



# 52<sup>ND</sup> ANNUAL GENERAL MEETING

Presentation by Group CEO

26 June 2020



FAR EAST  
ORCHARD  
LIMITED

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# AGENDA

## Financial Performance

- FY2019 Financial Highlights

## FY2019 Business Review

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

## Business Update

- COVID-19 Update

## Outlook

- Looking Ahead

# FY2019 FINANCIAL HIGHLIGHTS

## Stable year-on-year financial performance

	FY2019	FY2018
<b>Sales</b>	S\$156.1M	S\$150.9M
<b>Total profit</b>	S\$25.8M	S\$33.4M
<b>Profit attributable to equity holders</b>	S\$26.0M	S\$32.9M

## Healthy balance sheet and gearing ratio

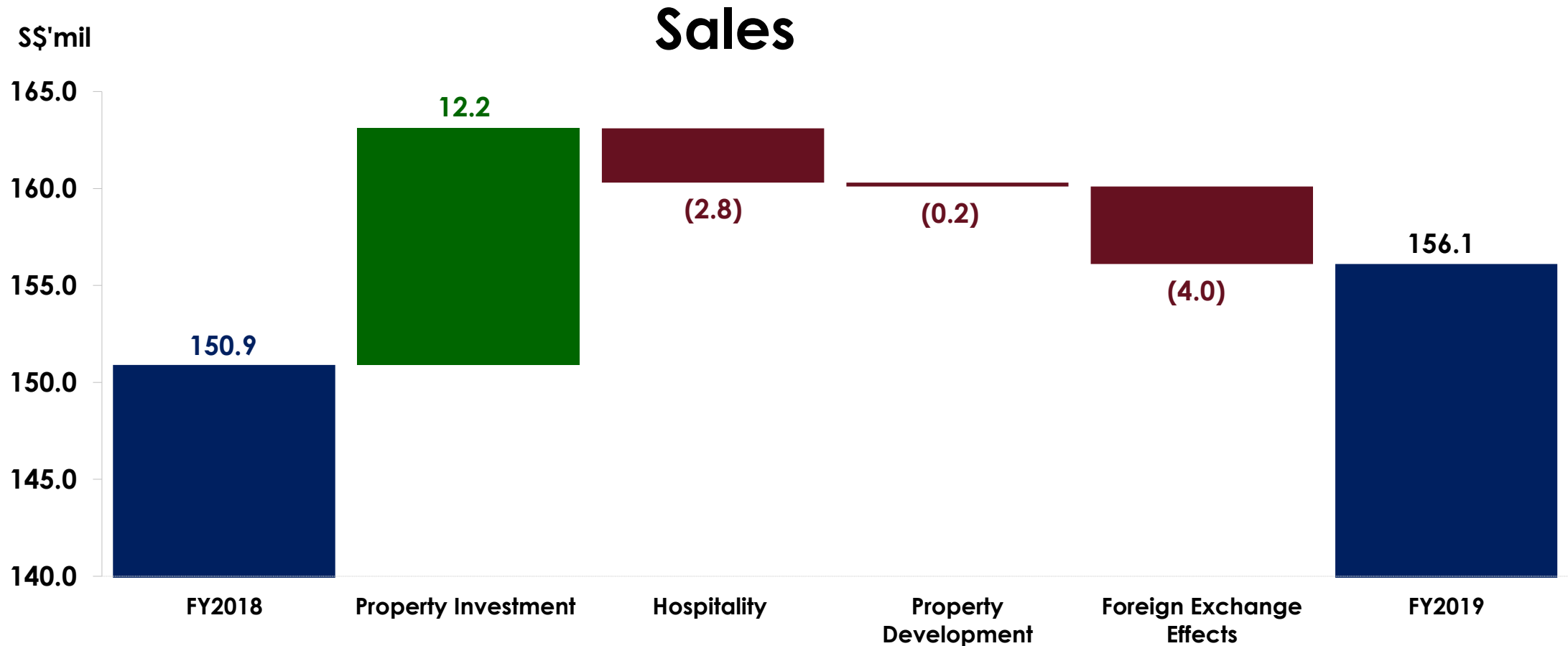
	31 Dec 19	31 Dec 18
<b>Net asset value per share <sup>(1)</sup></b>	S\$2.85	S\$2.89
<b>Debt equity ratio</b>	44%	23%
<b>Earnings per share<sup>(2)</sup></b>	6.0 cents	7.6 cents
<b>Final dividend per share</b>	6.0 cents	6.0 cents

Notes:

(1) Based on number of issued shares as at year end.

