

# **FAR EAST ORCHARD LIMITED**

SGX-SIAS CORPORATE CONNECT

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Tuesday, 10 May 2022

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This presentation should be read in conjunction with the full-year financial results and business performance update announced by Far East Orchard Limited (“Far East Orchard”) for the full-year period ended 31 December 2022 (“FY2021”) and for the three-month period ended 31 March 2022 (“1Q FY22”) on 22 February 2022 and 6 May 2022, respectively.

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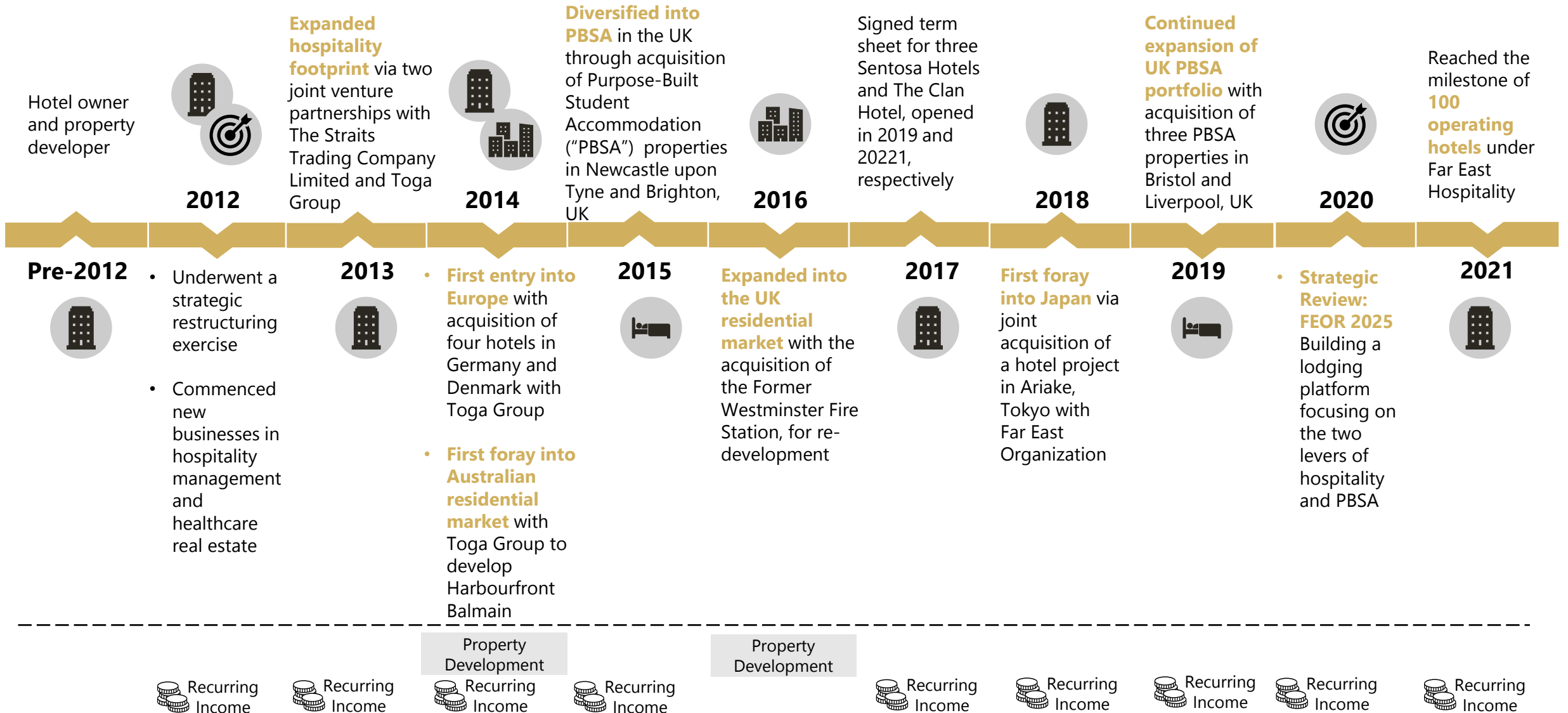


