NEWS RELEASE

ROXY-PACIFIC REPORTS REVENUE OF S$198.4 MILLION

- ***Reports net loss attributable to equity holders of S$29.5 million mainly due to impairments of hotel assets and properties resulting from the global pandemic and additional tax expenses for its divested investment in Hong Kong***
- ***As Singapore enters Phase 3 of re-opening, continues to actively market existing residential projects through both physical and virtual channels***
- ***Total attributable pre-sale revenue of S$539.4 million to be recognised from 1 January 2021 to FY2023***
- ***Focuses on broadening recurring income streams for greater resilience***
  - ***High occupancies achieved for freehold commercial property in Melbourne, Australia, and Auckland, New Zealand***
- ***Good headroom for investment with strong cash and bank balances of S$395.6 million and low gearing at 0.64 time***

Singapore, 19 February 2021 – 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 loss attributable to equity holders for the financial period ended 31 December 2020 ("**FY2020**") of S$198.4 million and S$29.5 million, respectively.

50 East Coast Road, #B1-18 Roxy Square Shopping Centre, Singapore 428769
Tel: (65) 6440 9878 Fax: (65) 6440 9123 RCB: 196700135Z
Email: info@roxypacific.com.sg Website: www.roxypacific.com.sg
A member of Roxy-Pacific Group

The net loss was largely due to impairment charges on its hotel assets and properties held by its overseas associated companies as well as additional tax expense incurred for its divested investment in Hong Kong amounting to a total of S$34.6 million for FY2020, which represents 3.7% of the Group's total Adjusted Net Asset Value (ANAV) or 1.7% of the Revalued Total Assets.

The impairment charges are non-cash items which do not affect the Group's cashflow from operations, which remain strong at S$84.4 million in FY2020.

Mr Teo Hong Lim (张丰霖), Executive Chairman and CEO of Roxy-Pacific, said, "Our financial results have been adversely affected amidst vast challenges brought on by the global pandemic. During the year, operationally, we have taken a conservative approach and re-aligned our businesses, focusing on attaining a lean and nimble business structure.

"For our Hotel segment, we have put in place strategies including cost control measures to mitigate the impact of COVID-19 on the business. While we take prudent and necessary steps for the Hotels, we continue to focus on training and implementing ideas to improve productivity, internal processes and operational efficiencies. All these efforts will prepare the Hotels to benefit well when the travel market recovers post COVID-19. For Property Development, we have successfully launched all the sites in our land bank and will place priority on the sale and delivery of the units. We continue to be highly selective in land acquisition, with a focus on freehold sites in Singapore. With Phase 3 re-opening in Singapore, we have stepped up our engagement with buyers through both physical and online marketing channels, including virtual showrooms, to showcase our apartment units. For Property Investment, through proactive asset management, we have continued to attain a high average occupancy of 88% as at 31 December 2020.

"For greater resilience and sustainability, we will continue to navigate prudently, with a primary focus on preserving cash and reducing operating or non-essential capital expenditures. Top of our priority will also be to broaden our recurring income streams geographically, re-investing in well-located properties with a good tenant base, providing an immediate uplift to our performance."

Financial Highlights

Roxy-Pacific reported FY2020 revenue of S$198.4 million, a 55% decrease from S$444.0 million in the corresponding period a year ago ("**FY2019**"). This was mainly due to lower revenue from the Property Development and the Hotel Ownership segments.

The Property Development segment reported revenue of S$165.8 million in FY2020, from S$385.9 million in FY2019, mainly due to the absence of revenue recognition from The Hensley and The Navian, as well as West End Glebe where most of the units' settlement occurred in 2019. In addition, delays in construction for development projects due to the closure of construction sites also contributed to a lower recognition of revenue.

Gross profit for the Property Development segment was 77% lower at S$17.4 million, while gross profit margin fell 9 percentage points to 10% in FY2020 mainly due to lower profit margins for some projects in Singapore as well as unexpected project cost escalation for Octavia Killara.