(2) Based on weighted average number of ordinary shares in issue during the year. Figures have been rounded.

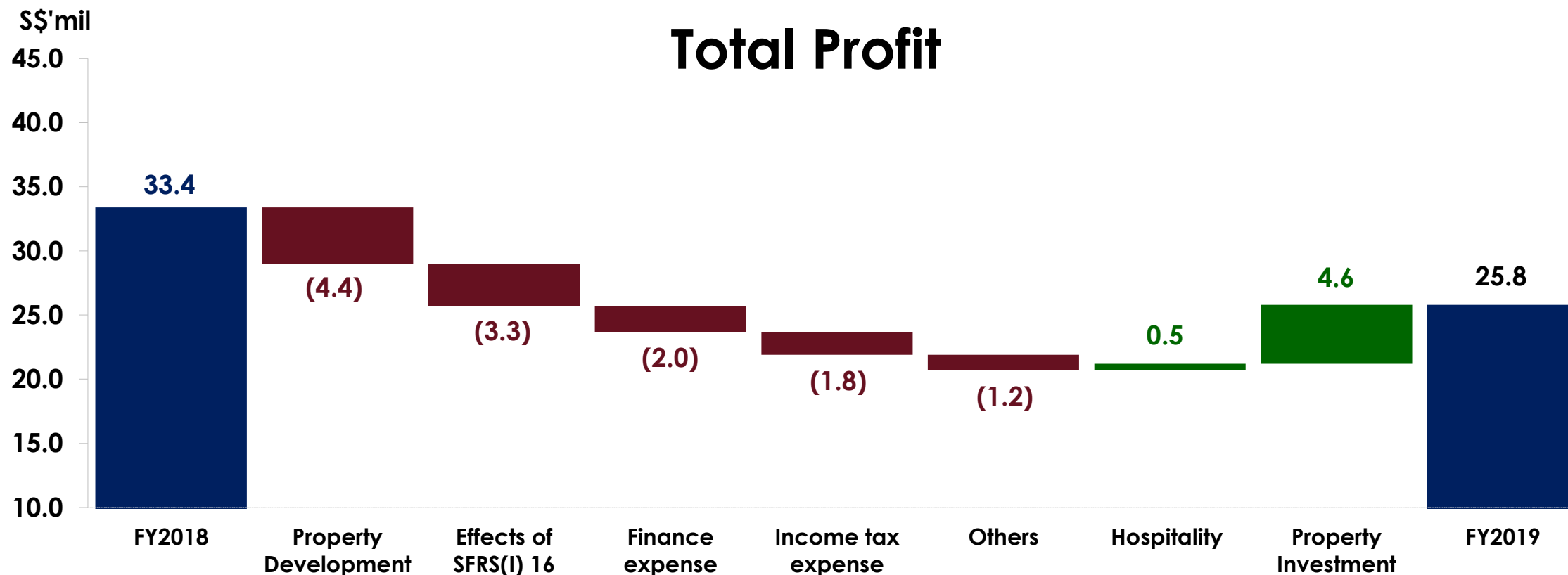
# FY2019 FINANCIAL PERFORMANCE



FY2019 revenue was supported mainly by higher PBSA business in the UK on an increase in occupied beds and contribution from 5 PBSA properties acquired during the year.