# About Far East Orchard & Our Strategic Focus

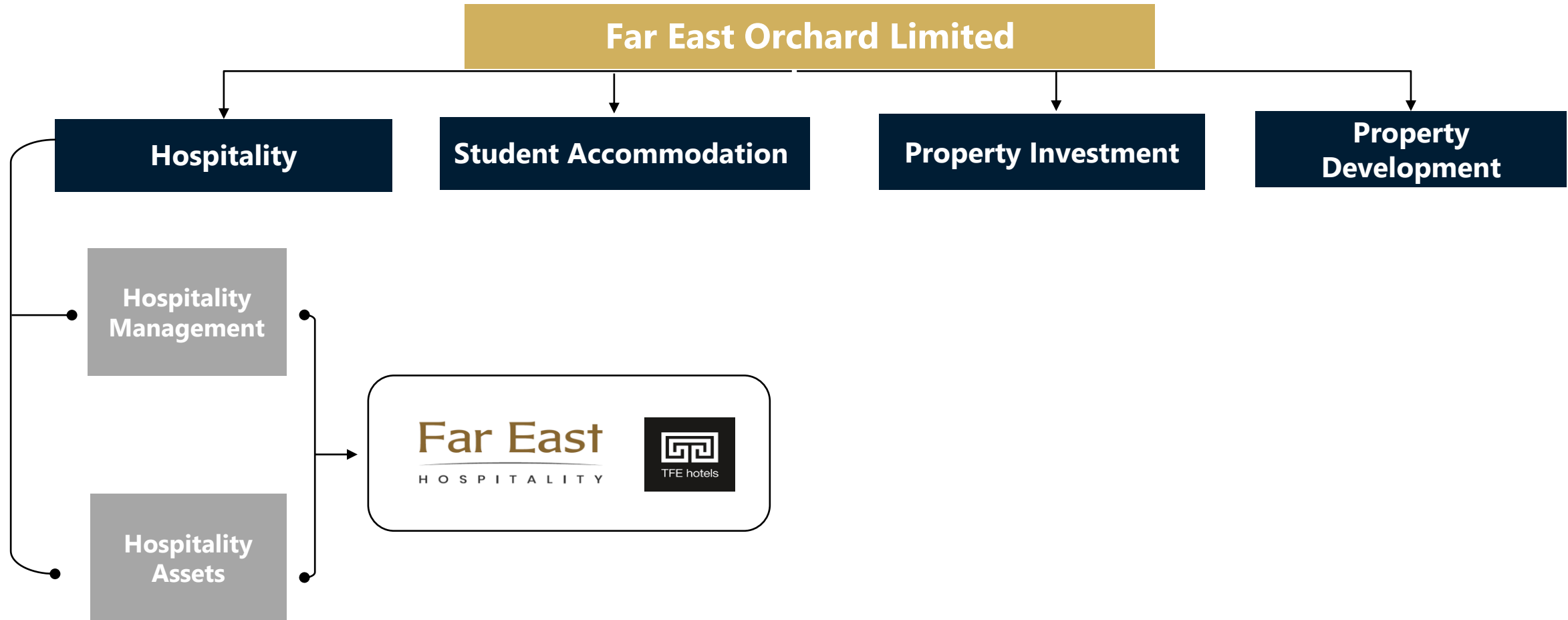
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# Transformational Milestones (2012 – 2021)


Build a resilient business via an expansion of recurring income base to complement development earnings



# Business Structure



# Strategic Focus



A real estate company with a lodging platform that aims to achieve a sustainable and recurring income through a diversified and balanced portfolio.

## FEOR 25 Strategy



**25,000** rooms



**5,000** beds

Grow the portfolios through a combination of strategic partnerships, hotel management agreements and selective acquisitions.

# Diversified Growth Platforms & Geographies

**\$2.6 billion**

Total Assets as at 31 Dec 2021

**Hospitality**

9 countries/29 cities, > 100 hotels, > 18,000 rooms

**PBSA**

6 cities, 12 assets, 3,561 beds







# Sustainability

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# Committing to Sustainability Efforts

## SUSTAINABILITY VISION

We strive to create sustained economic value for our stakeholders and contribute responsibly to the environment and society, while upholding a high standard of corporate governance.

Together, we work towards creating a sustainable future through our real estate and lodging platform.



### Minimise Environment Impacts

Reducing our environmental footprint and preserving environmental resources across our platforms

#### Implementations:

- Tracking carbon footprint in properties we have control in
- Initiatives in place to minimise and conserve environmental resources

### Supporting Our People

People-first business

Strive to provide safe and conducive environment; empower staff to take charge of their own success.

