POLLUX
PROPERTIES

# A MARK OF DISTINCTION

ANNUAL REPORT 2018



POLLUX
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# ANNUAL GENERAL MEETING

26TH JULY 2018

POLLUX PROPERTIES

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# 1. FINANCIAL HIGHLIGHTS

# FINANCIAL HIGHLIGHTS – OVERVIEW

- Revenue at S$15.30 million in FY2018
- Earnings per share at 3.66 cents per share in FY2018
- Profit before tax at S$51.46 million in FY2018
- Return on equity at 27.19% in FY2018

Note: "FY" refers to the financial year ended 31 March in the respective years.

# FINANCIAL HIGHLIGHTS

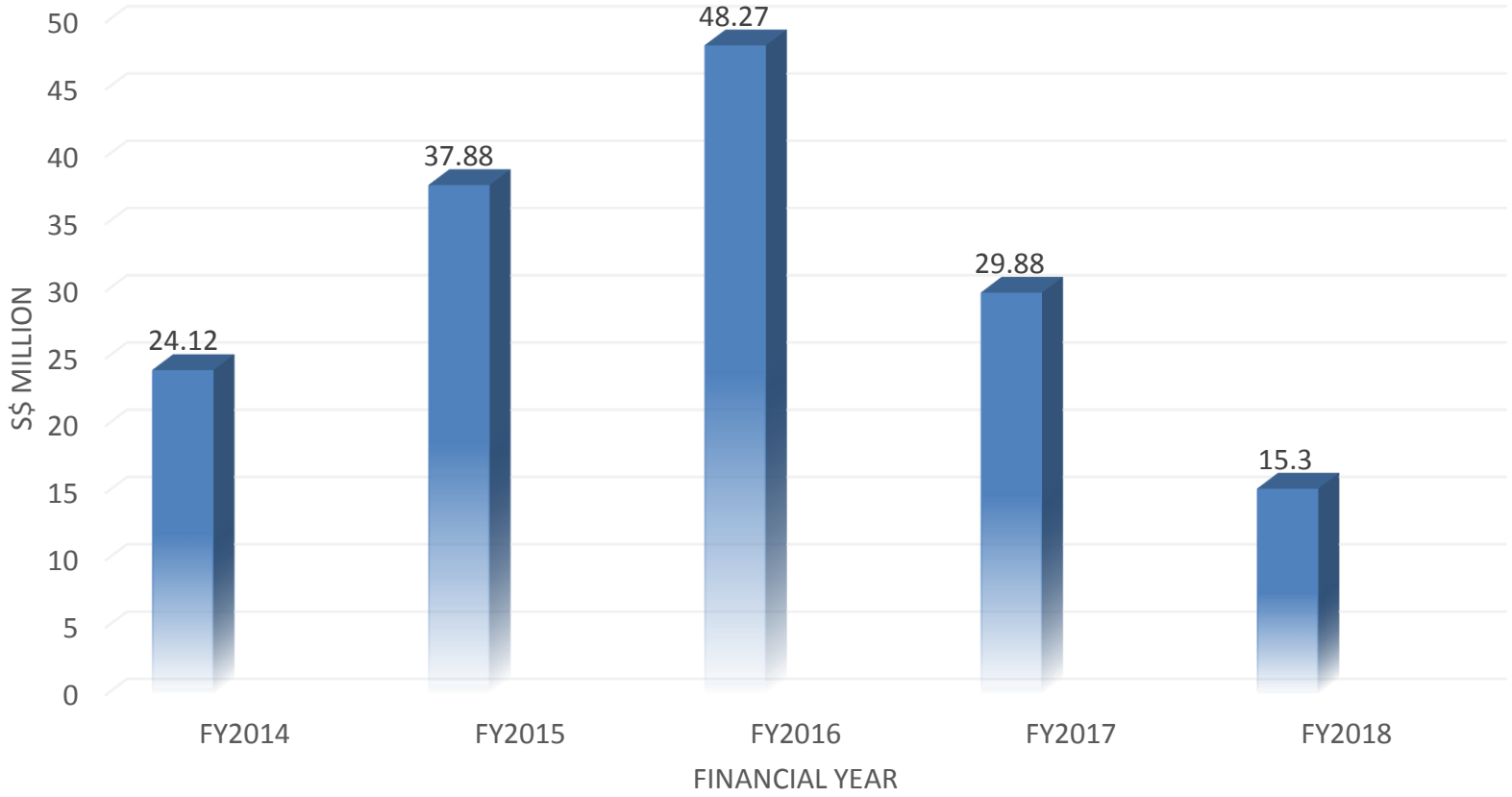
| | Group FY2018 | Group FY2017 | Year on Year Change |
|---|---|---|---|
| Revenue | 15.30 mil | 29.88 mil | ↓ 48.79% |
| EBITDA(1) | 57.27 mil | 6.63 mil | ↑ 765.76% |
| PATMI | 51.78 mil | 2.58 mil | ↑ 1,906.97% |
| EPS | 3.66 cent | 0.41 cent | ↑ 792.68% |
| NAV/ Share | 6.90 cent | 8.51 cent | ↓ 18.92% |
| ROE | 27.19 % | 4.83 % | ↑ *22.36ppt |
| Total equity | 190.43 mil | 53.36 mil | ↑ 256.88% |
| Cash & Bank balances | 19.17 mil | 3.19 mil | ↑ 500.94% |
| Net debt | 176.51 mil | 60.66 mil | ↑ 190.98% |
| Gearing ratio | 48.10 % | 53.20 % | ↓ *5.10ppt |
| Loans and borrowings | 172.72 mil | 43.73 mil | ↑ 294.97% |
| Interest coverage ratio | 29.06 times | 5.05 times | ↑ 475.45% |

