

# INVESTOR PRESENTATION

3 Oct 2018



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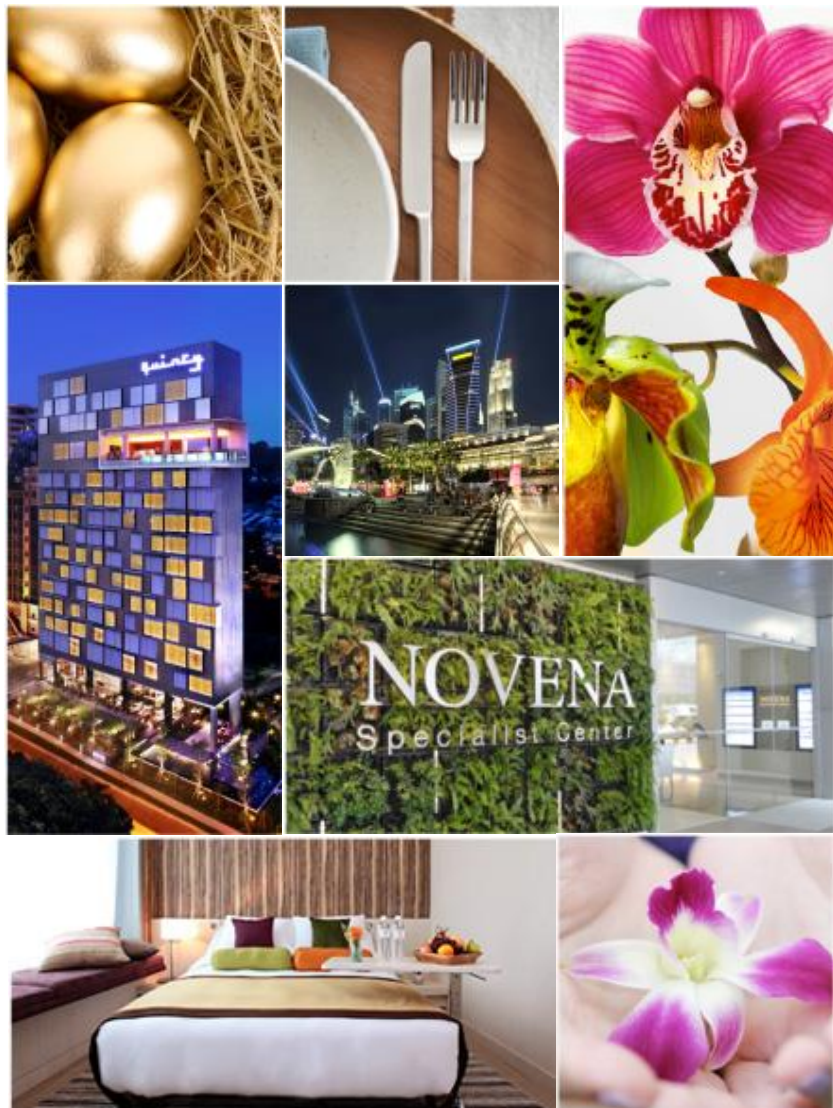
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- About Far East Orchard
- Business Overview
  - Hospitality
  - Property
- Financials
- Strategic Focus



# ABOUT FAR EAST ORCHARD

# ABOUT FAR EAST ORCHARD

**1967**

Incorporated as Ming Court Limited on 28 December



**1968**

Listed on the Mainboard of the Singapore Exchange

**1970**

Opening of Ming Court Hotel (renamed as Orchard Parade Hotel in 1991)



Ming Court Hotel, Singapore

**1987**

Acquired by Far East Organization on 20 June



**1988**

First property investment via the acquisition of several office units situated in Singapore:

- (i) Tong Building, Orchard Road
- (ii) Tanglin Shopping Centre, Tanglin Road
- (iii) International Plaza, Anson Road

**1989**

First overseas acquisition in Kuala Lumpur, Malaysia, consisting of six shop lots at Sungei Wang Plaza and a 24 storey commercial building, Plaza Atrium. The Group completed the redevelopment of Plaza Atrium into Oasia Suites Kuala Lumpur in 2016



Plaza Atrium, Malaysia

**1990**

Diversified into property development with the successful tender of a parcel of 99-year leasehold land at West Coast Road from the Housing Development Board. The project was completed in 1994

Change in name from Ming Court Hotel Limited to Orchard Parade Holdings Limited on 31 December

**1991**

Renamed from Ming Court Hotel to Orchard Parade Hotel on 1 January

**1994**

Completion of the Group's inaugural residential development project, West Bay Condominium