Maintain the highest safety and health standards to ensure customers have the best experience.

### Resilient Business

Accountable to all stakeholders to ensure the long-term success of our business.

This is done through a diversified and balanced portfolio in the geographies we operate.

### Upholding Integrity

We believe in ethical and transparent business practices across our value chain will go a long way in maintaining business continuity and our market reputation.

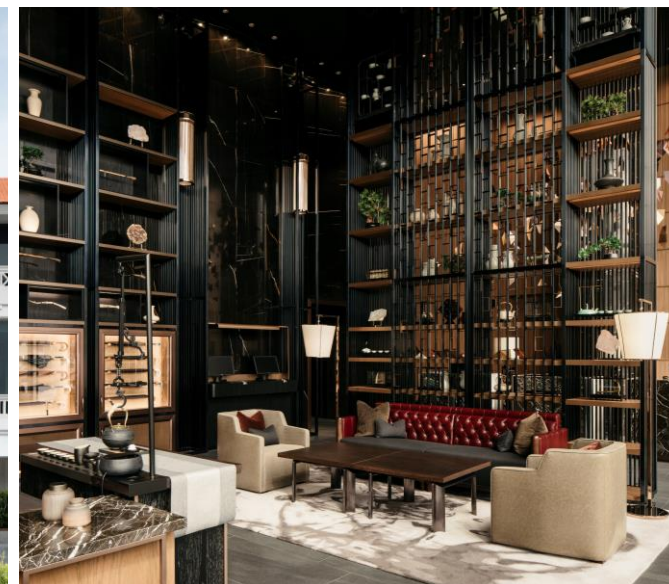


# **Business Overview & Key Markets Update**

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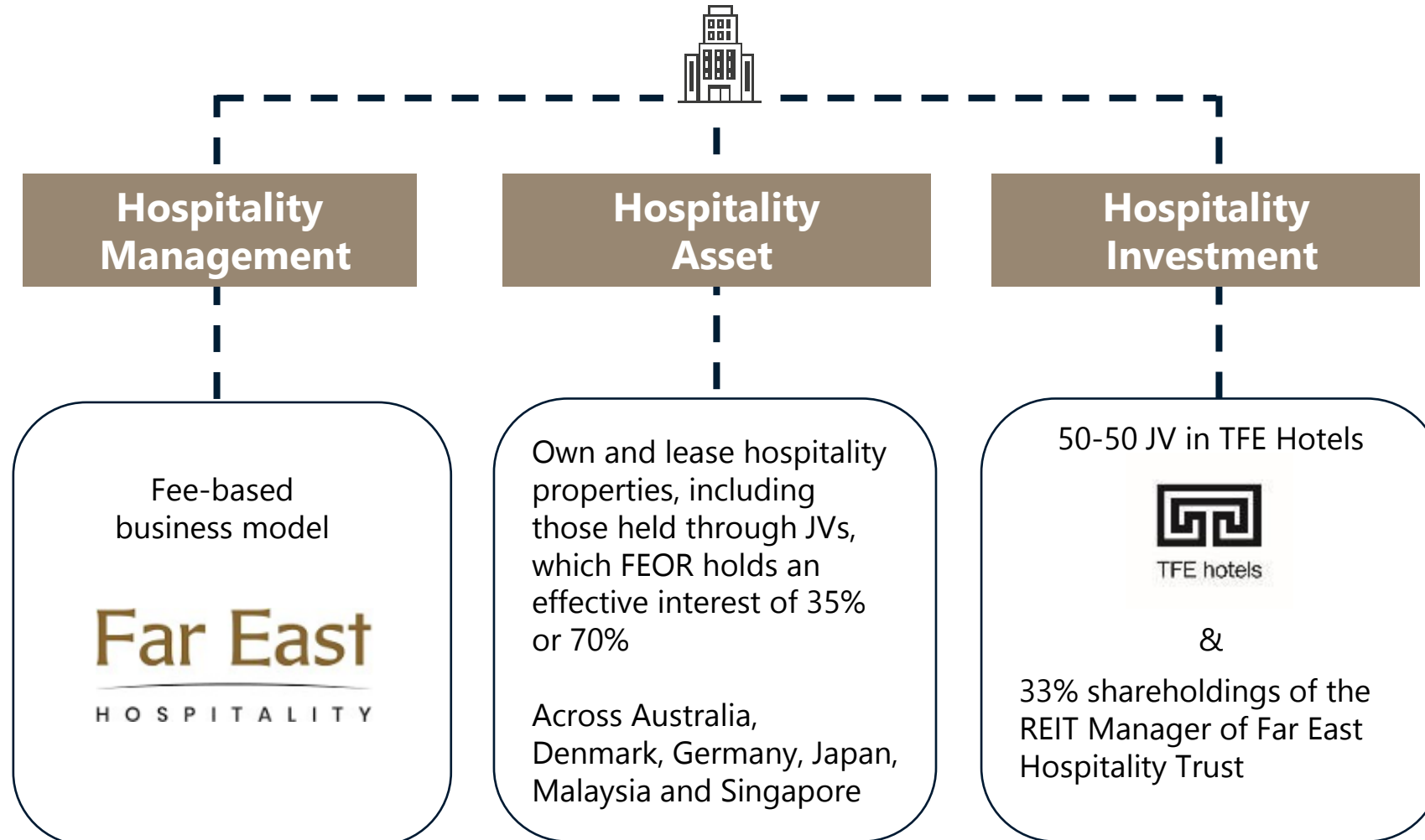
# Hospitality

