

NEWS RELEASE

ROXY-PACIFIC'S NET PROFIT UP 27% TO S\$15.0 MILLION IN 1Q2014

- *Boosted by 58% revenue growth from core Property Development segment*
- *Sustained earnings visibility with pre-sale revenue of S\$1.0 billion^{1,2} profit of which will be progressively recognised to FY2017*
- *Strong financial flexibility with cash and cash equivalents of S\$317.5 million*
- *Enters Australian market for the first time with acquisition of commercial property in Sydney*

Financial Highlights:

S\$'million	1Q2014	1Q2013	% Change
Revenue	79.5	53.7	48.0
Gross Profit	25.1	18.3	37.0
Profit before Tax	17.3	14.4	20.0
Net Profit	15.0	11.8	27.0
Earnings per share (cents)	1.27	0.98 ³	29.6
	Mar 2014	Dec 2013	% Change
Net Asset Value per share (cents)	28.88	27.62	4.6
ANAV per share (cents) ⁴	65.95	64.60	2.1
Net debt to ANAV (times) ⁴	0.67	0.68	-1.5
Cash and Cash equivalents	317.5	354.2	-10.4

¹ Included Option to Purchase granted up to 24 April 2014

² Included S\$137.7 million (HKD846.9 million) attributable pre-sale revenue from the sale of 18 strata retail floors at No.8 Russell Street, Hong Kong

³ Comparatives for earnings per share have been restated for bonus issue of shares during the financial year ended 31 December 2013.

⁴ The fair value of Grand Mercure Roxy Hotel and office premise was estimated to be S\$522.5 million as at 31 March 2014 and 31 December 2013

Singapore, May 2, 2014 – Roxy-Pacific Holdings Limited (“Roxy-Pacific” or the “Group”), an established property and hospitality group with an Asia-Pacific focus, today reported that its net profit rose 27% to S\$15.0 million in the quarter ending March 31, 2014 (“1Q2014”), from S\$11.8 million in the previous corresponding period (“1Q2013”). This was achieved on the back of strong revenue growth of 48% to S\$79.5 million in 1Q2014, as compared to S\$53.7 million for 1Q2013.

Mr Teo Hong Lim, Executive Chairman and CEO of Roxy-Pacific, commented: “This strong start to our financial year was driven mainly by positive performance from our core Property Development as well as Hotel Ownership segments. Notably, of the 13 projects in our property portfolio, all but four have been completely sold. We are also pleased that revenue recognition in 1Q2014 from six development projects⁵ has surpassed that of the previous corresponding quarter. The full operation of our hotel rooms from July last year also served as a boost for our Hotel Ownership segment, which achieved a high occupancy of over 90% and improved RevPar.

“With the broadening of our markets into the region, we now have an existing landbank of 3 development sites in both Singapore and Malaysia - Telok Kurau and Tampines Road in Singapore, as well as Jalan Dewan Sultan Sulaiman in Kuala Lumpur, Malaysia – with a total attributable gross floor area of approximately 503,365 sq ft for development.

“Separately in Hong Kong, we are pleased that our property investment at 8 Russell Street, an attractively located mixed-development in which we have a 30% stake, has enjoyed strong interest and we have successfully sold 18 out of the 21 strata retail floors.”

⁵ *Spottiswoode 18, Space@Kovan, Treescape, The MKZ, Jade Residences and Whitehaven*

“We have also entered the Australian market for the first time in April 2014, through the acquisition of a commercial building at 59 Goulburn Street in Sydney. Having considered its strategic proximity to Sydney’s Central Business District and relatively high tenant occupancy levels, the Group is optimistic that this newly acquired building will provide a stable source of recurring rental income.

As Roxy-Pacific broadens our geographical horizons, we will remain focused on developing and positioning the right projects to the markets in Asia-Pacific at an opportune time.”

Performance Review

In 1Q2014, Group revenue rose 48% to S\$79.5 million from S\$53.7 million in 1Q2013. The higher Group revenue is the result of stronger performance from the Property Development and Hotel Ownership segments.

The Property Development segment, which comprises residential and commercial developments, contributed 84% of the Group’s turnover in 1Q2014. Revenue from this segment rose by 58% from S\$42.4 million in 1Q2013 to S\$67.1 million in 1Q2014, as the development of Spottiswoode 18, Space@Kovan, Treescape, The MKZ, Jade Residences and Whitehaven progressed smoothly.

