Roxy-Pacific
Holdings Limited

NEWS RELEASE

ROXY-PACIFIC 2Q2016 NET PROFIT GROWS 57% TO S$20.6 MILLION, OUTPACING 5% REVENUE GROWTH TO S$98.4 MILLION

- ***Lifted by 289% growth in other operating income on fair value gain on investment property and 22% rise in share of results of associates to S$3.6 million***
- ***Strong cash and cash equivalents of S$238.5 million with low gearing of 0.6 time***
- ***Strong take-up rate for Killara and Potts Point projects in Australia***
- ***Continues to prudently broaden both Property and Hotel asset portfolio in Singapore and the region with a view to strengthen recurring income streams***

Singapore, July 29, 2016 – Roxy-Pacific Holdings Limited ("**Roxy-Pacific**", 乐斯太平洋控股有限公司, or the "**Group**"), an established property and hospitality group with an Asia-Pacific focus, reported today a 57% increase in net profit to S$20.6 million on a 5% uptick in revenue to S$98.4 million for the three-month period ended June 30, 2016 ("**2Q2016**").

This compares to a net profit of S$13.1 million on revenue of S$93.7 million in the corresponding period a year ago ("**2Q2015**"). The Group's 2Q2016 bottom line was boosted by higher revenue contribution from the Property Development and Hotel Ownership segments, a S$13.4 million increase in other operating income due to higher fair value gain on investment property and a 22% rise in share of results from associates of S$3.6 million.

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Mr Teo Hong Lim (张丰霖), Executive Chairman and CEO of Roxy-Pacific commented: “Amidst the challenging market conditions and macroeconomic uncertainties and volatilities, we are pleased to have remained resilient as we continue to execute and bring new projects to the market and strengthen recurring income streams through our operating hospitality assets and yield-accretive property investments to ensure the Group’s sustainable growth going forward.”


Octavia (left) and The Hensley (right) are expected to complete by end-2017.

In 2Q2016, the Group launched the Killara and Potts Point projects in Australia, named Octavia and The Hensley, respectively. Both projects have received strong reception, the former is close to 80% sold while the latter is about 60% sold.

The six-storey Octavia, located in Sydney’s exclusive North Shore suburb, is conveniently located nearby Killara Train Station, local amenities and shopping malls. It consists of one, two and three-bedroom units that boast floor-to-ceiling windows, taking advantage of breathtaking views of the highly-acclaimed Killara Golf Course.

The Hensley is launched amidst transformation of the Potts Point district into a peaceful, residential-friendly neighbourhood. The eight-storey development consists of one, two and three-bedroom apartments designed by renowned architect Woods Bagot, while retaining the building’s Bohemian heritage.

Mr Teo commented, “We are pleased to have achieved strong take-up rates for Octavia and The Hensley, a clear testament of our ability to identify choice projects with strong value propositions and positioning that resonate well with buyers. Meanwhile, we continue to work towards launching our remaining development projects in FY2016 and FY2017 as we prudently seek projects and land acquisitions with our partners in Singapore and abroad.”

Financial Performance

Roxy-Pacific’s Trilive residential development in Kovan is expected to complete in December 2018.

Lifted by higher revenue recognition from Trilive, LIV on Sophia and LIV on Wilkie projects, which more than offset the lower revenue recognition from the Jade Residence and Whitehaven projects, the Group’s Property Development segment contributed to 85% of the Group’s 2Q2016 turnover, and expanded 5% to S$83.5 million in 2Q2016 from S$79.9 million a year ago.

As at July 21, 2016, the Group has total attributable pre-sale revenue of S$363.3 million based on units sold from ongoing development projects, the profits of which will be progressively recognised from 3Q2016 to FY2020.

The Hotel Ownership segment revenue, which contributed 12% to the Group's 2Q2016 turnover, grew 11% to S$11.9 million from S$10.7 million a year ago on contributions from the Noku Kyoto hotel in Japan. The Grand Mercure Roxy Hotel maintained an average occupancy rate ("**AOR**"), average room rate ("**ARR**") and revenue per available room ("**RevPar**") of 90.3%, S$157.2 and S$142.0 in 2Q2016, respectively (*2Q2015 – AOR: 87.0%; ARR: S$171.9; RevPar: S$149.5*).

Revenue from the Property Investment segment, which made up the remaining 3% of the Group's revenue, decreased to S$3.0 million in 2Q2016 from S$3.2 million in 2Q2015.

For the six-month period ended 30 June 2016 ("**1H2016**"), Roxy-Pacific achieved revenue of S$201.4 million, a 31% decline from S$291.9 million a year ago ("**1H2015**") due to lower revenue from the Property Development and Property Investment segments, offset by higher revenue from the Hotel Ownership segment.

The decrease in revenue from Property Development was largely due to an absence of revenue recognition from the completion of Centropod@Changi, a commercial development project that obtained its Temporary Occupation Permit ("**TOP**") in January 2015.