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# About the Hospitality Business

Hospitality business is organised into 3 main pillars



# Hospitality Global Presence & Pipeline

More than  
**100** properties  
with more than  
**18,000** rooms



Venturing into  
Switzerland and  
Vietnam



# Brand Expansion and Cross Branding



Refurbished legacy properties  
Cross-branding with Australia  
brands

2021

First Quincy-brand hotel outside  
of Singapore

Quincy Hotel Melbourne  
241 rooms  
Opened in Mar 2021



Expected openings in 2022

Adina brand

Regency House  
88 Rooms



Adina Serviced Apartment  
Singapore Orchard



*Artist's impression of the lounge area at Adina Serviced Apartment Singapore Orchard*

Vibe Hotels

The Elizabeth Hotel  
256 rooms



Vibe Hotel Singapore Orchard



# 1Q FY2022 Hotel Openings

Opened 494 hotels rooms in 1Q FY2022; 2 new hotel openings are expected in FY2022

**Travelodge Hotel Hurstville**  
124 rooms  
Opened in Jan 2022



**Adina Apartment Hotel Dusseldorf**  
201 rooms  
Opened in Mar 2022



**Adina Apartment Hotel Stuttgart**  
169 rooms  
Opened in Mar 2022





# JV with Real Hospitality Group

Expansion through strategic partnership

60%  
ownership



Founded in 2010 in the U.S.



Operates >90 hotels globally under white-label or franchised brands.



Incorporated Real Hospitality Group Asia Co in June 2020, entered the PRC market.

Expansion into the People's Republic of China's domestic tourism market

- PRC had one of the largest domestic markets in the world pre-COVID<sup>1</sup>
- Showing signs of recovery during the pandemic<sup>2</sup>
- Good time to enter the PRC market and grow our global presence