The Hotel Ownership segment contributed 15% to the Group’s turnover, rising 10% from S\$10.9 million in 1Q2013 to S\$12.0 million in 1Q2014. The Average Occupancy Rate (“AOR”) of Grand Mercure Roxy Hotel (“GMRH”) increased to 90.2% in 1Q2014, as compared to 79.2% in 1Q2013, due to the full operation of hotel rooms starting from July 2013. The Average Room Rate (“ARR”) however dipped 3% to S\$190.5 in 1Q2014 from S\$195.9 in 1Q2013. Overall, the Group’s revenue per available room (“RevPar”) increased by 11% from S\$155.1 in 1Q2013 to S\$171.8 in the current quarter.

Revenue from the Group's Property Investment segment, which constituted less than 1% of the Group's turnover, was lower by 2% at S\$0.41 million in 1Q2014 due to the expiry of lease terms for some shop units in Roxy Square.

The Group's recorded other operating income of \$0.2 million in 1Q2014. This was lower than other operating income of \$0.9 million recorded in 1Q2013, which reflected the one-off gain on disposal of quoted securities.

In 1Q2014, share of profit from associates was lower at S\$1.0 million, as compared to S\$1.8 million in the previous corresponding period, due to an adjustment for construction cost from an associate's project.

Overall, with stronger performance in the Group's core businesses of Property Development and Hotel Ownership, the Group's profit before tax increased 20% year-on-year to S\$17.3 million and profit after tax increased 27% to S\$15.0 million in 1Q2014.

"With balanced pre-sale revenue of S\$1.0 billion, we have strong earnings visibility to FY2017. Strategically, we will remain focused on achieving a good balance between our three business segments for both development as well as recurring income and staying geographically diversified too, as we grow our business."

Industry Outlook

Based on advance estimates by Ministry of Trade and Industry Singapore on April 14, 2014, the Singapore economy grew by 5.1% on a year-on-year basis in the first quarter of 2014.

Based on the latest real estate statistics released by Urban Redevelopment Authority ("URA") on April 25, 2014, prices of private residential properties decreased by 1.3% in 1st Quarter 2014, following the 0.9% decline in the previous quarter. Various cooling measures, including the Total Debt Servicing Ratio framework have affected the overall property market sentiments.

According to Singapore Tourism Board (“STB”), tourism receipts are expected to be in the range of S\$23.8 billion to S\$24.6 billion⁶ in 2014. New hotel completions are expected to be fewer than expected, as almost one-third of the planned hotel pipeline or about 987 rooms may be delayed till 2015. This means actual supply growth may only be about 3.5% year-on-year, with openings mainly skewed towards the end of 2014. Coupled with optimistic projections from the STB that visitor arrivals would reach 16.3 million to 16.9 million in 2014, the hospitality industry may be faced with a room crunch in 2014, which bodes well for room rates⁷.

The Group’s performance for the period under review has been in line with expectations. Barring unforeseen circumstances, the directors expect the Group to be profitable in 2014.

About Roxy-Pacific Holdings Limited

Established in May 1967, Roxy-Pacific Holdings Limited, an established property and hospitality group with an Asia-Pacific focus, was listed on the SGX Mainboard on March 12, 2008. The Group is principally engaged in the development and sale of residential and commercial properties (“Property Development”) and the ownership of Grand Mercure Roxy Hotel and other investment properties (“Hotel Ownership and Property Investment”).

The Group’s residential development projects typically comprise small to medium size residential developments such as apartments and condominiums targeted at middle to upper middle income segments. Between 2004 and 2013, the Group developed and launched 36 small to medium size developments comprising a total of more than 2,500 residential and commercial units.

⁶ ‘STB sees 168m visitor arrivals’, *Business Times*, March 7, 2014

⁷ ‘Singapore’s hospitality sector’, *Business Times*, April 16, 2014

Grand Mercure Roxy Hotel, a major asset of the Group, is managed by international hotel operator, Accor Group. Strategically located in the East Coast area, the hotel enjoys high AOR averaging 89.0% and good ARR averaging S\$159.4 between 2004 and 2013.

The Group owns 52 retail shops at The Roxy Square Shopping Centre.

ISSUED ON BEHALF OF : Roxy-Pacific Holdings Limited
BY : Citigate Dewe Rogerson, i.MAGE Pte Ltd
55 Market Street
#02-01
Singapore 048941
CONTACT : Ms Dolores Phua / Ms Pearl Lam
at telephone
DURING OFFICE HOURS : 6534-5122 (Office)
AFTER OFFICE HOURS : 9750-8237 / 9781-3518 (Handphone)
EMAIL : dolores.phua@citigatedrimage.com
pearl.lam@citigatedriamge.com

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