Roxy-Pacific
Holdings Limited

NEWS RELEASE

ROXY-PACIFIC ACHIEVES FY2017 NET PROFIT OF S$29.4 MILLION; TO LAUNCH SIX PROJECTS IN FY2018

- ***Six projects comprising a total of 440 units, including The Navian launched in January 2018, to be launched for sale in FY2018***
- ***Successful divestment of office building 59 Goulburn Street in Sydney for A$158.0 million***
- ***Completed the purchase of five residential development sites in Singapore, two office buildings in Auckland, New Zealand, and one hotel in Osaka, Japan***
- ***Total attributable pre-sale revenue of S$459.4 million to be progressively recognised from 1Q2018 to FY2020***
- ***Good headroom with cash and cash equivalents of S$234.4 million and low gearing at 0.55 time notwithstanding the above acquisitions***
- ***Proposes final cash dividend of 0.771 Singapore cent per share, bringing total FY2017 distributions to 0.985 Singapore cent per share***

Singapore, February 13, 2018 – 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, today reported its revenue and net profit attributable to shareholders for the financial year ended December 31, 2017 ("**FY2017**") of S$246.8 million and S$29.4 million, respectively.

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A member of Roxy-Pacific Group

Mr Teo Hong Lim (张 丰 霖), Executive Chairman and CEO of Roxy-Pacific, said, “Over the last couple of years, we’ve progressively accumulated predominantly freehold sites at attractive prices amidst the property downturn. Now that prices and sales volumes are picking up, we are well positioned to ride on this turnaround with six property launches planned for this year. We’ll continue to prudently strengthen our land bank while focusing on execution to ensure sustainable long-term growth,” added Mr Teo.

Roxy-Pacific launched The Navian for sale on January 28, 2018, which received strong reception, having sold 23 units as of February 5, 2018. Comprising 48 units, the six-storey freehold condominium development is a stone’s throw away from amenities such as Singapore Post Centre, Paya Lebar Square and Tanjong Katong Shopping Centre, and is well connected to major roads and expressways.

The Group currently counts ten development sites in Singapore as its land bank, including the newly-acquired freehold site, Wilshire, at 22 Farrer Road, and 99-year leasehold Kismis View in Upper Bukit Timah that will be amalgamated with the adjacent 19 Lorong Kismis site.

Of the ten sites, Roxy-Pacific plans to launch six development sites for sale in FY2018, including The Navian and the development sites at Upper Bukit Timah Road, Grange Road, Guillemard Lane and Harbour View Gardens at Pasir Panjang and River Valley. These projects, comprising a total of 440 units, are expected to contribute positively to the Group’s earnings progressively from 1Q2019.

Financial Highlights

Roxy-Pacific reported full year revenue of S$246.8 million, a 36% dip from S$385.4 million a year ago (“**FY2016**”), while net profit for the year decreased 41% to S$29.4 million from S$49.8 million in FY2016.

The Property Development segment continues to be the Group's key revenue driver, accounting for 78% of total Group revenue in FY2017. Its comparatively lower revenue in FY2017 of S$191.8 million from S$326.6 million in FY2016 was mainly due to the absence of revenue recognised in FY2016 on projects that had completed in 2016 and early 2017.

Notwithstanding the lower segment revenue, the Property Development segment achieved improved gross profit margin of 15% compared to 14% across the comparative periods.

Additionally, although projects in Australia and Malaysia had made good progress on sales and construction, revenue from these projects can only be recognised upon completion, unlike projects in Singapore that record revenue progressively.

Roxy-Pacific has accumulated total attributable pre-sale revenue of S$459.4 million. Profits from the Singapore residential projects will be progressively recognised from 1Q2018 to FY2020.

Roxy-Pacific's Hotel Ownership segment that contributed 18% of the Group's FY2017 turnover, recorded revenue of S$44.3 million in FY2017 compared to S$46.3 million in the preceding year. Subdued corporate activity amidst sustained global economic uncertainty and pricing competition from new hotel supply led to a decrease in revenue per available room ("**RevPar**") from the Grand Mercure Singapore Roxy hotel.

Replicating its proven model for the successful self-managed Noku Kyoto hotel, the Group has rebranded its 154-room hotel in Osaka to Noku Osaka in January 2018.

In line with the Group's intention to hone its hotel management capabilities and strengthen its recurring income streams, and following the success of Noku Kyoto, Roxy-Pacific also intends to launch its Noku-branded resorts in Maldives and Phuket, Thailand, in 2018 and 2019, respectively.

Due mainly to the sale of the 59 Goulburn Street office building in Sydney for A$158.0 million in May 2017, Roxy-Pacific's Property Investment segment recorded a lower segment revenue of S$9.3 million in FY2017 compared to S$12.5 million in FY2016. The Group acquired the office building for A$90.2 million in July 2014.

Funds from the divestment of 59 Goulburn Street had been recycled into other yield-accretive property investments, namely, the acquisitions of Grade-A commercial towers at 205 Queen Street and NZI Centre in Auckland – Roxy-Pacific's maiden foray into New Zealand – and Melbourne House, a freehold six-storey commercial and retail building in Melbourne's Central Business District, Australia. This is slated to be redeveloped into a mixed-use development, comprising hotel and retail units.

For the financial quarter ended December 31, 2017, the Group's revenue declined 53% to S$43.3 million from S$93.1 million in the corresponding quarter a year ago. In tandem with the lower topline, net profit decreased 39% to S$7.3 million from S$11.9 million across the comparative periods.

Roxy-Pacific's balance sheet remained healthy with cash and cash equivalents of S$234.4 million and a comfortable net debt-to-adjusted Net Asset Value ratio of 0.55 time notwithstanding the completion of acquisition of properties in Japan, New Zealand and Singapore in FY2017.