# FY2019 FINANCIAL PERFORMANCE

## Total Profit

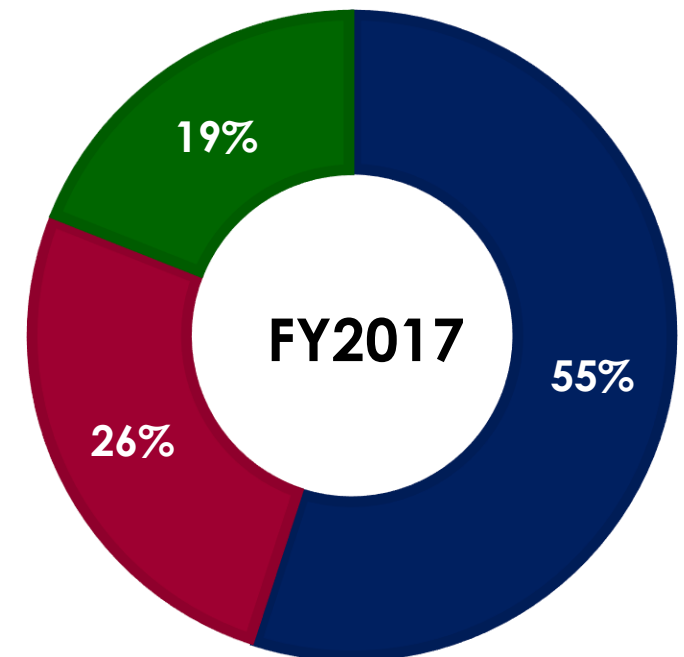
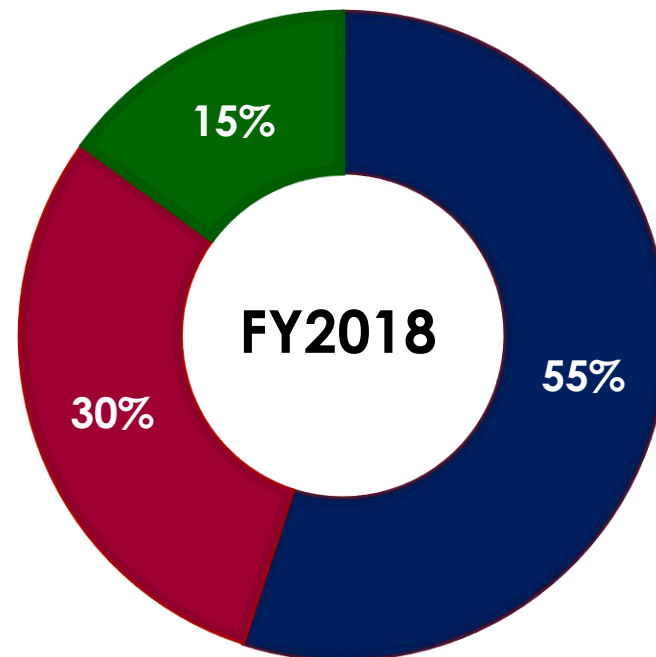
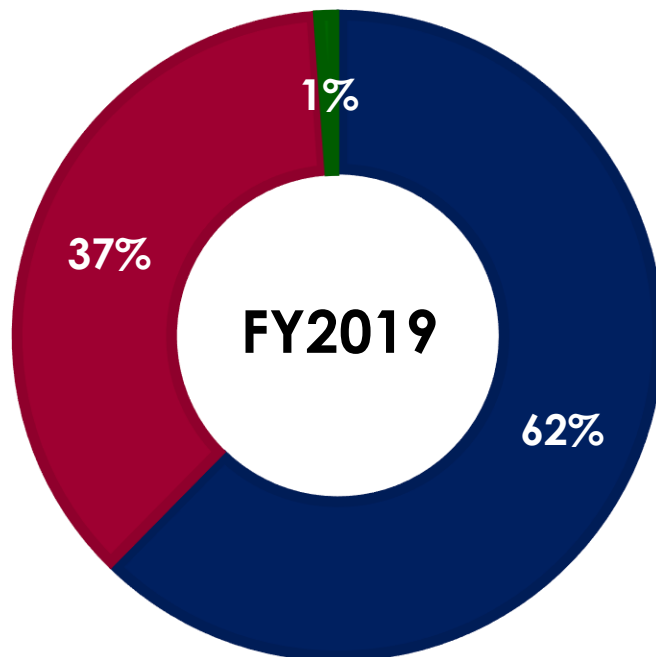


FY2019 profit was affected by absence of share of profit from JV property development project in Australia, effects of adoption of SFRS(I) 16 on Leases and higher finance expenses; partially offset by higher contributions from PBSA investments in the UK and hospitality management services business in Singapore.