* This is the difference in between FY2018 vs FY2017 and not the year on year change in %. ppt stands for percentage points

(1) The difference FY2018 compared to FY2017 was mainly due to a non-recurring gain from a bargain purchase of Pollux Alpha Investments Ltd ("PAI")

# FINANCIAL HIGHLIGHTS

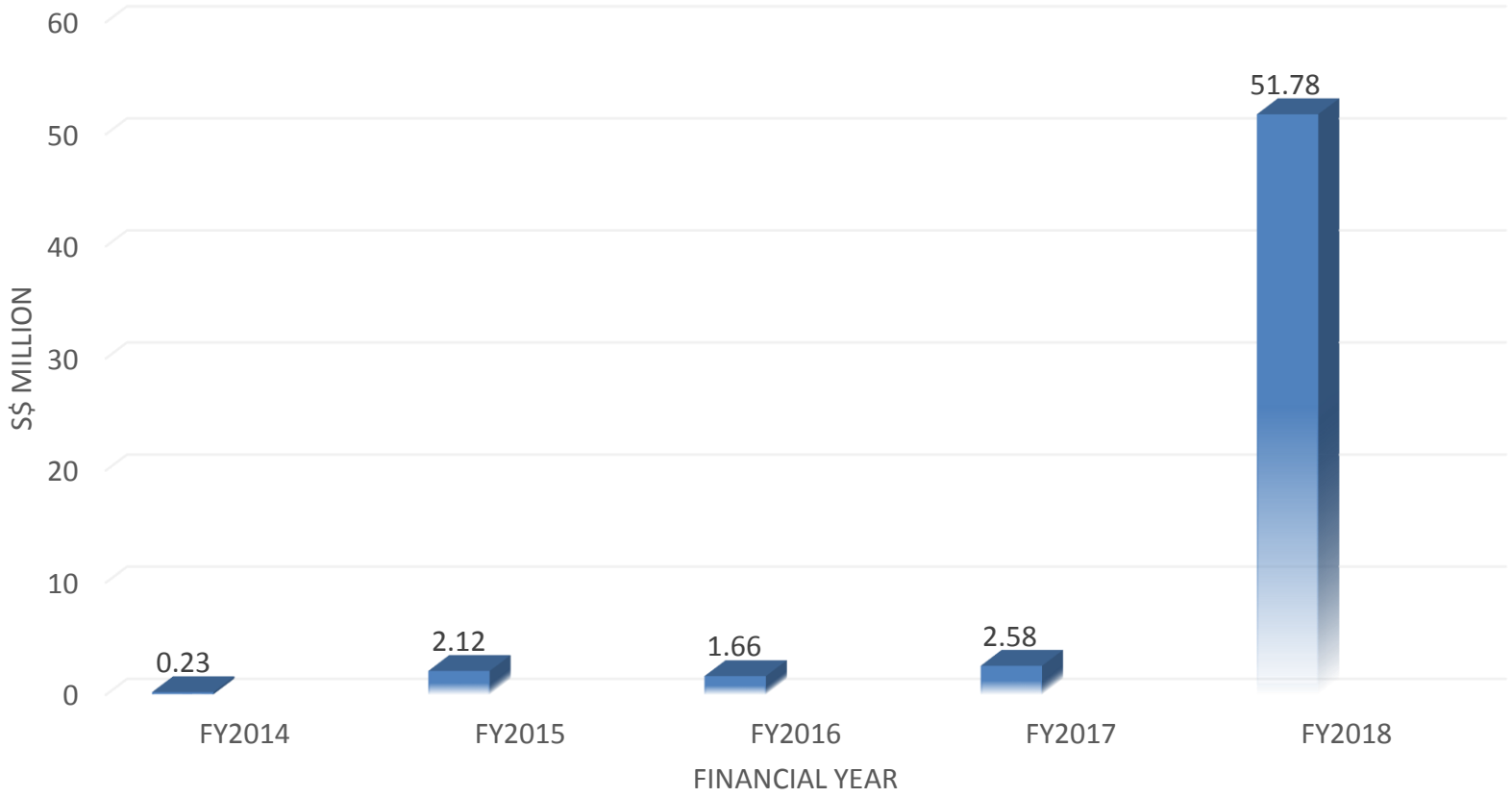
## Revenue for The Past Five Financial Years