West Bay Condominium, Singapore

Diversified into the food & beverage business via an acquisition of 8.9% of Yeo Hiap Seng Limited ("Yeo Hiap Seng")



Tannery House, Singapore

## EXCEEDING PAST ASPIRATIONS, INSPIRING GREATER FUTURE

**2016**

Expanded into the UK residential market with the acquisition of the former Westminster Fire Station located in the prime central borough of the City of Westminster, London, UK, for redevelopment into a mixed-use development comprising residential apartments and a restaurant



Former Westminster Fire Station, United Kingdom

**2015**

Diversified into student accommodation in the United Kingdom ("UK") via the acquisition of a portfolio of purpose-built student accommodation properties consisting of buildings and land sites for development in Newcastle upon Tyne and a land site for development in Brighton



Rosdale Court, United Kingdom

**2014**

First entry into Europe with an acquisition of four hotel properties in Germany and Denmark with Toga Group



Adina Apartment Hotel Berlin, Checkpoint Charlie, Germany

First foray into the Australian residential market with property development project - Harbourfront Balmain, located in Sydney, jointly developed with Toga Group



Harbourfront Balmain, Australia

**2013**

Expanded hospitality footprint into Australia, China, Denmark, Germany, Hungary and New Zealand via two milestone joint venture partnerships with The Straits Trading Company Limited and Toga Group

**2012**

Renamed as Far East Orchard Limited from Orchard Parade Holdings Limited on 27 July

Underwent a strategic restructuring exercise and commenced new businesses in hospitality management and healthcare real estate



Novena Medical Center and Novena Specialist Center, Singapore

Divested 35.0% of its stake in Yeo Hiap Seng to Far East Organization and distributed the remaining 14.5% stake in Yeo Hiap Seng as a Dividend in Specie to shareholders

Injection of three hospitality assets - Orchard Parade Hotel, Albert Court Village Hotel (now known as Village Hotel Albert Court) and Central Square Village Residences (now known as Village Residences Clarke Quay) into Far East Hospitality Trust

**1997**

Completion of the Group's residential development - Kew Green, the first townhouse development with a condominium status in Singapore, allowing foreigners to purchase the property



Kew Green, Singapore

**1995**

Successful takeover of Yeo Hiap Seng with a 51.0% stake

Completion of Tannery House, the Group's first industrial property development

**50**

YEARS OF TRANSFORMATION

# DIVERSIFIED GROWTH PLATFORMS

## Singapore

- Hotel Ownership & Management
- Residential
- Commercial & Medical Suites

## Denmark, Germany, Hungary, Malaysia

- Hotel Ownership & Management

## Australia

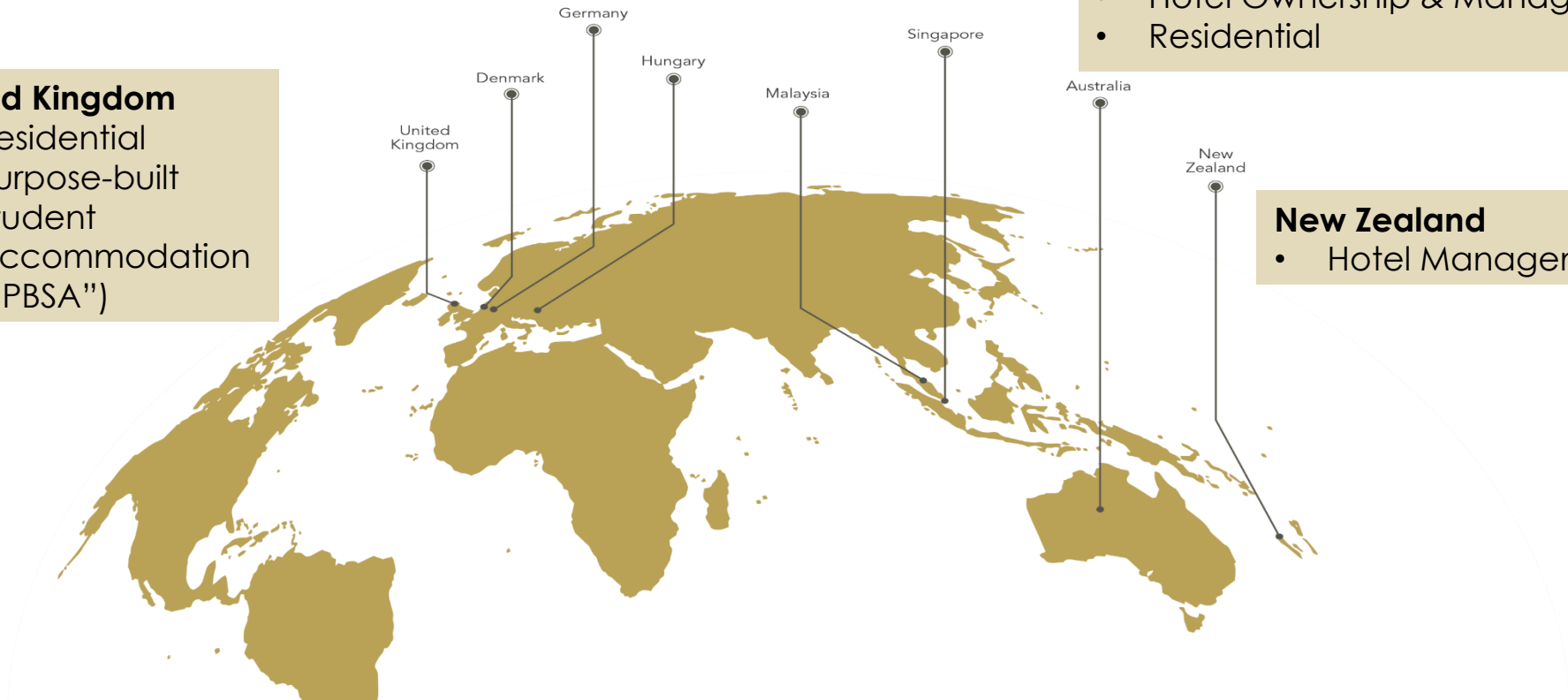
- Hotel Ownership & Management
- Residential