As at 31 December 2020, the Group has a total balance attributable pre-sale revenue of S$539.4 million, the profits of which will be progressively recognised from 1 January 2021 to FY2023.

The Group's hotel operations were affected by the COVID-19 outbreak as many countries imposed border control measures, impacting the tourism industry. Revenue from the Hotel Ownership segment fell 50% to S$25.2 million in FY2020 from S$50.4 million in FY2019.

Revenue from the Property Investment segment remained relatively stable at S$7.4 million in FY2020, as compared to S$7.7 million supported by rental income from Roxy Square and NZI Centre.

Overall, the Group's gross profit margin for FY2020 was 7 percentage points lower at 17%, from 24% in FY2019, mainly due to lower profit margin from the Property Development Segment and Hotel Segment. Gross profit for FY2020 decreased 69% to S$33.3 million from S$106.2 million over the previous corresponding year.

Other operating income increased 129% to S$16.4 million in FY2020 mainly due to government grants received for the Job Support Scheme, higher foreign exchange gain and higher fair value gain from investment property at Roxy Square, partially offset by fair value loss from investment property at NZI Centre.

Share of results of associates fell to a loss of S$7.4 million in FY2020 compared to S$8.5 million profit in FY2019, mainly due to additional tax expenses for its divested investment in 8 Russell Street, Hong Kong in 2H2020 and provision of impairment loss on its properties in the overseas associated companies, although this was partially offset by the profit from the sale of property at Ginza, Japan in 1H2020.

Overall, the Group reported net loss attributable to equity holders of S$29.5 million in FY2020, compared to a net profit of S$30.3 million in FY2019.

Roxy-Pacific's balance sheet remained healthy with cash and bank balances of S$395.6 million and a comfortable net debt-to-adjusted net asset value ratio of 0.64 time.

Fully diluted earnings per share for FY2020 was -2.26 Singapore cents, compared to 2.33 Singapore cents in FY2019. Net Asset Value per share and Adjusted Net Asset Value per share were 36.9 and 72.1 Singapore cents respectively as at 31 December 2020.

Impact of COVID-19

The COVID-19 pandemic has caused a severe disruption to global economic activity and the impact on economies across the world has been broad and significant, affecting different sectors to varying degrees. Even with a vaccine being distributed, the effects of the pandemic are expected to linger on for years. According to the International Air Transport Association, air traffic volumes are not expected to return to pre-COVID-19 levels until 2024[1]. As a result of the challenging market conditions, the Group financial results will be adversely affected, and the extent of the impact will depend on the future trajectory of the pandemic and its recovery.

In response to the crisis, governments across the world have introduced various support measures to cushion the impact of COVID-19. The Group will tap onto the government support schemes, where available, to maximise the value of the support. The Group has also taken conservative approach with a primary focus on preserving cash by reduce operating expenses where applicable and deferring all non-essential capital expenditures. At the same time, the Group will keep a look out for opportunities and adopt a more stringent evaluation process.

[1] *International Air Transport Association, 24 November 2020 – Deep Losses Continue Into 2021*

Industry Outlook

The Ministry of Trade and Industry (MTI) announced that the Singapore economy contracted by 5.4%, for the whole of 2020. For 2021, MTI has maintained the GDP growth forecast at 4.0 to 6.0%[2].

Reflecting the beginning of the expected economic effects of COVID-19, Australia's GDP rose 3.3% in 3Q2020 on a seasonally-adjusted basis from the previous quarter[3], due to the easing of COVID-19 related restrictions. While Australia's GDP is expected to recover at a faster pace than expected over the coming quarters, the Reserve Bank of Australia ("RBA") anticipates that the pandemic will have long-lasting effects on the Australian economy, with GDP unlikely to return to pre-pandemic levels until end-2021[4]. To ensure that Australia is well placed for the recovery, the RBA reaffirmed targets for the cash rate and the yield on 3-year Australian government bonds of 0.1%[5].

