



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

## **MEDIA RELEASE**

### **FAR EAST ORCHARD RECORDS NET LOSS IN 1Q FY21 AMID PROLONGED RECOVERY FOR THE HOSPITALITY SECTOR**

- Net loss in 1Q FY21 was mainly due to the impact of lower revenue from the hospitality business
- The Group is taking a long term view and deepening its presence in key hospitality markets, with recent hotel openings in Singapore and Australia
- Student accommodation, the other pillar of the Group's FEOR 25 strategy, continues to see resilient demand
- Recovery of international travel likely to be prolonged due to uneven progress with inoculation programmes

**6 May 2021, Singapore** – Far East Orchard Limited ("Far East Orchard" or the "Company", and together with its subsidiaries, the "Group") recorded a net loss of S\$3.2 million for the three-month period ended 31 March 2021 ("1Q FY21"), amid the ongoing global COVID-19 pandemic.

#### SUMMARY OF 1Q FY21 FINANCIAL PERFORMANCE

##### Financial Highlights

(S\$ million)	1Q FY21	1Q FY20	% Change
Revenue	27.6	38.9	-29.0%
Operating (loss)/profit	(1.4)	12.0	N.M.
Total loss	(3.2)	(2.6)	-23.1%
(Loss)/Profit attributable to equity holders of the Company	(0.7)	0.9	N.M.

The hospitality business continues to be weighed down by the absence of international travel and tourism. In 1Q FY21, hospitality performance was particularly impacted by snap lockdowns in Australia, as well as lower hotel revenue in the Singapore market owing to the continued lack of international tourist arrivals.

Compared to 1Q FY20, the Group's losses were also steeper due to the impact of COVID-19 only hitting towards the end of March 2020. This was further compounded by the absence of contributions from property development in 1Q FY21, as share of profits from the Woods Square joint venture development were recognised in the prior year.

The Group's operating losses were mitigated by contributions from the student accommodation business ("PBSA") segment. In 1Q FY21, this included the full three months of profit contribution from the PBSA asset acquired in November 2020, King Square Studios.

Group Chief Executive Officer of Far East Orchard, Mr. Alan Tang, commented, "The hospitality industry still faces a long and challenging road to recovery. Notwithstanding a handful of travel bubbles that are emerging, international travel remains extremely limited. Nonetheless, we are taking a long term view on the situation, and continuing to deepen our presence in key markets for hospitality and PBSA as part of our FEOR 25 strategy."

As at 31 March 2021, the Group maintained a healthy cash position of \$276.4 million, compared to \$278.4 million as at 31 December 2020.

#### OPERATIONAL UPDATES & OUTLOOK

In line with its hospitality growth plans, the Group had a number of notable hotel openings in 1Q FY21. In Singapore, The Clan Hotel opened its doors in March 2021, and is currently ranked #1 on TripAdvisor.com<sup>1</sup>. In Australia, the first overseas expansion of the Group's "Quincy" brand took place with the opening of Quincy Hotel Melbourne in March 2021. Through its Toga Far East Hotels joint venture, the Group debuted a new premium brand A by Adina, with the first hotel under this brand opening in Canberra in February 2021. Looking further ahead, the Group will be opening its second hotel in Japan, the 277-room Far East Village Hotel Yokohama, in June 2021.

As at 31 March 2021, the Group's PBSA portfolio maintained a high occupancy level of over 80%, despite the uncertainties posed by COVID-19. The Group has also seen healthy levels of demand and pre-bookings for the upcoming academic year ("AY") 2021/22. The Group expects PBSA demand to continue to be strong, with statistics at end January 2021 showing a record number of university applications from UK students and from applicants outside of the European Union<sup>2</sup>.

In a recent report on the outlook for the global airline industry<sup>3</sup>, the International Air Travel Association (IATA) moderated its expectations for travel in 2021, due to the uneven pace of

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<sup>1</sup> TripAdvisor.com, retrieved 6 May 2021

<sup>2</sup> <https://www.ucas.com/corporate/news-and-key-documents/news/nursing-applications-soar-ucas-publishes-latest-undergraduate-applicant-analysis>

<sup>3</sup> Outlook for the global airline industry: IATA, 22 April 2021

vaccine rollout and uncertainty on the re-opening of borders. While IATA expects travel to rebound in 2022, a full recovery to pre-crisis levels is not likely to happen within the next 24 months, according to 67% of the airline executives it surveyed.

Mr. Alan Tang added, “We were heartened to see multiple vaccines being approved and rolled out this year. However, challenges abound in terms of logistical and supply chain issues, side effects, and highly contagious virus variants. The recent surge in community cases here in Singapore is a stark reminder of how quickly the situation can take a turn for the worse. More progress needs to be made in sustaining the mass inoculation effort at the global level, so that confidence can return and international travel can safely resume. Meanwhile, the Group will continue to exercise prudence in managing its resources while positioning for the eventual recovery.”

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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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