March 2022  
Entered into a joint-venture agreement



40%  
ownership



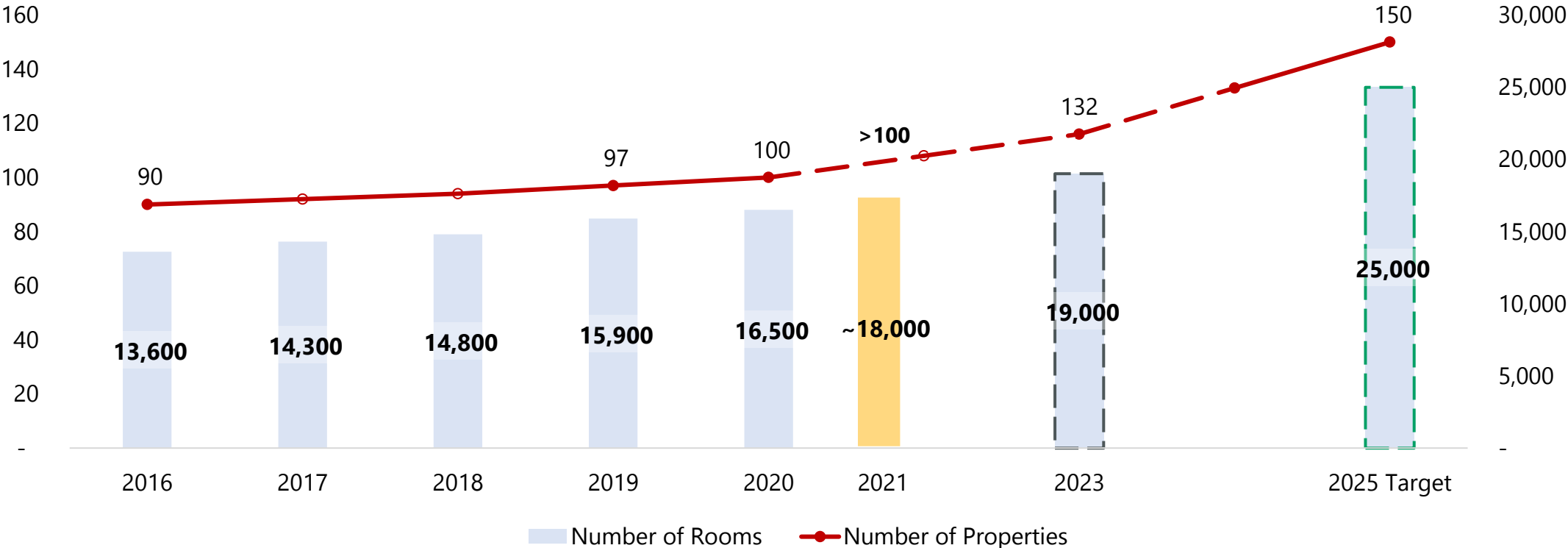
Actively growing our hospitality footprint globally, as well as in markets with deep domestic exposure

Mutual Synergies

- RHG's vast experience in managing third-party branded hotels
- Enter the PRC market with an experienced joint venture partner.

# Growing Hospitality Management Portfolio

Hospitality continues to be the core contributor to our recurring income base



The number of rooms are rounded to the nearest hundred.  
As at 30 December 2021

# Purpose-built Student Accommodation (“PBSA”)


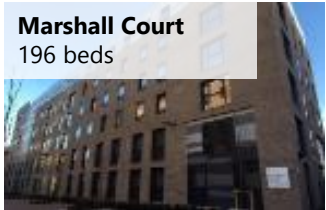

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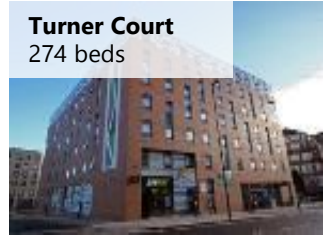