# BUILDING A RESILIENT PORTFOLIO

Enhanced financial stability with increased proportion of operating profit from recurring income bases – Hospitality & Property Investment

## Total Operating Profit by Business Segment



■ Hospitality

■ Property Investment

■ Property Development



**FAR EAST**  
HOSPITALITY



TFE hotels



H O S P I T A L I T Y



# HOSPITALITY



TFE hotels  
COLLECTION



Adina

FAR EAST  
COLLECTION

RENDEZVOUS

2019

>15,500  
ROOMS

>95  
PROPERTIES

7  
COUNTRIES

ADDED

~1,000  
ROOMS

4  
PROPERTIES

IN  
2019

PIPELINE OF

>3,500  
ROOMS

OR

25  
PROPERTIES

# HOSPITALITY – 2019 ACHIEVEMENTS

## Hotel Openings: 4 new properties (~1,000 rooms) in Singapore and Australia

### Village Hotel Sentosa

606 rooms  
Opened in Apr 2019



### The Outpost Hotel Sentosa

193 rooms  
Opened in Apr 2019



### Vibe Hotel Sydney Darling Harbour

145 rooms  
Opened in Oct 2019



### The Barracks Hotel Sentosa

40 rooms  
Opened in Dec 2019



**Pipelines: Secured contracts for ~300 rooms in Vietnam and Singapore**

# HOSPITALITY – PIPELINES

Secured pipelines of more than 3,500 rooms or 25 properties



**New countries of Austria, Japan,  
Switzerland and Vietnam**

# HOSPITALITY – 2020 HOTEL OPENINGS

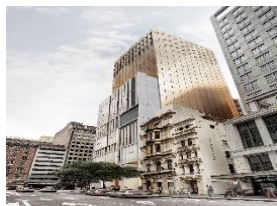
Reviewing the expected addition of ~1,550 rooms to hospitality management portfolio in light of the COVID-19 development