## United Kingdom

- Residential
- Purpose-built Student Accommodation ("PBSA")

## New Zealand

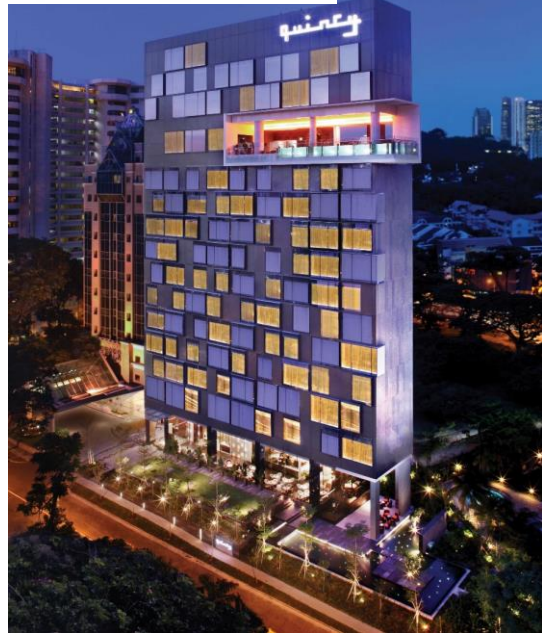
- Hotel Management





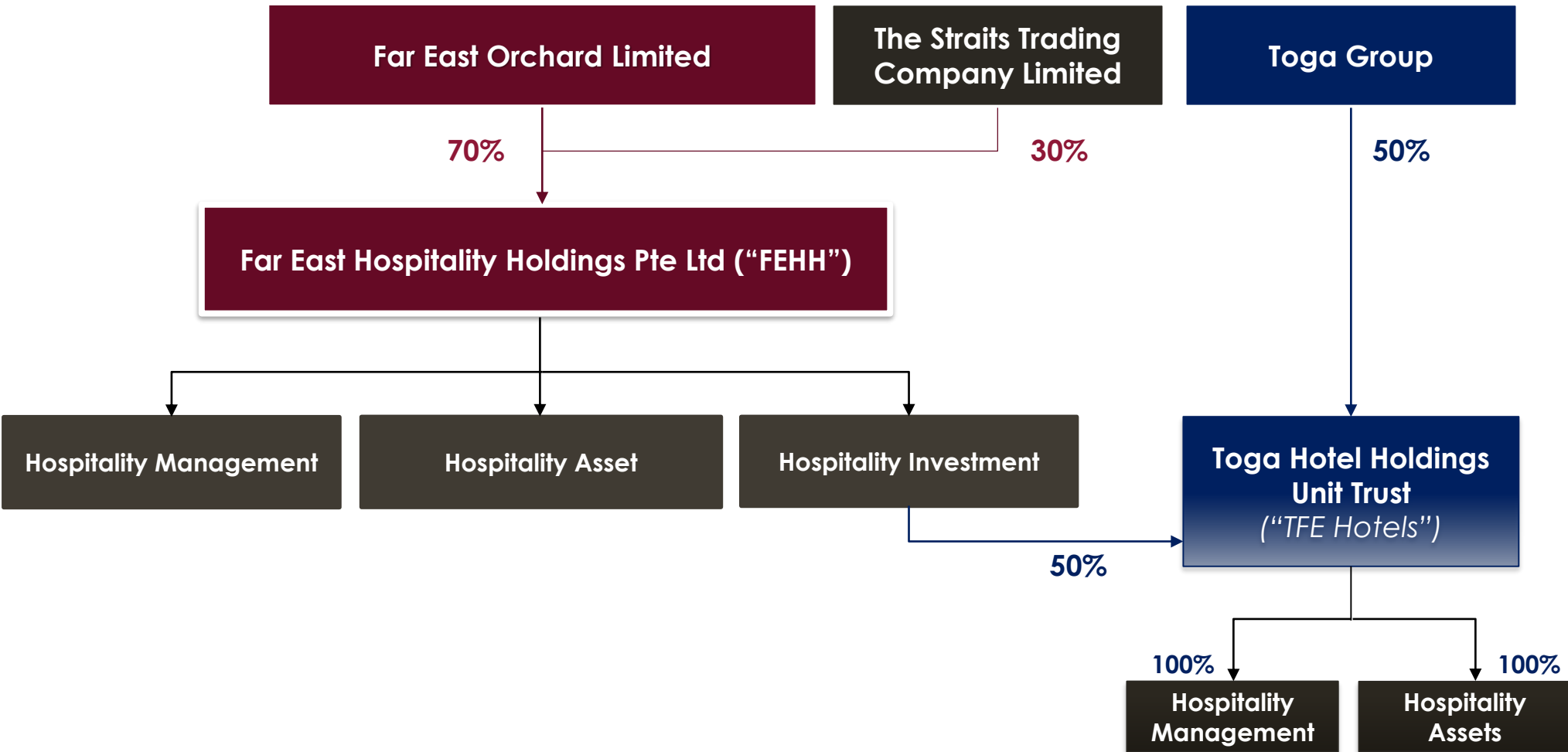


 **FAR EAST**  
HOSPITALITY



H O S P I T A L I T Y

# FAR EAST HOSPITALITY





# OWNED HOSPITALITY PROPERTIES

Effective Interest – 100%



KL, Malaysia  
Oasia Suites Kuala Lumpur  
Rooms : 247



Perth, Australia  
Rendezvous Hotel Perth Scarborough  
Rooms : 336

Effective Interest – 70%

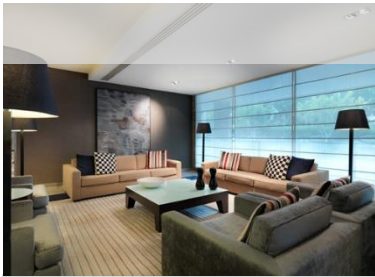


Perth Central, Australia  
Rendezvous Hotel Perth Central  