# Resilient UK PBSA Portfolio

3,561 beds across 12 properties in 6 United Kingdom cities

## Portland Green Student Village, Newcastle upon Tyne

<b>Bryson Court</b> 366 beds 	<b>Marshall Court</b> 196 beds 	<b>Newton Court</b> 295 beds 
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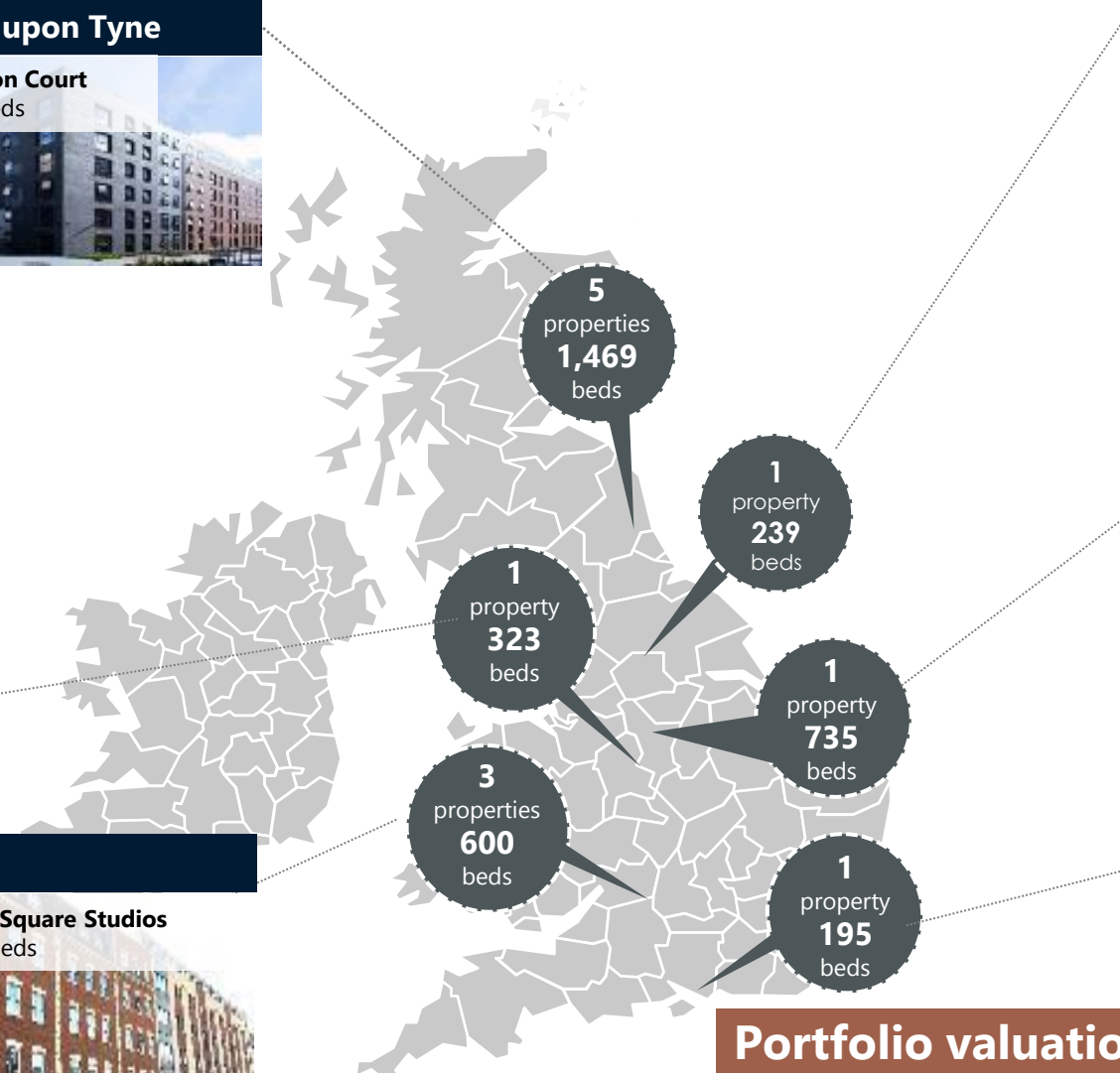
<b>Rosedale Court</b> 338 beds 	<b>Turner Court</b> 274 beds 
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### Liverpool


**The Glassworks**  
323 beds  


## Bristol

<b>St Lawrence House</b> 166 beds 	<b>Harbour Court</b> 133 beds 	<b>King Square Studios</b> 301 beds 
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## Leeds

**The Foundry**  
239 beds  


## Sheffield

**The Elements**  
735 beds  


## Brighton

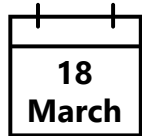
**Hollingbury House**  
195 beds  


**Portfolio valuation of S\$607 million<sup>1</sup>**

<sup>1</sup> As at 31 December 2021

# Student Demand for UK Higher Education Continues

PBSA business in the UK remains resilient, demand is expected to go on strong



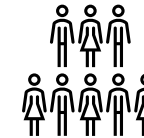
Removal of all travel restrictions and requirements relating to COVID-19<sup>1,2</sup>



## UCAS

### January application deadline<sup>3</sup>

- 5% increase in applicants from outside of the EU for the academic year 2022/2023
  - Application numbers are still rising
- China and Indian students' applicants grew significantly by 12% and 11% respectively
  - China remaining the 3<sup>rd</sup> biggest market for UK higher education



## Academic Year 2022/23 ("AY22/23")

- As at 31 Mar 2022
- Seen reservations of >80% for AY22/23 starting September 2022

