Village Hotel Ariake**  
306 rooms  
Opened in Jul 2020



**The Hotel Britomart**  
99 rooms  
Opened in Oct 2020



**Travelodge Hotel Auckland Wynyard Quarter**  
154 rooms  
Opened in Oct 2020



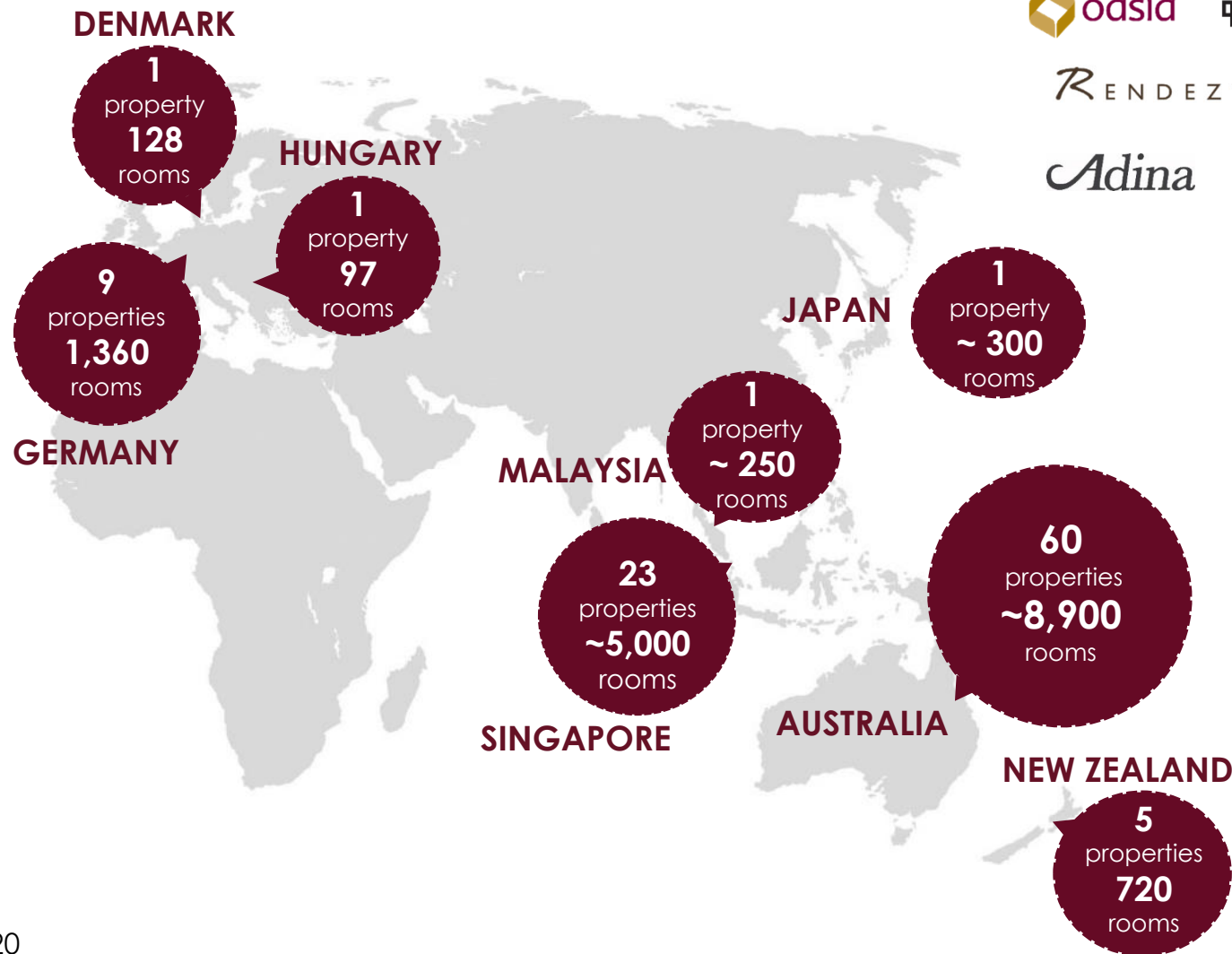
**Vibe Hotel Subiaco**  
168 rooms  
Opened in Oct 2020



# HOSPITALITY – GLOBAL PRESENCE



More than **100** properties with approx. **16,700** rooms



As at Dec 2020

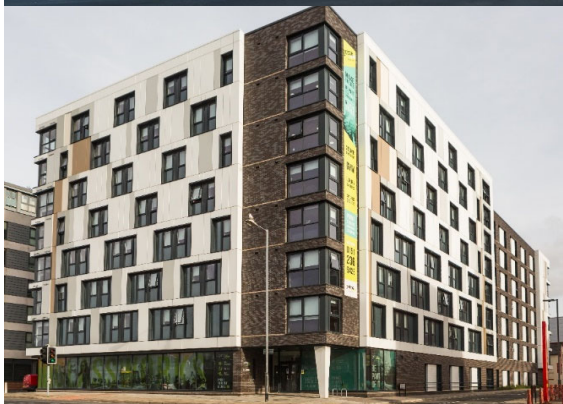
## Expected openings of 16 properties through to 2023