Rooms : 103

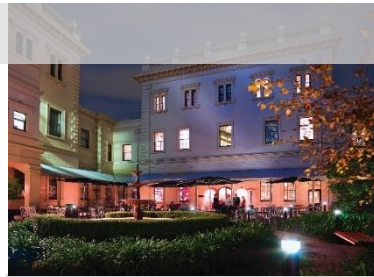


Melbourne, Australia  
Rendezvous Hotel Melbourne  
Rooms : 340

Effective Interest – 35%



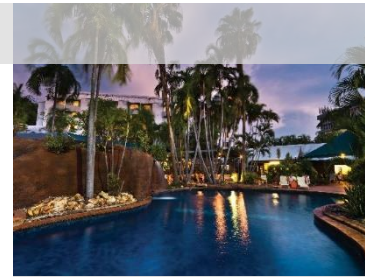
Sydney, Australia  
Adina Apartment Hotel Sydney  
Darling Harbour  
Rooms : 114



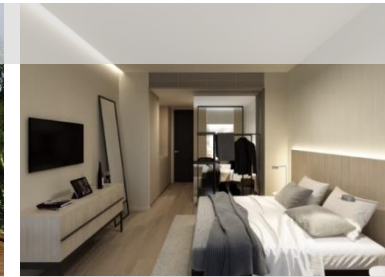
Adelaide, Australia  
Adina Apartment Hotel Adelaide  
Treasury  
Rooms : 79



Brisbane, Australia  
Adina Apartment Hotel Brisbane  
Rooms : 220



Darwin, Australia  
Travelodge Resort Darwin  
Rooms : 224



Sydney, Australia  
280 George Street  
[Under Development]