Other operating income increased S$15.8 million due to higher fair value gain on investment property and unrealised foreign exchange gains, as well as a S$0.8 million increase in share of results of associates on higher profit recognition from the Eon Shenton project. The Group's net profit in 1H2016 declined 47% to S$31.5 million from S$59.4 million in 1H2015.

The Group's balance sheet remained healthy with available cash and cash equivalents amounting to S$238.5 million and a comfortable Net Debt-to-Adjusted Net Asset Value ratio of 0.6 time. Fully diluted earnings per share for 2Q2016 rose to 1.67 SGD cents from 1.09 SGD cents in 2Q2015, while net asset value per share as at June 30, 2016 rose to 39.41 SGD cents from 38.34 SGD cents as at December 31, 2015.

Industry Outlook

The Ministry of Trade and Industry ("**MTI**") expects Singapore's economy to grow between 1.0% and 3.0% for the whole of 2016, while advance estimates showed that the economy grew at a faster rate of 2.2% on a year-on-year ("**y-o-y**") basis in 2Q2016 compared to the 2.1% in 1Q2016[1].

Similarly, the latest statistics from the Australian Bureau of Statistics showed a 3.3% y-o-y seasonally adjusted growth for the quarter ended March 31, 2016[2]. The Reserve Bank of Australia expects growth to remain steady at between 2.5% and 3.5% in December 2016, slightly better than the forecast in November with headline inflation of between 2.0% and 3.0% for the same period[3].

On the Singapore property market, latest flash estimates from the Urban Redevelopment Authority ("**URA**") recorded a decrease of 0.4% for 2Q2016 private residential property prices, the smallest q-o-q fall since 1Q2014[4]. Developers sold 42.9% more private homes of 536 units in June 2016 on a y-o-y basis, signalling that buyers have been turning to existing projects in the sustained absence of new launches, while it was observed that all top-selling projects in June were launched more than six months ago[5].

In Australia, the price index for residential properties for the weighted average of the eight capital cities rose 6.8% on a y-o-y basis, while overall residential property prices rose in Melbourne (0.8%), Brisbane (0.3%), albeit a decline in Sydney (-0.7%) and Perth (-1.7%)[6].

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[1] *Singapore's GDP Grew by 2.2 Per Cent in the Second Quarter of 2016 – Ministry of Trade and Industry, July 14, 2016*
[2] *Australian National Accounts: National Income, Expenditure and Product – Australian Bureau of Statistics, July 1, 2016*
[3] *RBA cautiously upbeat on Australian economy given positive economic indicators – ABC News, Feb 5, 2016*
[4] *Private home prices declined by 0.4% in 2Q2016: URA – The Edge Property, July 1, 2016*
[5] *New sales of private homes up 10% in H1 – The Business Times, July 16, 2016*
[6] *Residential Property Price Indexes: Eight Capital Cities – Australian Bureau of Statistics, June 21, 2016*

With regards to Singapore's tourism outlook, the Singapore Tourism Board ("**STB**") forecasts tourism receipts to be in the range of $22.0 billion to $22.4 billion (0% to 2.0% growth) and international visitor arrivals in the range of 15.2 million to 15.7 million (0% to 3.0% growth)[7].

Latest STB statistics demonstrated a 13.3% y-o-y growth in international visitor arrivals for the period between January to May 2016, receiving a total of 6.9 million visitors for the 5-month period[7]. Coupled with several initiatives by the STB to lift Singapore's tourism industry, including a $700.0 million injection over the next five years through the Tourism Development Fund, aggressive marketing efforts and its pursuit of large-scale MICE events, the Group is cautiously optimistic of Singapore's tourism outlook.

"We've seen warm reception for the first hotel asset under the new Noku Roxy hospitality brand in Kyoto since last November, and we look forward to bring this new hospitality brand to the rest of Asia, with Phuket scheduled to launch next in 2018, and a resort in Maldives to follow. Where feasible, we intend to self-manage these hospitality assets to develop our hotel management expertise and branding, thereby strengthening recurring income streams," Mr Teo added.

Barring any unforeseen circumstances, the directors expect the Group to be profitable in FY2016.

[7] *International Visitor Arrivals Statistics – Singapore Tourism Board, July 13, 2016*

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 sized residential developments such as apartments and condominiums targeted at middle-to-upper income segments. Between 2004 and 2015, the Group developed and launched 39 small-to-medium sized developments comprising a total of more than 3,400 residential and commercial units in Singapore.

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 of Singapore, the hotel enjoys high average occupancy rate. Beyond Singapore, the Group has recently acquired a resort in Maldives and has opened its first upscale boutique hotel under the *Noku Roxy* brand name in Kyoto, Japan, and acquired other land parcels intended for development into hotels in Phuket, Thailand, and Perth, Australia.

For Property Investment, the Group owns 52 retail shops at The Roxy Square Shopping Centre in Singapore. In Australia, Roxy-Pacific owns a 28-storey freehold commercial building at 59 Goulburn Street, Sydney, which is strategically located in the CBD area. Most recently, it has acquired 50% interest in a 14-storey, freehold, commercial building at 117 Clarence Street in Sydney's CBD.

For more information, please visit: http://roxypacific.com.sg

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