Deepening presence in Australia, Germany, Japan and Singapore

New countries of Austria, Switzerland and Vietnam





# STUDENT ACCOMMODATION

## PBSA – ACQUISITION IN 2020

12<sup>th</sup> PBSA property in UK, bringing portfolio to over 3,500 beds

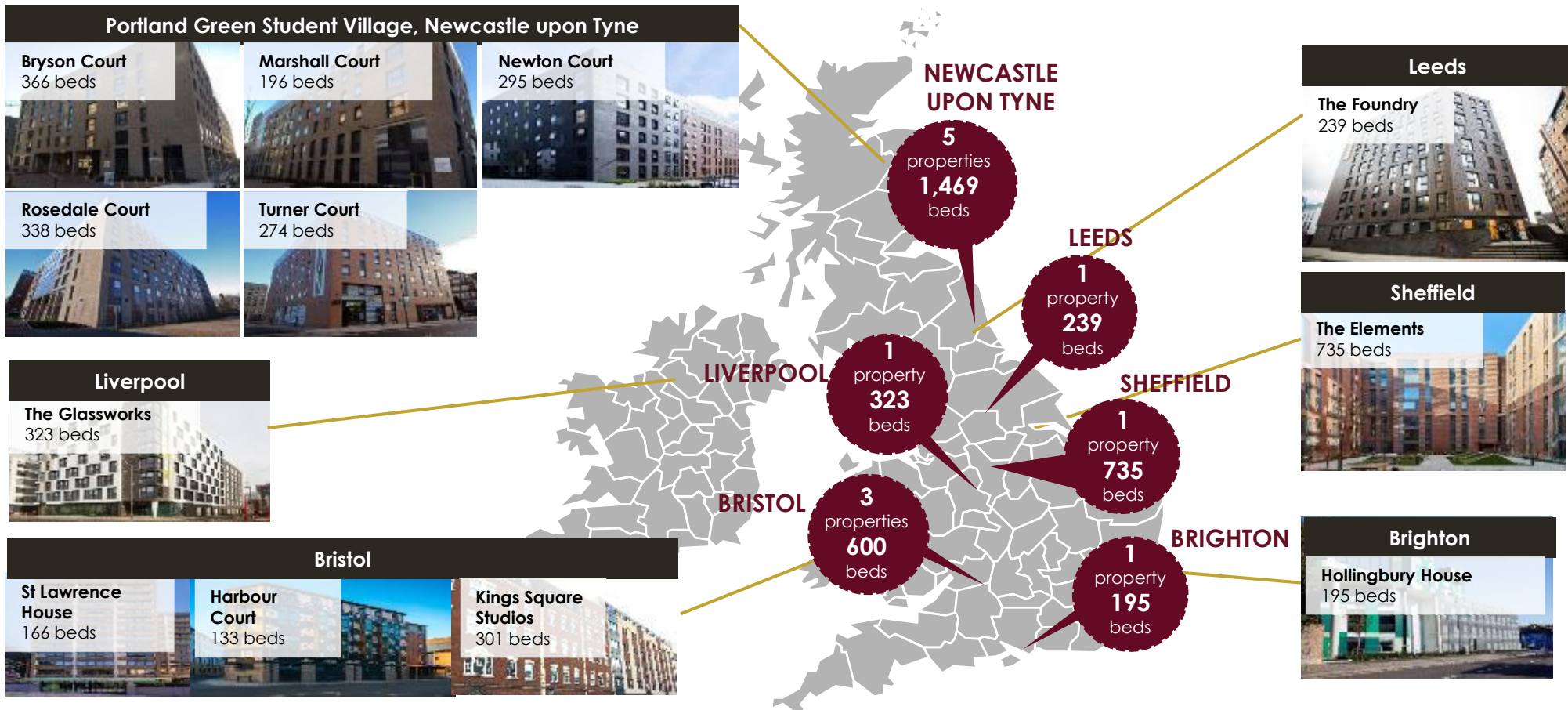


- 301-bed freehold property in Bristol, UK acquired in November 2020
- Purchase consideration of £39.3 million



