



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

## **MEDIA RELEASE**

### **FAR EAST ORCHARD REPORTS LOSS AFTER TAX OF S\$8.9 MILLION FOR FY2020 AS HOSPITALITY BUSINESS ADVERSELY IMPACTED BY COVID-19**

- **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**
- **Outlook is mixed, with mass international travel unlikely to make any major recovery in 2021**
- **The Group continues executing its lodging platform strategy, and intends to grow its PBSA portfolio in the UK and expand its hospitality portfolio in 2021**
- **The Board is recommending a first and final dividend of 3 cents per share**

**25 February 2021, Singapore** – Far East Orchard Limited (“Far East Orchard” or the “Company”, and together with its subsidiaries, the “Group”) today reported its financial results for the full year ended 31 December 2020 (“FY2020”).

#### **Financial Highlights**

<b>(S\$ million)</b>	<b>FY2020</b>	<b>FY2019</b>	<b>% Change</b>
Revenue	112.2	156.1	-28.1%
(Loss)/Profit after income tax	(8.9)	25.8	NM
Profit attributable to equity holders	1.5	26.0	-94.1%
Earnings per share	0.35 cents	5.95 cents	-94.1%

*NM : Not meaningful*

The Group’s hospitality business was adversely affected as international travel came to a virtual standstill for the majority of FY2020. This was reflected in the 28.1% decline in revenue compared to FY2019, and net loss of S\$8.9 million in FY2020. The financial impact would have been more severe if not for contracted business of hotels in Singapore and Australia, for use as government isolation facilities and corporate accommodation requirements for foreign workers. Earnings from the Group’s PBSA portfolio also proved to be resilient, and included a full year’s contribution from the five PBSA assets acquired in 2019. Various COVID-19

related grants, including wage subsidies from the governments in Singapore and Australia, and property tax rebates and rental relief from landlords, had also partially mitigated the impact.

Commenting on the results, Group Chief Executive Officer of Far East Orchard, Mr. Alan Tang, said, “2020 was a highly challenging year, especially for the hospitality industry, and a full recovery is still some way off. Sentiment remains fragile and recent ‘snap lockdowns’ like the one in Melbourne and Perth, Australia have shown how quickly the situation can change. We must remain ever vigilant, and not take anything for granted in our operations. This is particularly important for us, as we are in the business of providing lodging.”

The Group recorded S\$11.6 million in other income in FY2020, an increase from S\$4.5 million in FY2019. The increase was mainly due to COVID-19 related grants, rebates and subsidies, and partially offset by property tax rebates passed on to the Group’s commercial tenants as well as lower bank deposit rates during the year.

In addition to the adverse operational impact on the hospitality business, the Group also recognised impairment charges on goodwill for its Australian hospitality business and a right-of-use asset in New Zealand, totalling S\$9.9 million. Revaluation losses of S\$2.3 million were also recognised on certain hospitality assets in Australia and Malaysia.

The Group recorded a net fair value gain of S\$4.5 million on investment properties in FY20. This was mainly attributed to fair value gains on the Group’s PBSA assets. The gains were partially offset by fair value losses from the medical suites and other investment properties held by the Group.

The Group maintains sufficient liquidity to meet its operational requirements, and continues to exercise prudence in managing cash flow and reserves. As at 31 December 2020, it had a healthy cash balance of S\$278.4 million, compared to S\$257.4 million as at 31 December 2019.

In view of the COVID-19 pandemic’s impact on the Group financial performance, and the uncertainty of the recovery, the Board is recommending a first and final dividend of 3 Singapore cents per share for FY2020.

## **Outlook**

The Group remains committed to executing its lodging platform strategy, with the continued expansion of its hospitality and PBSA portfolios to build sustainable and recurring income.

The recovery from the pandemic crisis is expected to be uneven. The Group is closely monitoring developments pertaining to new and highly infectious virus variants, as well as the ever-present possibility of sudden lockdowns to prevent the spread of COVID-19. Most

borders currently remain closed to international travellers, and mass travel is not expected to be able to resume in any major way in 2021. Consequently, the Group's financial performance for FY2021 will remain under pressure, as the hospitality business segment is the biggest contributor to Group earnings.

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**About Far East Orchard Limited ([www.fareastorchard.com.sg](http://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 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 more than 16,500 rooms in Australia, Denmark, Germany, Hungary, Japan, Malaysia, New Zealand and Singapore. Its stable of nine unique and complementary hospitality brands are Oasia, Quincy, Rendezvous, Village, Far East Collection, Adina Apartment Hotels and Adina Serviced Apartments, Vibe Hotels, Travelodge Hotels and TFE Hotels Collection. In April 2020, Far East Hospitality’s joint venture with Boo Han Holdings Pte Ltd, an entity of Far East Organization, completed the purchase of a land and hotel project in Tokyo, and this hotel commenced operations as Far East Village Hotel Ariake in July 2020.

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. This includes the recently acquired 301-bed King Square Studios in Bristol in November 2020.

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

Far East Orchard is currently redeveloping the former Westminster Fire Station located in the prime central borough of the City of Westminster, London, UK, into a mixed-use development comprising residential apartments and a restaurant. In 2020, it completed the Woods Square integrated office development at Woodlands Regional Centre, Singapore’s Northern Gateway, developed with Far East Organization and Sekisui House, Ltd.

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