Note: The above financial information is extracted from annual reports / full year announcements of respective years.

# FINANCIAL HIGHLIGHTS

## PATMI for The Past Five Financial Years




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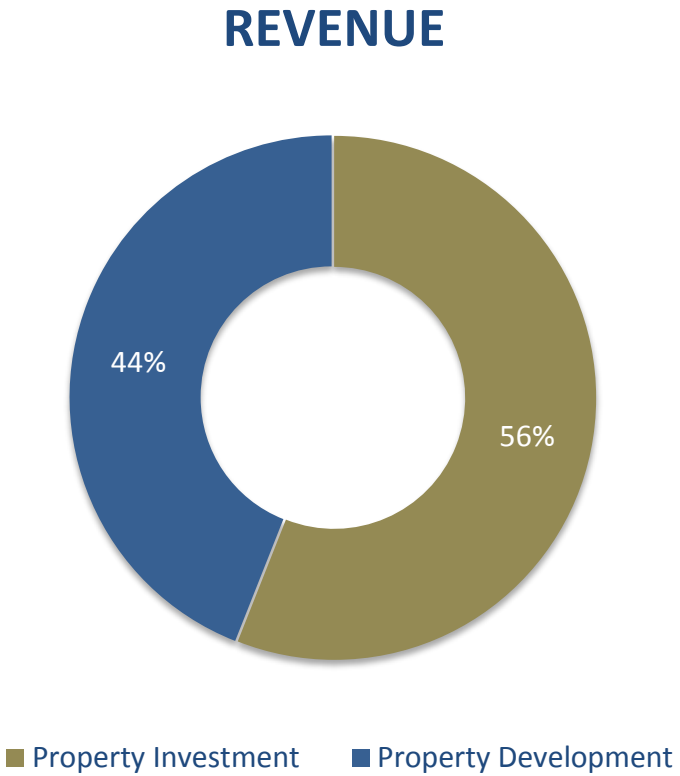
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# 2. OPERATION REVIEW

# OPERATION REVIEW

- Completion of acquisition of PAI Group on 16 November 2017.
- Mayfair Residences obtained TOP in Oct 2017.
- Average 79% occupancy rate at Louis Kienne Serviced Residences, Havelock Road in FY2018
- 100% tenanted for retails shops at Balestier Road in FY2018.
- 7 out of 10 floor was tenanted for MacDonald House (Fully tenanted since May 2018)
- 100% tenanted for 14 residential units