**Far East Village  
Hotel Ariake**



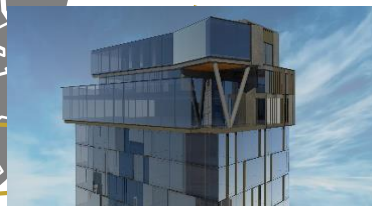
**The Clan Hotel**



**Adina  
Apartment  
Hotel Sydney**



**Adina Apartment  
Hotel Melbourne  
West End**



**Vibe Hotel Melbourne**  
Opened in Apr 2020

**New  
Zealand**



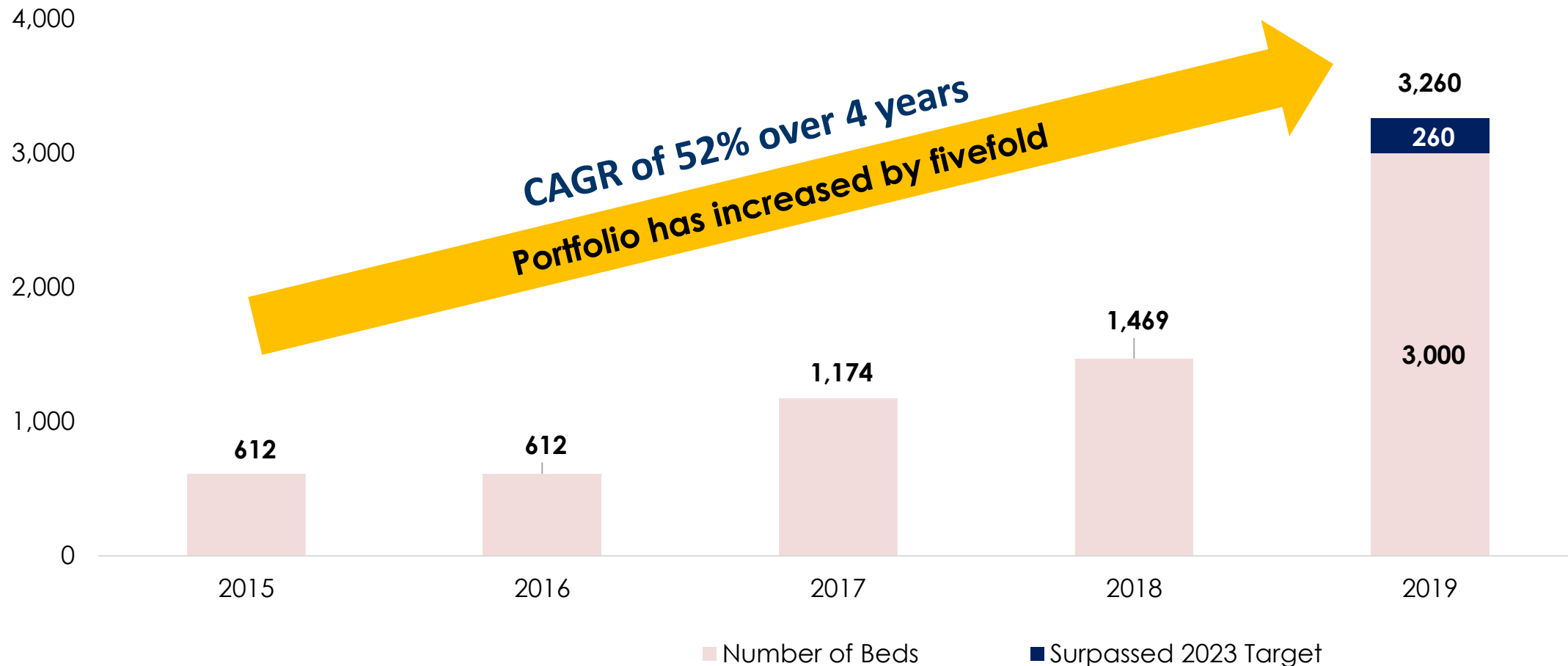
**Travelodge Hotel  
Wynyard Quarter**



# STUDENT ACCOMMODATION






# PBSA – GROWTH OF PBSA PORTFOLIO

Surpassed target to grow portfolio to 3,000 beds ahead by 2023



# PBSA – EXPANDING OUR PBSA PORTFOLIO

## Addition of more than 1,500 beds in 2019 through acquisitions

	Harbour Court	St Lawrence House	The Glassworks	The Elements	The Foundry
					
<b>Group's effective interest</b>	100%	100%	100%	100%	100%
<b>Tenure</b>	Freehold	Freehold	Freehold	Freehold	Freehold
<b>Acquisition Price</b>	£55.0 mil (~S\$98.7 mil <sup>1</sup> )			£66.5mil (~S\$115.7mil <sup>2</sup> )	
<b>Beds</b>	133	166	323	735	239
<b>Location</b>	Bristol	Bristol	Liverpool	Sheffield	Leeds
<b>Acquisition Date</b>	Mar 2019			Nov 2019	

<sup>1</sup> Based on the exchange rate of GBP1:SGD1.794 prevailing as at 15 Mar 2019

<sup>2</sup> Based on the exchange rate of GBP1:SGD1.740 prevailing as at 8 Nov 2019