# UK PURPOSE-BUILT STUDENT ACCOMMODATION

Portfolio of 3,561 beds across 12 properties in 6 UK cities

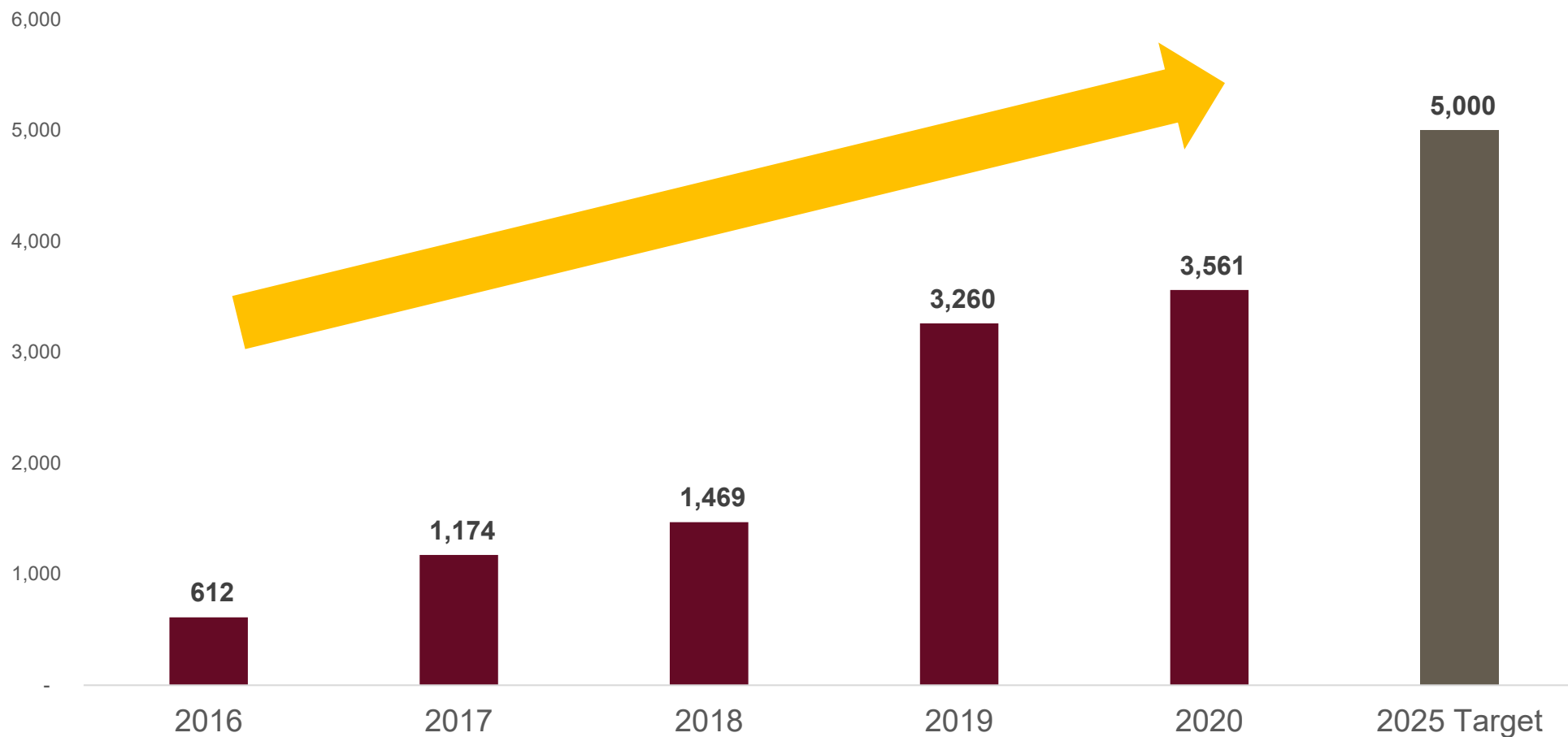


Portfolio Valuation worth \$559.7 M

# PBSA – GROWTH OF PBSA PORTFOLIO



Working towards achieving 2025 target of 5,000 beds





PROPERTY  
DEVELOPMENT/  
INVESTMENT



# PROPERTY DEVELOPMENT PROJECTS

Completed in Feb 2020



## Woods Square

Singapore

514 units

Far East Orchard's Effective Interest: 33%

Under development



## Westminster Fire Station

London, United Kingdom

17 units and a restaurant

Far East Orchard's Effective Interest: 100%

# PROPERTY INVESTMENT

## Novena Medical Center



44 Medical Suites<sup>1</sup>

## Novena Specialist Center



39 Medical Suites<sup>2</sup>

- Medical suites at Novena Medical Center and Novena Specialist Center have provided us with a source of stable recurring income
- Fully passed down property tax rebates as rental rebates and extending rental reliefs to tenants in accordance with government relief framework

1. 7 units held under "Properties held for sale" and 37 units held under "Investment Properties"

2. 29 units held under "Properties held for sale" and 10 units held under "Investment Properties"



# OUTLOOK



### Mass international travel unlikely to return in 2021

- Vaccine rollout is underway in most countries, but more progress needs to be made in order for confidence to return, and for the reopening of international borders
- Situation remains fragile due to the threats of virus resurgence, as well as new and highly infectious variants

### Hospitality to remain under pressure; PBSA expected to be resilient

- With international travel curtailed, countries with limited domestic tourism will continue to face low occupancies and rates
- Despite the fallout from the pandemic and Brexit, demand for higher education in the UK continues to grow
- UK universities expect to progressively resume in-person teaching

# FEOR 25 STRATEGY & LOOKING AHEAD



The Clan Hotel Singapore, opened March 2021

## FEOR 25

- **Building a lodging platform for sustainable and recurring income**
  - **Targeting 25,000 hotel rooms and 5,000 PBSA beds by 2025**
- 
- Target hotel growth in markets with domestic travel and other demand drivers
  - Focus on growing PBSA properties in UK cities with high-tariff universities and strong student growth



**THANK YOU**