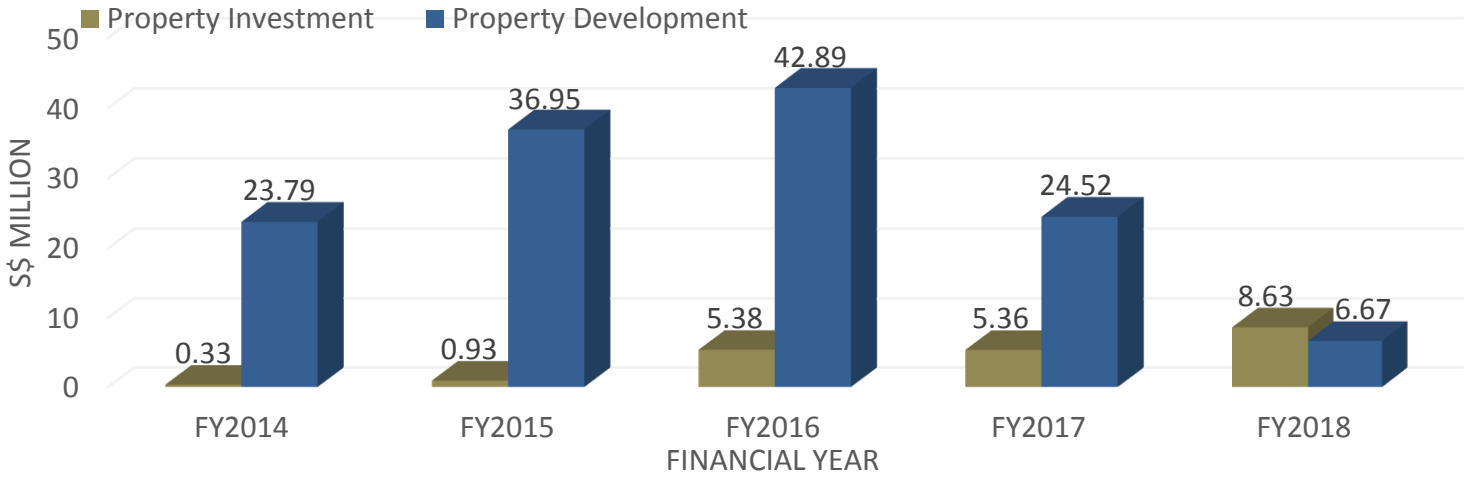
# OPERATION REVIEW
## Revenue in FY2018 By Business Segments




| BUSINESS SEGMENTS | S$'000 | PERCENTAGE |
|---|---|---|
| Property Investment | 8,633 | 56% |
| Property Development | 6,670 | 44% |
| TOTAL | 15,303 | 100% |

# OPERATION REVIEW

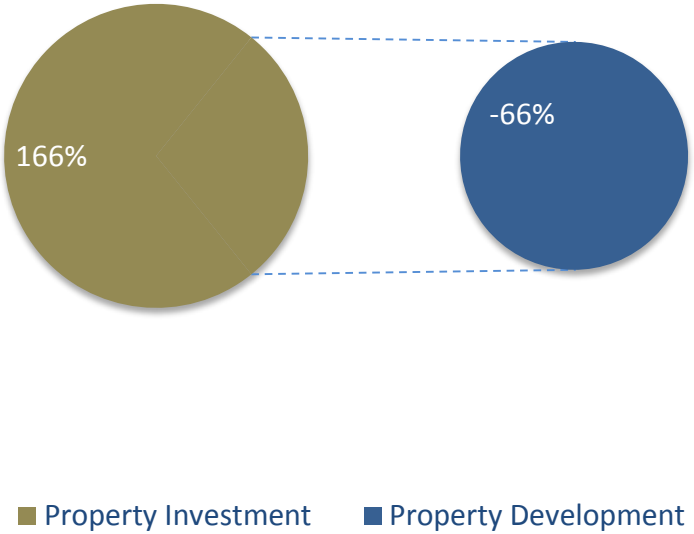
## Five Years Revenue By Business Segments




| | FY2014 S$' MIL | FY2015 S$' MIL | FY2016 S$' MIL | FY2017 S$' MIL | FY2018 S$' MIL |
|---|---|---|---|---|---|
| Property Investment | 0.33 | 0.93 | 5.38 | 5.36 | 8.63 |
| Property Development | 23.79 | 36.95 | 42.89 | 24.52 | 6.67 |
| TOTAL | 24.12 | 37.88 | 48.27 | 29.88 | 15.30 |