In Japan, the economy grew by 5.3% quarter-on-quarter in 3Q2020[6]. While the Bank of Japan has forecast real GDP growth of -5.6% for fiscal year 2020, it expects real GDP to grow by 3.9% in fiscal year 2021 as economic conditions improve[7].

---

[2] *Ministry of Trade and Industry, 15 February 2021 – MTI Maintains 2021 GDP Growth Forecast at 4.0 to 6.0 Per Cent*

[3] *Australian Bureau of Statistics, 2 December 2020 – Australian National Accounts: National Income, Expenditure and Product, September 2020*

[4] *Reserve Bank of Australia, November 2020 – Statement on Monetary Policy November 2020, Table 6.1: Output Growth and Inflation Baseline Forecasts*

[5] *Reserve Bank of Australia, 1 December 2020 – Minutes of the Monetary Policy Meeting of the Reserve Bank Board*

[6] *Ministry of Foreign Affairs of Japan, 8 December 2020 – Japanese Economy*

[7] *Bank of Japan, January 2021 – Outlook for Economic Activity and Prices*

Property Development

Singapore

According to the Urban Redevelopment Authority ("URA") the private residential property index increased by 2.1% in 4Q2020, compared to the 0.8% increase in 3Q2020. For the whole of 2020, prices of private residential properties increased by 2.2%. During the quarter, 1,852 uncompleted private residential units were launched for sale and 1,713 private residential units were sold. This compared to 2,093 units launched and 2,149 units sold in 1Q2020.

As at the end of 4Q2020, there were a total of 49,307 uncompleted private residential units (excluding executive condominiums) in the pipeline with planning approvals as compared to 50,369 in 3Q2020. Of these units, 24,296 remain unsold as at the end of 4Q2020, lower than 26,483 units in 3Q2020[8].

For 2021, property analysts expect the Urban Redevelopment Authority's (URA) benchmark index for overall private home prices to post growth ranging from 0% to 4% in 2021.

Construction of the Group's residential projects are also expected to continue to be delayed due to the earlier Circuit Breaker period as well as the implementation of precautionary and safe distancing measures. Going forward, the Group will continue to prioritise the sale and delivery of the units in its current land bank.

Since the Phase 3 re-opening in Singapore, the Group's showrooms have stepped up its engagement with buyers through physical and online marketing channels including virtual showrooms to showcase the apartment units.

---

[8] *URA, 22 January 2021 – Release of 4th Quarter 2020 real estate statistics*

In November 2020, the Group acquired a freehold residential site at Jalan Molek and Guillemard Road at the purchase price of S$93,000,000. This freehold residential site has an estimated total land area of 37,131 sq ft and is allowed for residential development with a Plot Ratio of 2.8.

In February 2021, the Group announced that it has entered into an agreement to acquire a 999-year leasehold residential site in Singapore, 10A and 10B Institution Hill, at the purchase price of S$33,600,000. The Group intends to amalgamate the site with another 999-year leasehold site at 11 Institution Hill after it exercises the Option To Purchase issued on 1 February 2021. The amalgamated site will have an estimated total land area of 14,300 sq ft with a total Gross Floor Area of 40,040 sq ft for residential development.

Apart from these latest acquisitions, the Group has launched all the sites in its land bank with a total of 10 ongoing residential projects and will place priority on the sale and delivery of the units.

Australia

In Australia, COVID-19 continues to impact residential property transactions in some capital cities. The price index for residential properties for the weighted average of eight capital cities increased by 4.5% in the September quarter 2020 on a year-on-year basis with rises in all capital cities except Darwin. During the quarter, the key city of Sydney, where the Group has a presence in, registered a gain of 5.4% year-on-year[9].

In Sydney, Australia, the Group's residential development projects, Octavia Killara and West End Glebe, have been fully sold.