# PBSA – ADDITION THROUGH DEVELOPMENT

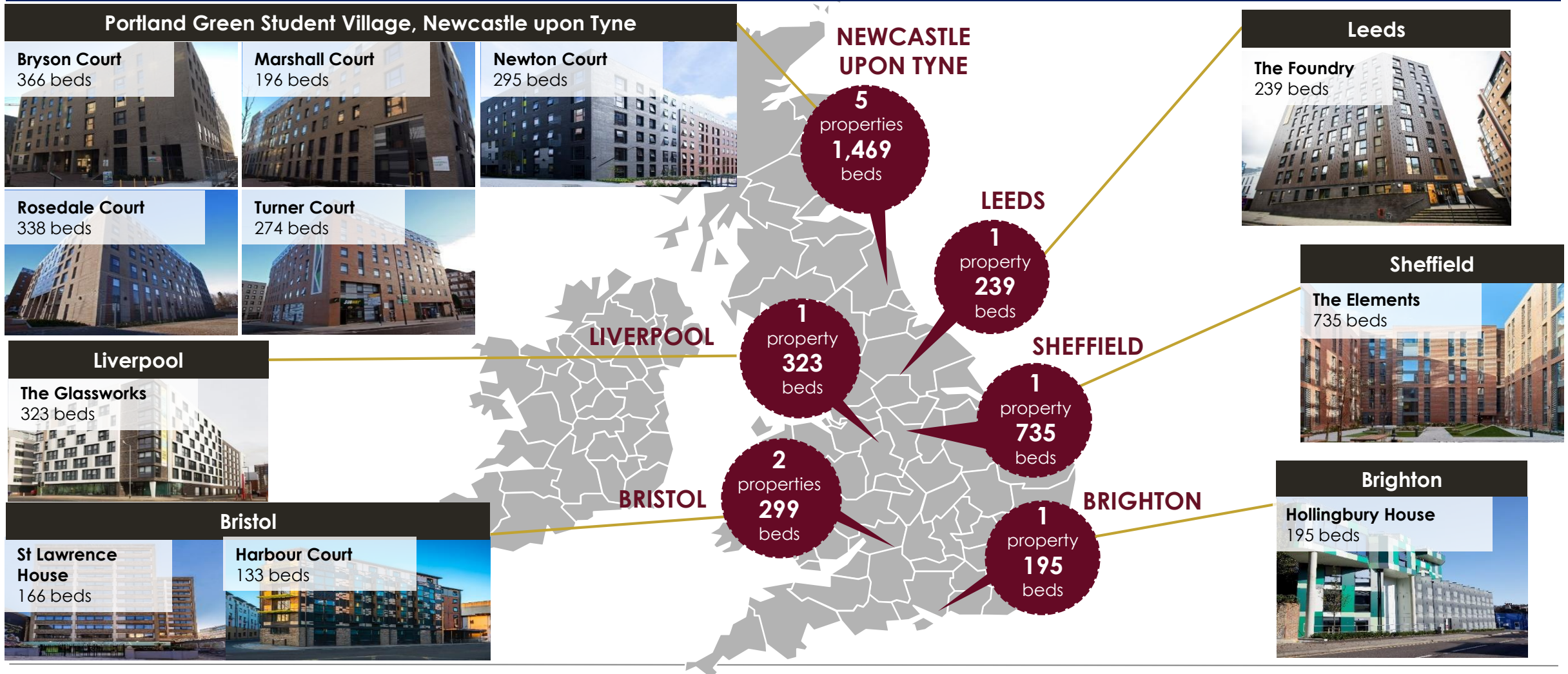
Completed development of the 195-bed Hollingbury House, Brighton, UK in Sep 2019

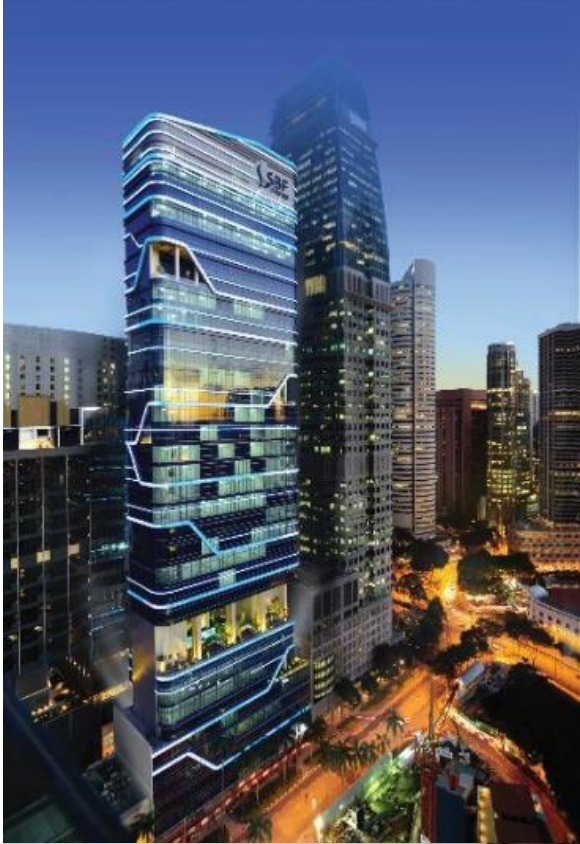




# UK PURPOSE-BUILT STUDENT ACCOMMODATION

## Portfolio of 3,260 beds across 11 properties in 6 UK cities





# PROPERTY DEVELOPMENT

# 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%



# **BUSINESS UPDATE**

# BUSINESS IMPACT DUE TO COVID-19

**Operating  
environment  
deteriorated**

**Operations  
disrupted as  
tourism & travel  
industry grounded  
to a halt**

**Demand for  
accommodation  
in the hospitality  
industry adversely  
affected**

COVID-19 rapidly evolved into a global pandemic<sup>1</sup>

Intensifying national lockdowns, tightened border controls & closures to flatten the spread of COVID-19

