

MEDIA RELEASE

**FAR EAST ORCHARD REPORTS NET LOSS OF S\$20.8 MILLION FOR 9M
FY21 DUE TO CONTINUED COVID-19 HEADWINDS**

- **Hospitality business segment weighs down on the Group’s performance amid the ongoing lockdowns and tightened restrictions**
- **Additional revenue and profit contribution from purpose-built student accommodation (“PBSA”) segment in the United Kingdom (“UK”)**
- **The Group is deepening its presence and offerings in key hospitality markets, with recent hotel openings in Singapore and Europe**

09 November 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\$20.8 million for the nine-month period ended 30 September 2021 (“9M FY21”) amid the continuing impact of the COVID-19 pandemic on the hospitality business.

SUMMARY OF FINANCIAL PERFORMANCE

Financial Highlights

S\$ million	9M FY21	9M FY20	CHANGE
Revenue	75.4	84.0	-10.2%
Loss after income tax	(20.8)	(13.2)	-57.6%
Loss attributable to equity holders of the Company	(12.6)	(6.3)	-100.0%

The hospitality business segment, particularly in Australia with its extended lockdowns in the third quarter, encumbered the Group’s performance due to the ongoing and resurgence of COVID-19. Australia Dollar also weakened against Singapore Dollar during the quarter, resulting in an exchange loss of S\$5.0 million in 9M FY21 (9M FY20: exchange gain of S\$5.9 million). The losses were cushioned by operating profit from the PBSA business segment, rental income from medical suites, businesses from government isolation and movement control order (MCO) in Singapore, as well as various support from government grants during the period. With the ramp up in vaccination rate in Australia, the curbs are expected to ease progressively. However, with the lifting of restrictions and requirements for isolation hotels, the demand is expected to dwindle in the months to come.

As at 30 September 2021, the Group maintained a healthy cash position of S\$261.6 million, compared to S\$278.4 million as at 31 December 2020.

Group Chief Executive Officer of Far East Orchard, Mr Alan Tang commented, “The disruptions caused by the prolonged pandemic has been unprecedented and we continue to take active steps to minimise the impact. Even with the progressive easing of restrictions, recovery will be gradual and will take time. The two core pillars of the hospitality and PBSA in our lodging platform strategy continue to be effective in supporting our pursuit of the diversification strategy.”

OPERATIONAL UPDATES & OUTLOOK

In 3Q FY21, the Group’s hospitality arm, Far East Hospitality opened its fourth hotel, the 191-key Oasia Resort Sentosa on the Sentosa Island in Singapore. This marks the Group’s first foray into the spa resort category. Since its opening, Oasia Resort Sentosa is currently ranked #1 on TripAdvisor.com¹. Our joint venture in Australia, TFE Hotels opened the newest Adina Apartment Hotel in Munich, Germany. Adina Hotel Munich, situated within a mixed-use development, will be the brand’s largest across the continent at 234-key, with views over the city and nearby alpine region. These new additions bring the Group approximately to 18,000 rooms, a step closer to its FEOR 25 target – achieving 25,000 rooms by 2025. Pressing forward, the Group also has new properties within its pipeline slated to open in markets like Germany, Japan, and Vietnam.

As at 30 September 2021, the Group’s PBSA portfolio in the UK maintained an occupancy level of over 80%. UCAS² reported a 12% increase in overall numbers of applications, driven by domestic students and international students mainly from China and India. According to Knight Frank Research³, it is projected that the PBSA market will have a strong outturn of investment in 2021, translating as a positive sign for the market. On the same vein, the Group remains confident of the PBSA demand and continues to pursue opportunities to expand this business segment.

The Group’s property development, Westminster Fire Station in the UK has been completed this quarter. The pre-sales activities for the mixed-use Grade II Listed heritage building, comprising residential apartments and a restaurant has commenced.

Mr Tang added “Over this pandemic, we remain nimble and agile to cope with the ever-changing trends and demands. We have differentiated ourselves through creating new propositions and experiences across our hospitality brands. For instance, the wellness industry took off during this period, and the launch of Oasia Resort Sentosa was timely. For PBSA in the UK, we expect rising demands from international students. We are optimistic that the demand will persist and will continue to exercise prudence while looking for opportunities to expand this business segment.”

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¹ TripAdvisor.com, retrieved on 25 Oct 2021.

² 2021 Cycle Applicant Figures – 15 October Deadline. Universities and Colleges Admissions Services (“UCAS”).

³ PBSA investment hits £2 billion in H1. Knight Frank, 09 Aug 2021.

Annex



Hotel: Oasia Resort Sentosa, 191-key



Hotel: Adina Hotel Munich, 234-key

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 close to 18,000 rooms in 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 Apartment Hotels and Adina Serviced Apartments, Vibe Hotels, Travelodge Hotels and TFE Hotels Collection.

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.

Far East Orchard has completed its development, the former Westminster Fire Station in August 2021. The mixed-use 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.

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