[9] *Australian Bureau of Statistics, 8 December 2020 – Residential Property Price Indexes: Eight Capital Cities*

Hotel Ownership

The Group's hotel operations were affected by the COVID-19 outbreak as many countries imposed border control measures, impacting the tourism industry. While the re-opening process has slowly begun in some countries, the pandemic crisis continues to exert profound impact on the hospitality sector.

Visitor arrivals fell by 85.7% in 2020 to reach 2.7 million visitors (nearly all from the first two months of 2020), while tourism receipts declined by 78.4% to S$4.4 billion in the first three quarters of 2020[10]. The Group's flagship Grand Mercure Singapore Roxy hotel joined a large number of hotels in providing their entire accommodation facilities to any person(s) that need to be isolated from the general population in a "Government Quarantine Facility" as a matter of precaution. For hospitality, the Group will continue to focus on training, improving productivity, internal processes and operational efficiencies, to prepare for when the market recovers.

To curb the spread of COVID-19, Japan has travel bans in place for travellers from around 129 countries and regions, which resulted in a significant decrease in international visitor arrivals. For November 2020, visitor arrivals to Japan stood at 56,700, a decline of 97.7%[11]. As a result, Noku Osaka, one of the Group's self-managed boutique hotels, has been closed for operations since November 2020. As part of its efforts to revive the domestic tourism industry, the government has unveiled a US$16 billion "Go To" campaign to subsidise domestic tourism. This has been temporary halted from 28 December to 7 February 2021 to reduce infection risks.

Meanwhile, the Maldives reopened its tourist resorts on 15 July 2020 and received its first international flight in over three months. The Group's upscale resort in Maldives, Noku Maldives, has received positive enquires since the travel restriction was lifted.

---

[10] *STB, 1 February 2021 – Singapore's tourism sector emerges from 2020 with greater resilience and reinvention*

[11] *Japan National Tourism Organization, Overseas Residents' Visits to Japan, 8 January 2021*

The Group's second resort asset in Thailand, Noku Phuket, is expected to operate in 2022.

<u>Property Investment</u>

<u>Singapore</u>

The Group continues to communicate and support its tenants in tiding over this difficult period, providing assistance to eligible tenants in Singapore such as rental rebates and offsetting of cash security deposits, and also passing on the full amount of property tax rebates to tenants. The Group also continues to be vigilant following its implementation of precautionary and safe distancing measures.

<u>Australia</u>

The office sector is not expected to face an immediate structural shift in demand notwithstanding that office towers in core commercial markets are largely unoccupied due to remote working measures implemented in response to COVID-19. Office assets in Sydney and Melbourne will continue to be highly sought after by investors given Australia's strong prospects for economic recovery, long-term growth potential, and 'safe haven' characteristics[12].

To further enhance its recurring income stream, the Group, together with its joint venture partner, has recently announced the investment of a 40% interest in a commercial tower located at 350 Queen Street, Melbourne, Australia. The freehold property comprises a commercial tower with offices, retail offerings and community amenities, situated in the Central Business District of Melbourne, Australia.

Additionally, the Group's re-development of the former Melbourne House at 360 Little Bourke in Melbourne, Australia into Park Hotel Melbourne, will be converted into a commercial development to tap on steady recurring income stream.

---

[12] *Knight Frank, Asia-Pacific Real Estate Outlook 2021: Navigating The Post-Pandemic Recovery*

Together with its partner, the Group will continue to actively engage its tenants and extend support, where applicable, forging stronger relationships through this crisis.

New Zealand

There has been significant new supply added to total office stock across New Zealand in recent years. However, COVID-19 has deferred the number of previously planned office projects, thereby limiting uncommitted supply. In the year ahead, this will assist in limiting the potential rise in vacancy rates, which would have occurred had the pre-COVID-19 pipeline progressed as previously planned. Over the short-term, new development will predominantly be dependent upon significant tenant commitment being secured[13].