Negatively impacted RevPAR

<sup>1</sup> WHO announced COVID-19 outbreak a pandemic on 11 March 2020

# IMPACT OF COVID-19 ON HOSPITALITY BUSINESS

**RevPAR declined across our major markets  
in Singapore, Australia & Germany in Q1 FY2020**

RevPAR	Q1 FY20	Q1 FY19	% Change
<b>Singapore</b>	S\$88.30	S\$133.20	-33.7
<b>Australia</b>	A\$110.30	A\$136.10	-19.0
<b>Germany</b>	€71.20	€93.50	-23.9

- Widespread border closures and national lockdowns across the world decimated global demand for travel and accommodation
- Recovery uncertain

# IMPACT OF COVID-19 ON PBSA BUSINESS

## LOCKDOWN

The UK government instituted a national lockdown on 23 March 2020

## UNIVERSITIES

Universities adopted remote teaching and cancelled / suspended on-campus activities. Student continue their programmes online.

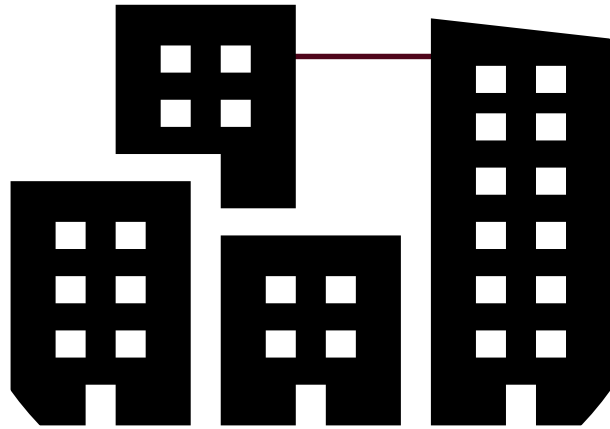
## TENANCIES

Allow students at our PBSA properties early cancellation of tenancies for the last semester of AY19/20

Revenue impact of around £3 million

**Despite the COVID-19 outbreak, our PBSA properties continue to receive bookings for AY20/21**

# IMPACT OF COVID-19 ON COMMERCIAL LEASES



Commercial  
Properties -  
Singapore



Medical Suites



Offices

Committed to passing down in full the property tax rebate and honouring rental relief measures as announced in the Fortitude Budget to all medical and office tenants at its respective properties to weather this crisis together



# COVID-19 MITIGATION MEASURES

Health, safety & well-being of our employees, guests, residents, partners and vendors remains our #1 priority

- Comprehensive health and precautionary measures including safe distancing, telecommuting were implemented at each of our properties and offices
- Adjust business continuity plans and existing measures at various locales to align with the government measures

Cost containment measures were implemented at the corporate and property level to conserve cash flow

- Measures in areas such as hiring and leave clearance, travelling and procurement
- Temporary closure of certain floors and common facilities at our hotels
- Deferral of non-essential service contracts and spent
- Tap on government budgetary support schemes such as Jobs Support Scheme in Singapore and JobKeeper Scheme in Australia

