

ROXY-PACIFIC: 2Q16 net profit up 57% (/index.php/story-archive-mainmenu-60/938-2016/10879-roxy-pacific-2q16-net-profit-up-57)

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Published: 02 August 2016

ROXY-PACIFIC HOLDINGS' net profit in 2Q16 rose 57% y-o-y to S\$20.6 million, mainly from a higher fair value gain on its investment properties in Sydney.

The developer has two properties in Sydney, the bigger one being 59, Goulburn Street, a 28-storey commercial building which it bought 100% of in 2014.

The other investment property has half the number of levels and is 50% owned by Roxy-Pacific.

Coincidentally, 59, Goulburn Street - which cost Roxy-Pacific A\$90.2 million - made the news last week when an Australian publication reported that there were bids for the building that "may approach A\$150 million".

Roxy-Pacific stated that "negotiations and discussions are currently still ongoing, and no final decisions have been made."

Any bid that may approach A\$150 million would reflect the value that Roxy-Pacific has created as well as the buoyant property market in Sydney.

"The building has since been upgraded, tenants stabilised on short-term leases, and plans submitted for a 390-room hotel, 130 apartments and retail space," according to a report in The Australian (<http://www.theaustralian.com.au/business/property/roxy-pacific-fields-bids-for-150m-sydney-office-block/news-story/de133819bff1d8ef87de23add96148c6>).

The property gives Roxy-Pacific a decent rental income of A\$7-8 million a year.



59 Goulburn St: Bought in 2014 for A\$90.2 million by Roxy-Pacific.
Can it fetch nearly A\$150 million today with redevelopment approval?

Photo: www.commercialrealestate.com.au

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**Highlights of 2Q and 1H2016
results:**

Roxy Pacific Holdings

2Q2016 revenue increased by 5%
to S\$98.4m.

Share price:
46 c

Adjusted NAV:
78.6 c

1H2016 revenue decreased by 31%
to \$201.4m mainly due to absence of a lump sum revenue recognition from Centropod@Changi, a
commercial project.

Excluding Centropod@Changi, 1H2016 revenue increased by 34%.

2Q2016 net profit increased by 57% to S\$20.6m.

The bottomline for 1H2016
looks dismal, falling 47%
to S\$31.5m

However, excluding
Centropod@Changi, net
profit increased by more
than 2 times in 1H2016.



Roxy-Pacific chairman Teo Hong Lim and CFO Koh Seng Geok.

NextInsight file photo.

The underlying value of
the business remains

substantially above that suggested by the stock's market price of about 46 cents.

The adjusted net value of Roxy-Pacific inched up 2% to **78.4 cents** a share.

Roxy-Pacific has outstanding pre-sales of S\$393 million which will be recognised from 3Q16 to
2020.

There will be a financial boost if Roxy-Pacific fetches a good sale price for 59 Goulburn Street,
assuming it is sold instead of being redeveloped.

Another possible sale is of land in Fremantle which is currently categorised as "industrial" and is
being proposed for rezoning for commercial and residential use. The Roxy-Pacific JV has not
decided on whether to sell it or redevelop it.

Roxy-Pacific has strong cash and cash equivalents of S\$238.5 million. Net gearing remains
healthy at 0.6, notwithstanding the acquisition of properties in Australia and Singapore and a
Maldives resort in 1H2016.

Roxy-Pacific is declaring an interim dividend of 0.503 cents per share, a dip from the 0.616 cents
paid a year ago.

Roxy-Pacific's Powerpoint presentation slides are available here.

*([http://infopub.sgx.com/FileOpen/RPH_Ann_2Q2016_PresentationSlides.aspx?
App=Announcement&FileID=414865](http://infopub.sgx.com/FileOpen/RPH_Ann_2Q2016_PresentationSlides.aspx?App=Announcement&FileID=414865))*