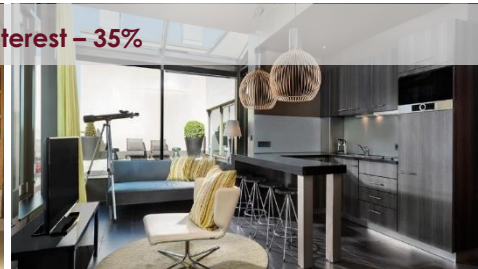
Effective Interest – 35%



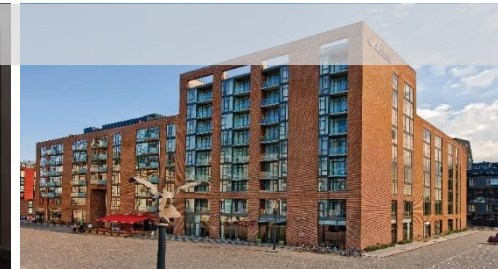
Berlin, Germany  
Adina Apartment Hotel Berlin Checkpoint  
Charlie  
Rooms : 127



Berlin, Germany  
Adina Apartment Hotel Berlin Mitte  
Rooms : 139



Frankfurt, Germany  
Adina Apartment Hotel Frankfurt Neue Oper  
Rooms : 134



Frankfurt, Germany  
Adina Apartment Hotel Copenhagen  
Rooms : 128

Includes directly owned properties and properties held through joint ventures



# 2018 OPENINGS

**Adina Serviced Apartments Canberra Dickson, Australia  
(Opened in Mar 2018)**



**Vibe Hotel North Sydney, Australia  
(Opened in Apr 2018)**



**Adina Apartment Hotel Brisbane, Australia  
(Opened in Jul 2018)**

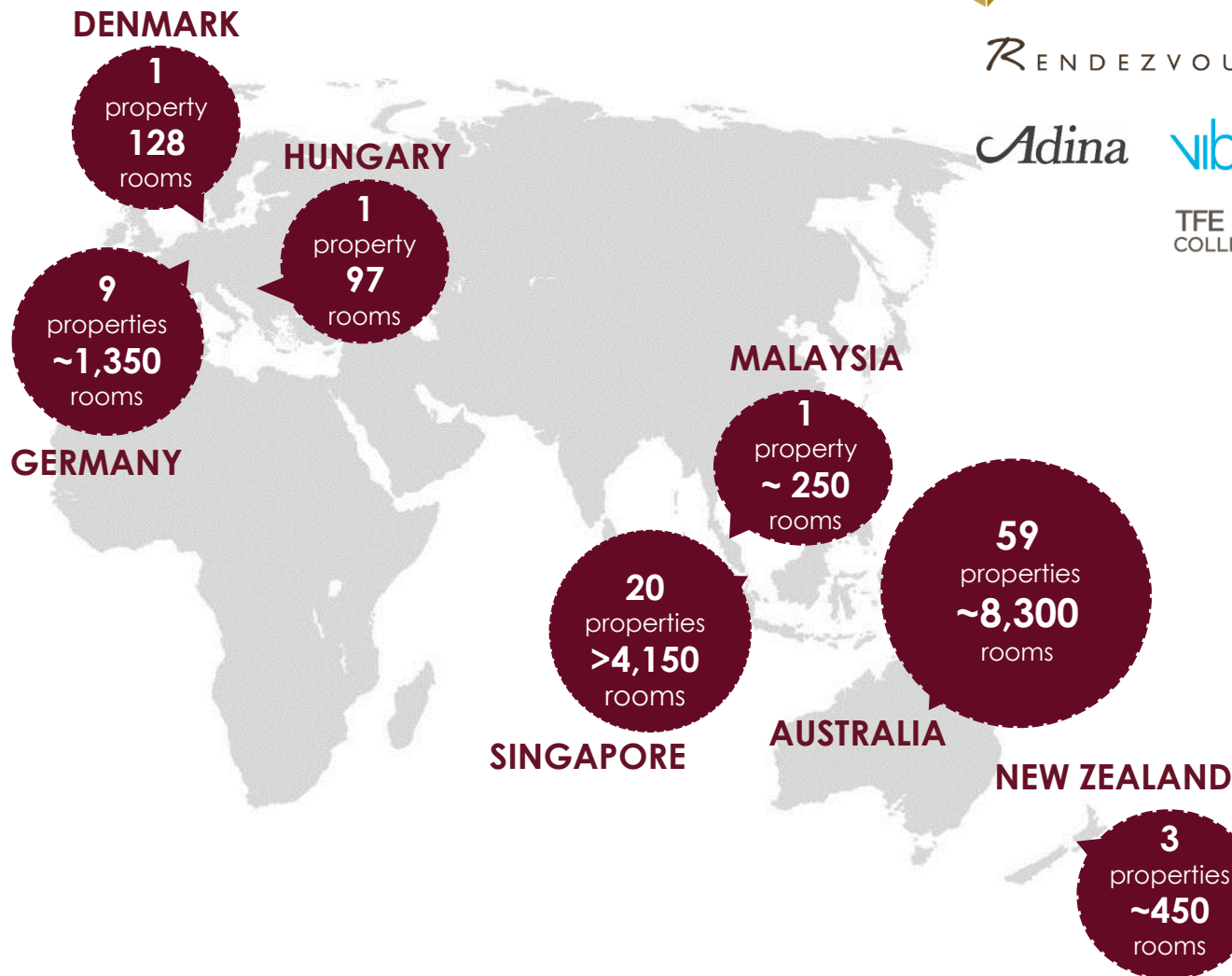


**The Calile Hotel Brisbane, Australia  
(Opened in Sep 2018)**

# OUR HOSPITALITY PORTFOLIO



94 properties with **14,700** rooms\*



\*As at Sep 2018





# PROPERTY

# DEVELOPMENT TRACK RECORD (2015 – 2018)

Project	Type	Effective Interest	TOP	No. of Units/beds	% sold as at 30 Jun 2018
<b>euHabitat</b>	Residential	20%	2015	750	99.9%
<b>SBF Center</b>	Commercial	20%	2016	249	99%
<b>RiverTrees Residences</b>	Residential	30%	2017	496	100%