One of our two key assets in New Zealand, 205 Queen Street, located in the core of Auckland's CBD, enjoyed a high occupancy rate of 84% as of 31 December 2020. We will look for opportunities to raise occupancy to maximise rental yield. Additionally, our wholly-owned building, NZI Centre, situated in the western end of Auckland's CBD, is fully leased to a well-known tenant – IAG New Zealand Limited – the largest insurer in New Zealand.

Japan

In Japan, high street vacancy stood at 3.3% in Q4 2020, an increase of 0.7 points from the previous quarter.

---

[13] *Colliers International, New Zealand Office 2020 Review & 2021 Forecast*

The number of units seeking new tenants increased during the period as multiple tenants elected to relinquish their leases as a result of poor performance triggered by the pandemic. However, the central government's declaration of a second state of emergency means that domestic spending, which had been recovering, is now anticipated to decline once more. With vacancies expected to rise and new opening demand anticipated to weaken, rents are forecast to fall by 7.5% over the next 12 months.

From Q1 2022, rents are projected to return to growth as the economy is expected to recover, limiting the net rent decrease over the next two years to 4.3%[14].

During the year, the Group acquired a 49% stake in a 5-storey retail building, VIVEL Shibuya, located at Shibuya-Ku, Tokyo, Japan, in the central hub for youth culture in this city. This building is strategically located in close proximity to the Shibuya Station and adjacent to the famous Shibuya scramble crossing, which is in close proximity to immense amounts of foot traffic from both foreign tourists and domestic shoppers.

Overall, the Group's investment properties maintained a high level of occupancy at 88% as at 31 December 2020.

Despite all the challenges, the Group will continue to monitor the evolving pandemic situation and adjust and react proactively with appropriate countermeasures to minimise financial impact for the financial year ending 31 December 2021. Barring any unforeseen circumstances, the directors expect the Group to be profitable in the financial year ending 31 December 2021.

[14] *CBRE, Vacancy Rose in Ginza & Shinsaibashi; Demands Focused on Prime Locations*

About Roxy-Pacific Holdings Limited

Established in May 1967, Roxy-Pacific Holdings Limited ("**Roxy-Pacific**" or the "**Group**"), an established property and hospitality group with an Asia-Pacific focus, was listed on the SGX Mainboard on 12 March 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 Grand Mercure Singapore Roxy hotel, self-managed upscale boutique hotels, *Noku Kyoto* and *Noku Osaka*, Japan, and first self-managed upscale resort *Noku Maldives*, 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 2020, the Group developed and launched 54 small-to-medium sized developments comprising a total of more than 5,000 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 upscale boutique hotels under the *Noku hotels* brand name in Kyoto and Osaka, Japan, and upscale resort in Maldives. The Group's second upscale resort in Phuket, Thailand, is targeted to operate in 2022.

For Property Investment, the Group owns 52 retail shops at Roxy Square Shopping Centre in Singapore. In Australia, Roxy-Pacific owns a 45% interest in a freehold six-storey commercial building at 312 St Kilda Road on the fringe of the Melbourne CBD. The Group also owns a 40% interest in a centrally-located, 10-storey commercial building at 33 Argyle Street, Parramatta, New South Wales. In Auckland, the Group owns NZI Centre and has a 50% interest in the office building at 205 Queen Street. In Tokyo, the Group recently acquired 49% interest in a retail property at renowned retail districts at Shibuya, expanding Roxy-Pacific's hospitality presence in Japan to the retail property sector.

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

ISSUED ON BEHALF OF	:	Roxy-Pacific Holdings Limited
BY	:	Citigate Dewe Rogerson Singapore Pte Ltd
		105 Cecil Street
		#09-01 The Octagon
		SINGAPORE 069534
CONTACT	:	Ms Dolores Phua / Mr Justin Chan
		at telephone
DURING OFFICE HOURS	:	6589-2383 / 6589-2371
EMAIL	:	dolores.phua@citigatedewerogerson.com
		justin.chan@citigatedewerogerson.com