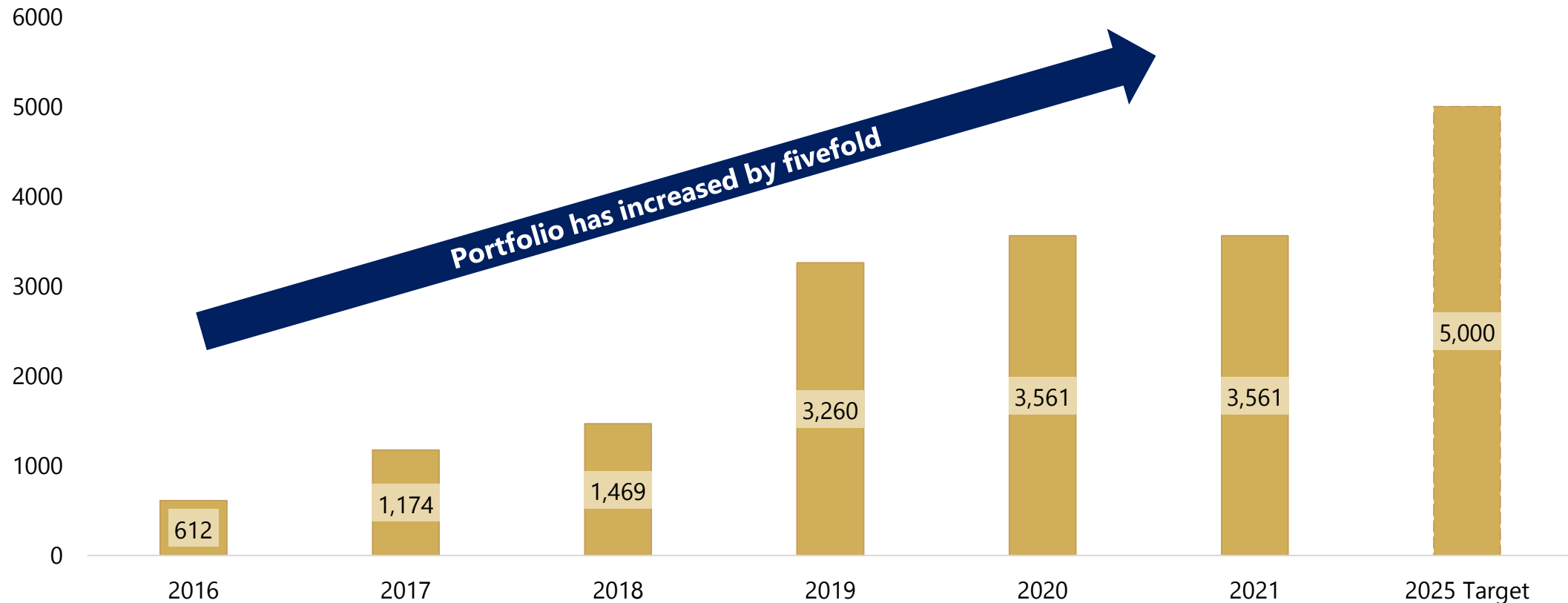
<sup>1</sup> The Straits Times. 15 Mar 2022. [Britain to drop last Covid-19 travel measures from March 18.](#)

<sup>2</sup> Channel News Asia. 14 Dec 2021. [UK to remove all countries from COVID-19 travel red list from Dec 15](#)

<sup>3</sup> UCAS. 17 Feb 2022. [UK Universities and Colleges see record applications from key international markets, as UCAS launches dedicated new platform.](#)

# PBSA – Growth of PBSA Portfolio

Working towards achieving 2025 target of 5,000 beds



# Property Development/Investment

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# Property development Update

## Residential/Commercial

	Woods Square	Westminster Fire Station
		
<b>Location</b>	Singapore	London, United Kingdom
<b>Far East Orchard's effective interest</b>	33%	100%
<b>Total units</b>	514	17 units; 1 restaurant
<b>Total units launched for sale</b>	208	-
<b>Percentage of units sold as at 31 Mar 22</b>	71%*	N.A.
<b>TOP</b>	5 Feb 2020	31 August 2021

\* Based on units launched for sale



# Property Investment

Stable recurring source of income from medical suites

## Novena Medical Center



44 Medical Suites<sup>1</sup>

## Novena Specialist Center



39 Medical Suites<sup>2</sup>

<sup>1</sup> 7 units held under "Properties held for sale" and 37 units held under "Investment Properties".

<sup>2</sup> 229 units held under "Properties held for sale" and 10 units held under "Investment Properties"




# Financial Highlights

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# FY2021 Financial Highlights

Higher contribution from PBSA business drives earnings, mitigated weak hospitality business performance.