<b>Harbourfront Balmain (Sydney, Australia)</b>	Residential, Commercial	50%	2017	125	100%
<b>Portland Green Student Village (“PGSV”) - Bryson Court (Newcastle upon Tyne, UK)</b>	PBSA	100%	2017	366	N.A.
<b>PGSV - Marshall Court (Newcastle upon Tyne, UK)</b>	PBSA	100%	2017	196	N.A.
<b>PGSV - Newton Court (Newcastle upon Tyne, UK)</b>	PBSA	100%	2018	295	N.A.



# ONGOING DEVELOPMENT PROJECTS

Expected completion in 2019



**Former Westminster Fire Station**  
London, United Kingdom  
17 units and a restaurant  
FEOrchard's Effective Interest: 98%

Expected completion in 2021



**Woods Square**  
Singapore  
514 units  
FEOrchard's Effective Interest: 33%

# INVESTMENTS - UK STUDENT ACCOMMODATION

## Portland Green Student Village, Newcastle upon Tyne

Total no. of beds in operational portfolio: 1,469

## Brighton

Under Development



**Bryson Court**  
366 beds



**Marshall Court**  
196 beds



**Newton Court**  
295 beds  
Opened in Aug 2018



**Hollingdean Road**  
193 beds  
Expected completion in 2019



**Rosedale Court**  
338 beds



**Turner Court**  
274 beds



# INVESTMENTS - HEALTHCARE

## Novena Specialist Center



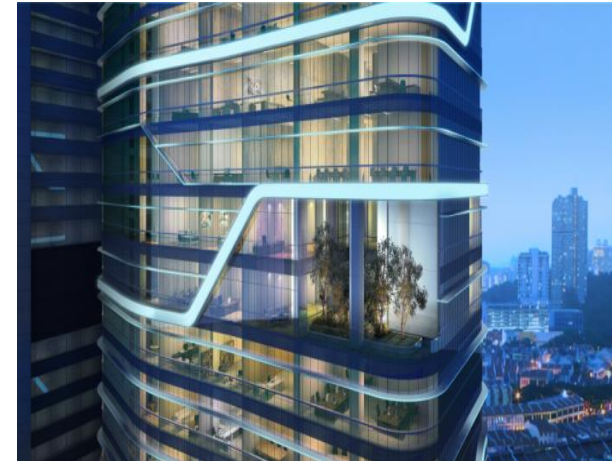
Medical Suites for Sale : 30  
Medical Suites for Lease : 10

