

MEDIA RELEASE

**HOSPITALITY BUSINESS IMPACTED BYOMICRON SURGE AT START OF 1Q,
ENCOURAGING RECOVERY SEEN IN MARCH**

- **The Group’s hospitality business positioning for recovery with gradual borders reopening across the markets it operates in, albeit recovery will be slower than expected**
 - **Australia’s hospitality business faced operating headwinds from the Omicron variant but saw encouraging recovery in March when borders reopened**
 - **Singapore’s hospitality business transitioning to travel-induced demand as government isolation and MCO businesses wane with the reopening of borders**
- **Headwinds coming from supply chain bottlenecks, rising inflation, and tighter labour market**
- **Opened 494 hotel rooms in 1Q FY22; 2 new hotel openings are expected in FY22**
- **Purposed-built student accommodation (“PBSA”) business remains resilient**

06 May 2022, Singapore – Far East Orchard Limited (“Far East Orchard” or the “Company”, and together with its subsidiaries, the “Group”) recorded a net profit of S\$2.2 million for the three-month period ended 31 March 2022 (“1Q FY22”).

SUMMARY OF FINANCIAL PERFORMANCE

Financial Highlights

S\$ million	1Q FY22	1Q FY21	% CHANGE
Revenue	29.7	27.6	7.6
Profit/(Loss) after income tax	2.2	(3.2)	NM
Profit/(Loss) attributable to equity holders of the Company	2.6	(0.7)	NM

NM : Not meaningful

The Group recorded profit after income tax of S\$2.2 million in 1Q FY22 (1Q FY21: loss of S\$3.2 million) due to unrealised exchange gain from the strengthening of the Australian Dollar against the Singapore Dollar and recognition of the sales of the reversionary interest of Village Residence Clarke Quay¹. Compared to 1Q FY21, the Group’s hospitality business showed an improvement in performance and the PBSA business remained resilient.

Hospitality business was impacted at the start of the year due to the emergence of the Omicron variant and reintroduction of travel restrictions in several countries, but encouraging recovery was seen in March when borders reopened.

OPERATIONAL UPDATES

In 1Q FY22, our joint venture in Australia, TFE Hotels opened three hotel properties, each in Sydney, Dusseldorf and Stuttgart, adding 494 rooms to our hospitality portfolio. The Group is expecting two new

¹ On 25 March 2022, the Company announced the completion of the sale of the Group’s reversionary interest of approximately 1.5 years (“Reversionary Interest”) in the whole of Lot 320N of Town Subdivision 8 together with the building erected thereon known as Village Residence Clarke Quay and situated at 20 Havelock Road, Singapore (the “Disposal”). The sale consideration for the Reversionary Interest is S\$1.8 million. Completion of Disposal occurred on 24 March 2022.

hotel openings in Australia in the second half of the year.

As more countries reopen their borders, the Group's businesses will ride along with the recovery momentum. Since Singapore's announcement of a full reopening of borders to all fully vaccinated travellers with effect from 1 April 2022, there has been an increasing number of flight bookings from Malaysia, India, Australia, Thailand and Indonesia.² The Group's Singapore hospitality business is expected to benefit from the reopening with stronger corporate and leisure demands observed. However, China, being one of Singapore's key inbound source markets still has its borders closed, and this will have an overall impact on Singapore's tourism recovery. With the reopening of land borders between Singapore and Malaysia from 1 April and the lifting of most COVID-19 curbs in Singapore from 26 April, the Group's government isolation and the movement control order (MCO) businesses are expected to decline sharply. Australia has also fully reopened its international borders with effect from 21 February 2022 and the Group's Australia hospitality business is witnessing a positive trend in domestic bookings. The increase in international flights will boost its tourism, albeit a slow recovery from corporate demands.

Since the United Kingdom ("UK") announced its removal of travel restrictions and requirements relating to COVID-19^{3,4}, the Universities and Colleges Admission Service ("UCAS") reported a 5% increase in applications from students outside the European Union for the academic year 2022/2023 ("AY22/23") starting September 2022, and these application numbers are still rising.⁵ In the recent January application deadline, students' applications from China and India grew significantly by 12% and 11% respectively, with China remaining the third biggest market for UK higher education.⁴ As at 31 March 2022, the Group's UK PBSA portfolio has seen reservations for AY22/23 of over 80%, surpassing the prior year's reservation at this point in time.

Outlook

The outlook for FY2022 remains clouded with uncertainties as geopolitical tensions and the macro-environment factors linger into 2022, hampering the overall confidence and the recovery of tourism.⁶ The Group will navigate these headwinds with prudence and vigilance while ensuring we are well-positioned for the eventual return of tourism. The Group remains confident in the outlook of the UK PBSA business, as the number of international students is expected to grow by two-thirds between now and 2026.⁴ This will support the strong occupancy levels and rental growth.

Group Chief Executive Officer of Far East Orchard, Mr Alan Tang commented, "As we welcome the reopening of international borders, the Group is gearing up to recapture pent-up travel demands. We also remain cognizant that ongoing geopolitical tensions and macro-environment factors are becoming more volatile, and these uncertainties will continue to cloud the outlook of our business in the near term. Nonetheless, we will remain focused, vigilant and rooted in our strategy to strengthen the Group's lodging platform and position ourselves for sustainable growth in the long term."

– END –

² The Business Times. 20 Apr 2022. [Flight bookings show pent-up travel demand, bodes well for Singapore's air traffic target.](#)

³ Channel News Asia, 14 Dec 2021. [UK to remove all countries from COVID-19 travel red list from Dec 15](#)

⁴ The Straits Times. 15 Mar 2022. [Britain to drop last Covid-19 travel measures from March 18.](#)

⁵ UCAS. 17 Feb 2022. [UK Universities and colleges see record applications from key international markets, as UCAS launches dedicated new platform.](#)

⁶ UNWTO. 25 Mar 2022. [Tourism enjoys strong start to 2022 while facing new uncertainties.](#)

About Far East Orchard Limited (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 purpose-built student accommodation (“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 18,000 rooms across Australia, Austria, Denmark, Germany, Hungary, Japan, Malaysia, New Zealand, and Singapore. Its stable of 10 unique and complementary hospitality brands are Oasia, Quincy, Rendezvous, Village, Far East Collection, A by Adina, Adina Hotels, Vibe Hotels, Travelodge Hotels and Collection by TFE Hotels.

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.

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

The Group’s mixed-use development in London, UK, the former Westminster Fire Station, achieved its practical completion in 2021. The Grade II Listed heritage building, comprising residential apartments and a restaurant, is located in the prime central borough of the City of Westminster, London, UK.

For further information, please contact:

Ms Dianne Tan
Assistant Manager, Investor Relations
Tel: (65) 6830 6599
Email: ir@fareastorchard.com.sg