Fully diluted earnings per share for FY2017 was 2.47 Singapore cents, compared to 4.17 Singapore cents in FY2016. Net Asset Value per share rose to 42.16 Singapore cents as at December 31, 2017 from 41.20 Singapore cents as at December 31, 2016.

Proposed Dividend

To reward its shareholders for their continuous support, the Board has proposed a final cash dividend of 0.771 Singapore cent per share. Coupled with the interim dividend of 0.214 cent per share, this brings the total distributions for the financial year to 0.985 Singapore cent per share, representing a dividend payout ratio of 40%.

Industry Outlook

Advance estimates[1] from the Ministry of Trade and Industry showed that the Singapore economy grew 3.5% in 2017, in line with earlier forecasts that had projected the economy to grow between 3.0% and 3.5%. For the last quarter of 2017, the economy grew 3.1% year-on-year, slower than the 5.4% growth achieved in 3Q2017.

Australia's economy also posted positive growth of 0.6% on a year-on-year seasonally-adjusted basis for the quarter ended in September 2017[2]. The Reserve Bank of Australia had projected that the country's GDP will grow around 3.25% for the year ending December 2018[3].

The Urban Redevelopment Authority ("**URA**") reported that private residential property prices in 4Q2017 rose 0.8%, continuing the 0.7% growth in 3Q2017[4], signaling a turnaround for the sector. For the whole of 2017, prices rose 1.1% compared to the 3.1% decline in the previous year[4]. In a recent Bloomberg survey, Singapore home prices were projected to increase about 5.5% in 2018.

The URA data also showed that developers sold 10,566 units last year, a 32.5% increase compared to 7,972 units sold in 2016[4]. The number of units sold also outweighs the 6,020 units launched in 2017[4].

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[1] *Ministry of Trade and Industry Singapore, January 2, 2018 – Singapore's GDP Grew by 3.1 Per Cent in the Fourth Quarter of 2017*
[2] *Australian Bureau of Statistics, December 6, 2017 – Australian National Accounts: National Income, Expenditure and Product, Sep 2017*
[3] *Reserve Bank of Australia, November 2017 – Statement on Monetary Policy, Table 6.1: Output Growth and Inflation Forecasts*
[4] *Urban Redevelopment Authority, January 26, 2018 – Release of 4th Quarter 2017 real estate statistics*

On the hospitality front, latest statistics from the Singapore Tourism Board ("**STB**") showed that Singapore hit a record high in tourist arrivals and spending for the second consecutive year, having received 17.4 million visitors in 2017, exceeding earlier forecasts that had projected 17.0 million visitors for the year. Simliarly, tourism receipts rose 3.9% in 2017 to S$26.8 billion.

For 2018, the STB expects further growth for the tourism sector, forecasting visitor arrivals to grow 1% to 4% to be in the range of 17.6 million to 18.1 million, while tourism receipts are expected to grow between 1% and 3%.

In Australia, residential property prices rose 8.3% during the 12-month period between September 2016 and September 2017, led by year-on-year growth registered in Sydney and Melbourne of 9.4% and 13.2%, respectively[5].

The Group's residential development projects in Australia have received warm reception – The Hensley and Octavia in Sydney are only left with two units for sale each, while the Glebe project that was launched in two phases is currently overall 68% sold.

For the Australian office sector[6], the September quarter recorded the fastest growth in nominal rents of 0.7%. Property analysts believe the office property sector will continue to provide the best income returns over the next two years, with Victoria recording the best returns of 3.4% and 4.5%, respectively, while New South Wales is projected to achieve 3.3% and 3.8%.

Notably, there is an undersupply of office space in New South Wales over the next one to three years, compared to other states[6], which bodes well for the Group's 12-storey commercial asset in Sydney's CBD, 117 Clarence Street.

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[5] *Australian Bureau of Statistics, December 12, 2017 – Residential Property Price Indexes: Eight Capital Cities Sep 2017*

[6] *National Australia Bank, October 2017 - NAB Commercial Property Survey Q3 2017*

"Beyond the upcoming property launches in Singapore, we'll continue our diversification efforts abroad, driving sales of our projects and keeping a look out for development sites to replenish our land bank. Meanwhile, we continue to seek yield-accretive investment opportunities and work towards the launch of our pipeline hospitality assets to strengthen our recurring income," added Mr Teo.

Barring unforeseen circumstances, the Group is expected to be profitable in FY2018.

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"). The Group's recurring income streams are strengthened through its flagship hotel in the heart of historical Katong, Grand Mercure Singapore Roxy hotel, self-managed upscale boutique hotel, Noku Kyoto and Noku Osaka, Japan, and other investment properties in Asia-Pacific ("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 2017, the Group developed and launched 44 small-to-medium sized developments comprising a total of more than 4,300 residential and commercial units in Singapore, Malaysia and Australia.

Grand Mercure Singapore Roxy hotel, a major asset of the Group, is self-managed under franchise agreement with international hotel operator, Accor Group. Beyond Singapore, the Group has opened its first upscale boutique hotel under the *Noku Roxy* brand name in Kyoto, Japan, followed by Osaka, Japan, and has acquired a resort in Maldives and other land parcels intended for development into hotels in Phuket, Thailand.

For Property Investment, the Group owns 52 retail shops at The Roxy Square Shopping Centre in Singapore. In Australia, Roxy-Pacific owns a 50% interest in a 14-storey, freehold, commercial building at 117 Clarence Street in Sydney's CBD and Melbourne House, a freehold six-storey commercial and retail building in Melbourne's CBD. In Auckland, the Group owns NZI Centre and has a 50% interest in the office building at 205 Queen Street, marking Roxy-Pacific's maiden foray into New Zealand.

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

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