## Novena Medical Center



Medical Suites for Sale : 7  
Medical Suites for Lease : 37

## SBF Center



Medical Suites for Sale : 1

# FINANCIALS

# 3-YEAR FINANCIAL HIGHLIGHTS



	2017 S\$'000	2016 S\$'000	2015 S\$'000
<b>Property Development</b>			
Sales	-	-	65,829
Operating profit/(loss)	173	(267)	5,439
Share of profit of joint ventures	6,941	50,433	6,819
Share of profit of associated companies	-	(352)	(3)
<b>Property Investment</b>			
Sales	14,821	15,011	11,349
Operating profit	6,517	7,312	6,527
Share of profit of joint ventures	131	-	-
<b>Hospitality</b>			
Sales	136,353	169,877	193,689
Operating profit	12,098	16,803	20,995
Share of profit of joint ventures	4,590	18,646	10,170
Share of profit of associated companies	2,678	2,649	2,551
<b>Total Sales</b>	<b>151,174</b>	<b>184,888</b>	<b>270,867</b>
<b>Total Operating Profit</b>	<b>33,128</b>	<b>95,224</b>	<b>52,498</b>
<b>Profit Attributable to Equity Holders of the Company</b>	<b>21,606</b>	<b>65,041</b>	<b>29,138</b>



# 3-YEAR FINANCIAL HIGHLIGHTS

## Property Development

- Earnings from property development is lumpy in nature. The recognition of sale and profit is dependent on project completion and sales
- Share of profit of joint ventures in FY2016 was from the joint venture projects - SBF Center and RiverTrees Residences
- Joint venture project, Harbourfront Balmain in Sydney, was completed in FY2017. Share of profit recognised in FY2017 was for 75% of the units sold and delivered to the buyers in the same year

## Property Investment

- Reduce the lumpiness from the development business
- Extension into the student accommodation asset class in the UK in 2015 has enabled us to strengthen our recurring income base

## Hospitality

- Core contributor to our recurring income base
- Sales declined as certain onerous hospitality leases in Australia and New Zealand progressively came to an end in FY2015 and FY2016. The Group would no longer be financially burdened by these loss-making leases
- Share of profit of joint ventures in FY2016 and FY2015 were boosted by one-off gain from the sale of a hotel in Sydney and Brisbane in the respective years

# 1H2018 FINANCIAL HIGHLIGHTS



	1H2018	1H2017	Increase/ (Decrease)
	\$'000	\$'000	%
Sales	74,945	75,426	(0.6)
Gross profit	26,753	24,835	7.7
Profit before income tax	9,522	9,861	(3.4)
Profit attributable to shareholders	9,223	6,682	38.0

# 1H2018 KEY FINANCIAL INDICATORS

## Healthy balance sheet and low gearing ratio

	30 Jun'18	31 Dec'17
Net asset value per share <sup>(1)</sup> (S\$)	2.93	2.93
Debt equity ratio	0.20	0.17

	1H2018	1H2017
Profit attributable to shareholders (S\$'000)	9,223	6,682
Basic and diluted EPS <sup>(2)</sup>	2.17 cents	1.58 cents

<sup>1</sup> Based on number of issued shares at the end of the period

<sup>2</sup> Based on weighted average number of ordinary shares in issue. Figures have been rounded.

# DIVIDEND DISTRIBUTION



	FY17	FY16	FY15
<b>First and Final Dividend</b>	6.00 cents	6.00 cents	6.00 cents
<b>Dividend Yield<sup>1</sup></b>	4.2%	4.0%	3.8%

<sup>1</sup> Based on Far East Orchard's closing share price at book closure date – \$1.44(16 May 2018), \$1.51(15 May 2017), \$1.57 (13 May 2016)



# STRATEGIC FOCUS



# OUR STRATEGIC FOCUS

Our **long-term strategy** is to **improve the quality of our earnings** and **smooth out the lumpiness in earnings** that is inherent as a property developer

## Recurring Income

## Non-Recurring Income

Hospitality  
Management

Hospitality  
Ownership &  
Healthcare Assets

Student  
Accommodation

Property development

- Increase number of hospitality management contracts
- Acquire strategic assets
- Divest properties to recycle capital for re-deployment towards higher yielding growth