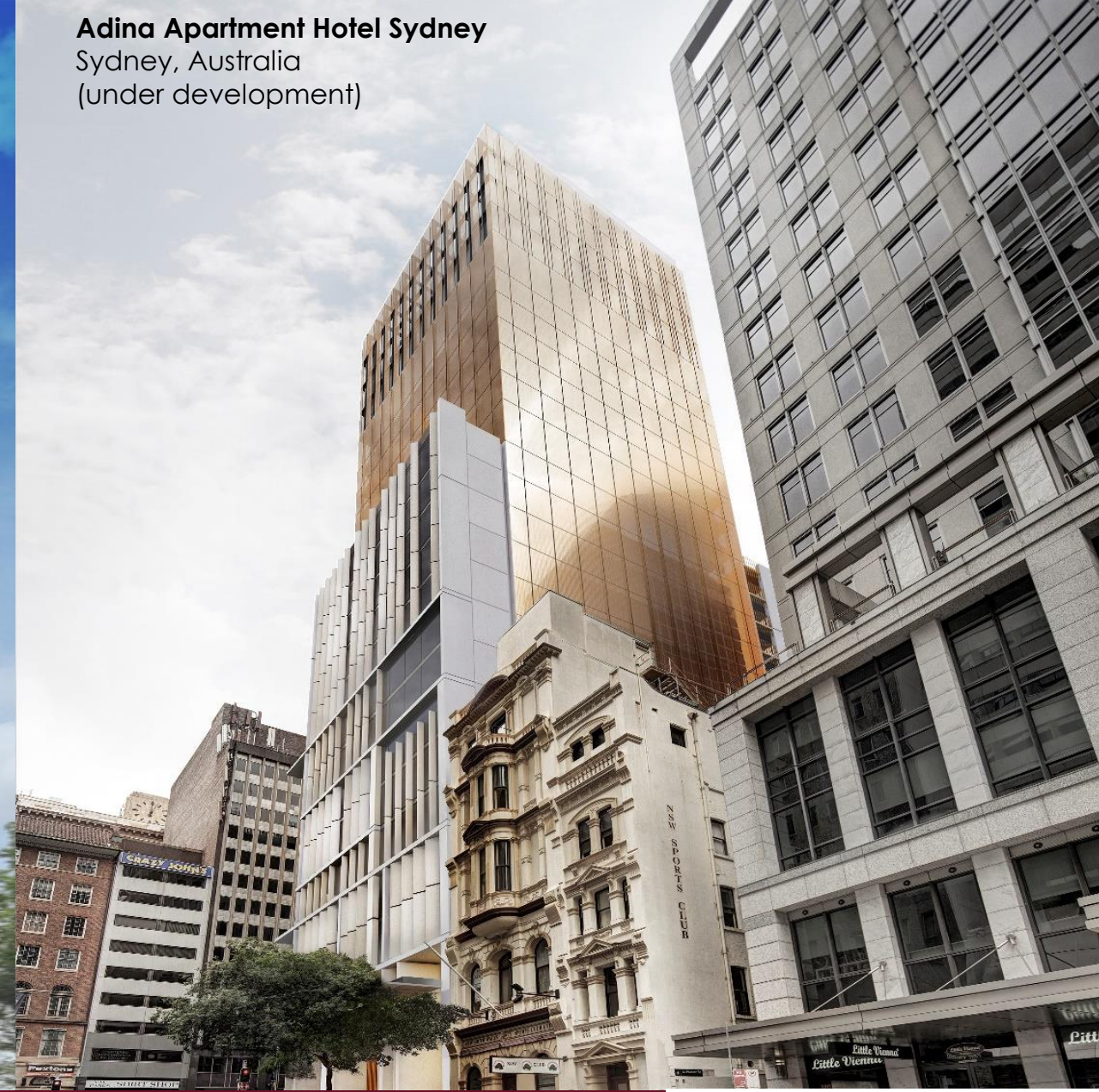
# OUTLOOK

- Uncertainty of COVID-19 pandemic development and economic recovery will weigh on the Group's business for the rest of FY20
- Operating environment for our hospitality business is expected to be difficult in the immediate future
- Other risks including intensification of trade wars, rising geopolitical tensions remain to create uncertainty to our business landscape
- Extent of the COVID-19 impact on the financial performance remains challenging to assess at this juncture but we will continue to do our best in navigating this downturn and provide timely update on any material development
- Use this crisis to rethink and transform our operations to prepare for post COVID-19
- Prudent capital management with manageable gearing and accessibility to credit facilities
- With strong balance sheet and dedication of our colleagues, the Group will emerge strong to meet the new normal that awaits us

**Far East Village Hotel Ariake**  
Tokyo, Japan



**Adina Apartment Hotel Sydney**  
Sydney, Australia  
(under development)



**THANK YOU**