Net profit after tax driven primarily by fair value gains



Revenue  
**S\$106.8** M  
▼ 4.8%  
FY2020: S\$112.2 M




Operating Profit  
**S\$4.4** M  
▼ > 100%  
FY2020: S\$13.7 M



Total Profit/(Loss)  
**S\$16.8** M  
▲ > 100%  
FY2020: S\$(8.9) M



Profit Attributable to  
Equity Holders  
**S\$28.1** M  
▲ > 100%  
FY2020: S\$1.5 M



Earnings per share  
**6.12 cents**  
▲ > 100%  
FY2020: 0.35 cents

# Capital Management

## Resilient Balance Sheet<sup>1</sup>

Balance sheet and liquidity position remain healthy



### CASH & CASH EQUIVALENTS

**S\$255.2 M**

▼ 8.3%

FY2020: S\$278.4 M



### DEBT/EQUITY RATIO

**0.54**

-

FY2020: 0.54



### TOTAL ASSETS

**S\$2.6 B**

-

FY2020: S\$2.6 B



### NAV PER SHARE

**S\$2.76**

▲ 1.5%

FY2020: S\$2.72

# 1Q FY22 Financial Highlights

The Group's hospitality business was impacted by the Omicron surge at the start of 1Q, encouraging recovery was seen in March

	REVENUE	TOTAL PROFIT/(LOSS)	PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS
	<b>S\$29.7</b> M 7.6 %	<b>S\$2.2</b> M n.m	<b>S\$2.6</b> M n.m
<b>1Q FY21</b>	▲S\$27.6 M	S\$(3.2) M	S\$(0.7) M

- 1Q FY22 :
  - Overall hospitality showed stronger performance quarter on quarter, while PBSA business remained resilient
  - Strengthening of AUD against SGD
  - Recognition of the sales of reversionary interest of Village Residence Clark Quay<sup>1</sup>

<sup>1</sup> 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.

# Dividend Distribution

	FY2021	FY2020	FY2019
<b>First and Final Dividend</b>	<b>3.00 cents</b>	3.00 cents	6.00 cents

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- Maintained dividend of 3.0 cents per share despite protracted pandemic operating environment.
- Important to maintain a strong liquidity position to face the uncertainties ahead.



# Outlook for FY2022

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**FY2022 remains clouded by various downside risks including supply chain issues, labour shortages, global inflation, ongoing geopolitical tensions and COVID-19 resurgence.**



## Travel and Tourism

- Full recovery is forecasted to be at least two years away – 2024 or later
- Continued recovery from international tourism<sup>1</sup>
- New economic uncertainties hampering travellers' confidence
- Group's hospitality business expected to be impacted in the near term



## UK PBSA

- Enrolment numbers for higher education in the UK continue to increase
  - Initial application data for AY2022/23, showed a 5% increased<sup>2</sup>
  - Continuous rising trend driven by domestic and non-EU international student demand
- International students are expected to grow by two-thirds between now and 2026<sup>3</sup>
- Continued investment interest, with investors looking beyond disruptions in the 2022/23 academic year<sup>4</sup>
- Expect the PBSA business to remain resilient.

<sup>1</sup> UNWTO. 25 Mar 2022. [Tourism enjoys strong start to 2022 while facing new uncertainties.](#)

<sup>2</sup> Knight Frank. 17 Feb 2022. [What does the latest student applications data tell us about the UK PBSA market?](#)

<sup>3</sup> UCAS. 17 Feb 2022. [UK Universities and Colleges see record applications from key international markets, as UCAS launches dedicated new platform.](#)

<sup>4</sup> Knight Frank. 21 Jan 2022. [Confidence returns to UK student market.](#)



# Thank you

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For enquiries, please contact Investor Relations

Email: [ir@fareastorchard.com.sg](mailto:ir@fareastorchard.com.sg)

**Far East Orchard Limited (<https://www.fareastorchard.com.sg>)**



# Annex

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Owned/Leased Hospitality Properties

# 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



Tokyo, Japan  
Far East Village Hotel Ariake  
Rooms : 306



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

Effective Interest – 35%




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  
A by Adina, Sydney  
Rooms : 194



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

Effective Interest – 35%



Berlin, Germany  
Adina Apartment Hotel Berlin Mitte  
Rooms : 139



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



Copenhagen, Denmark  
Adina Apartment Hotel Copenhagen  
Rooms : 128

# Leased Hospitality Properties

Effective Interest – 100%



Singapore  
Orchard Rendezvous Hotel, Singapore  
Rooms : 388

Effective Interest – 100%



Singapore  
Village Hotel Albert Court  
Rooms : 210

Effective Interest – 70%



Sydney, Australia  
Rendezvous Hotel Sydney The Rocks  
Rooms : 61