Seek suitable real estate  
development opportunities

# BUILDING A STRONGER HOSPITALITY PORTFOLIO

**2017**

**>90  
PROPERTIES**

**>14,000  
ROOMS**



**2020\***

**115  
PROPERTIES**

**> 18,500  
ROOMS**



**2023 TARGET**

**150  
PROPERTIES**

**OR**

**30,000  
ROOMS**

# STRONG HOSPITALITY PIPELINE TO 2020

2017

>90  
PROPERTIES

>14,000  
ROOMS



Adina Apartment Hotel  
Macquarie Park Sydney,  
Australia



Adina Apartment Hotel  
Melbourne West End,  
Australia



Vibe Hotel Darling Harbour,  
Australia

2020\*

115  
PROPERTIES

> 18,500  
ROOMS



Adina Apartment Hotel  
Freiburg, Germany



Adina Apartment Hotel  
Munich, Germany



Village Hotel at Sentosa,  
Singapore

\*Based on signed management contracts as at Sep 2018

# UK STUDENT ACCOMMODATION

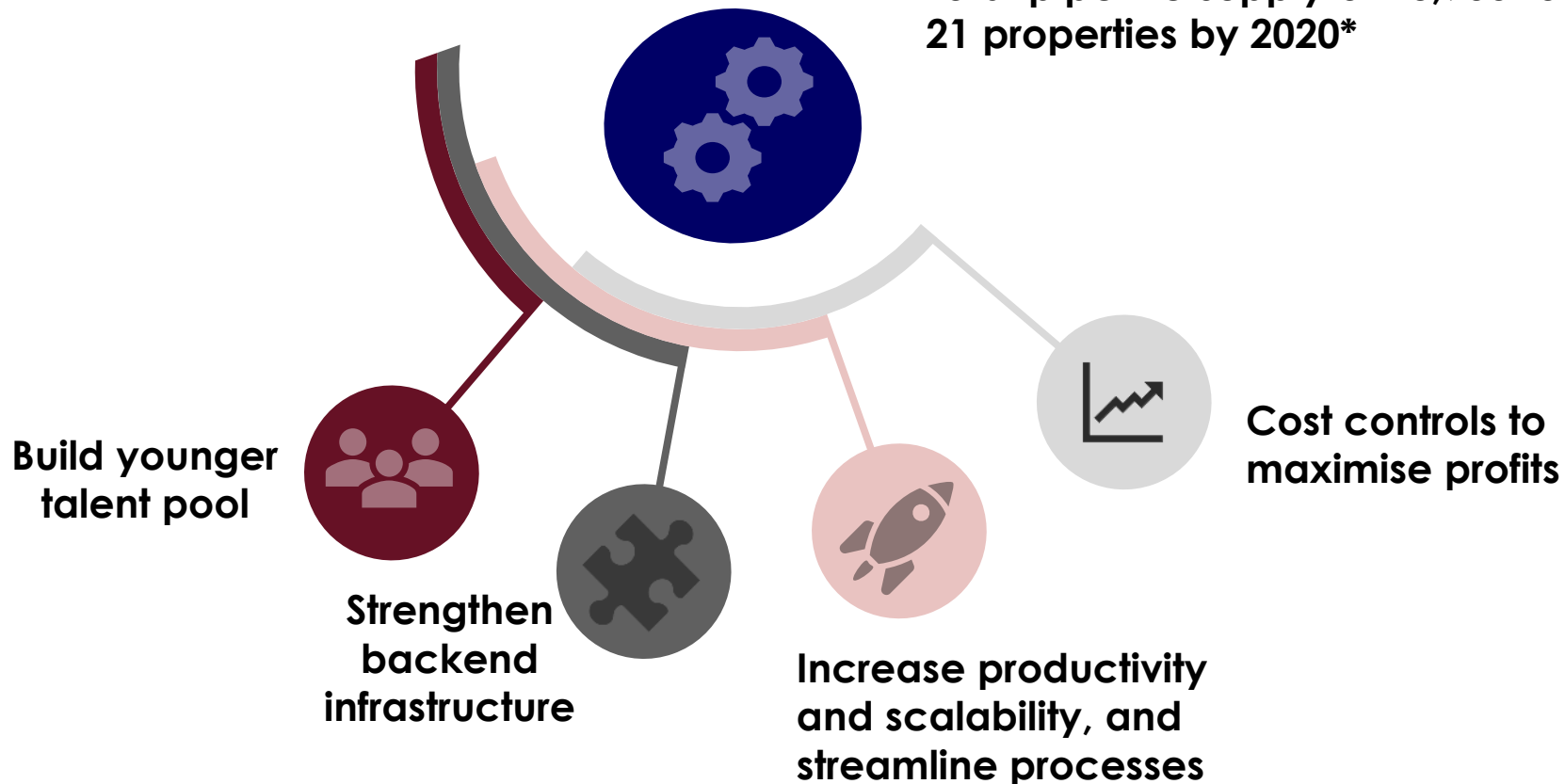




# BUILDING OUR ORGANISATIONAL BACKBONE

## INVESTMENTS IN ORGANISATIONAL BACKBONE WILL SUPPORT OUR STRONG PIPELINE

Total pipeline supply of ~3,700 rooms across  
21 properties by 2020\*



\*Based on signed management contracts as at Sep 2018



THANK YOU