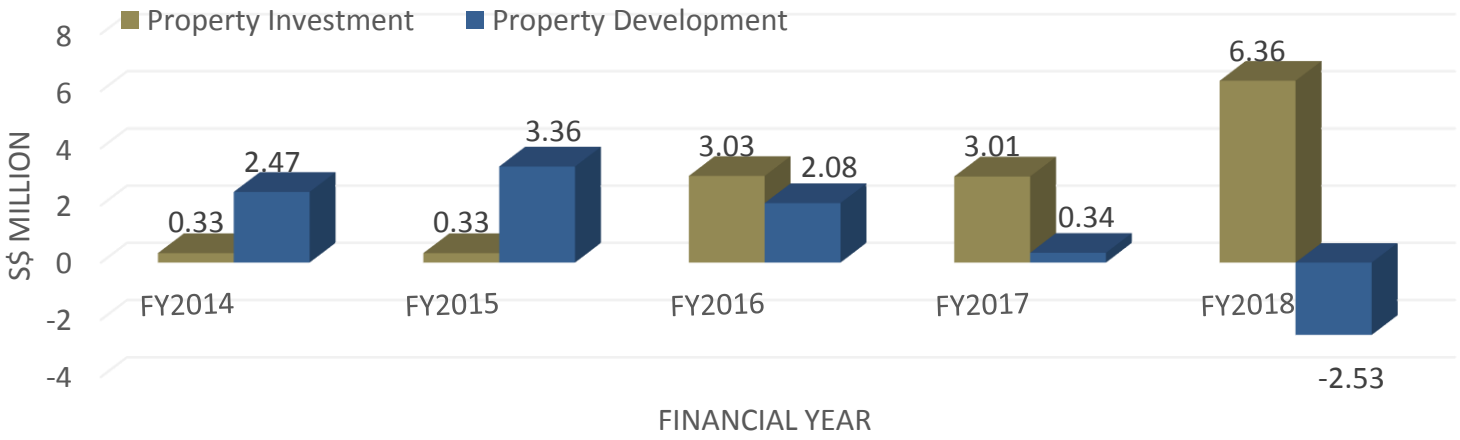
# OPERATION REVIEW
## Gross Profit in FY2018 By Business Segments

**GROSS PROFIT**




| BUSINESS SEGMENTS | S$'000 | PERCENTAGE |
|---|---|---|
| Property Investment | 6,363 | 166% |
| Property Development | (2,535) | (66%) |
| TOTAL | 3,828 | 100% |

# OPERATION REVIEW
## 5 Years Gross Profit By Business Segments




| | FY2014 S$' MIL | FY2015 S$' MIL | FY2016 S$' MIL | FY2017 S$' MIL | FY2018 S$' MIL |
|---|---|---|---|---|---|
| Property Investment | 0.33 | 0.33 | 3.03 | 3.01 | 6.36 |
| Property Development | 2.47 | 3.36 | 2.08 | 0.34 | (2.53) |
| TOTAL | 2.80 | 3.69 | 5.11 | 3.35 | 3.83 |

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# 3. MARKET OUTLOOK

# OUTLOOK-PROPERTY DEVELOPMENT RESIDENTIAL MARKET

| Key Indicators | 4Q2017 | 1Q2018 | Change | 1Q2017 | 1Q2018 | Change |
|---|---|---|---|---|---|---|
| Price index | 138.7 | 144.1 | +3.9% | 136.7 | 144.1 | +5.4% |
| Rental index | 102.5 | 102.8 | +0.3% | 103.6 | 102.8 | -0.8% |
| Take up | 1,864 | 1,581 | -15.2% | 2,962 | 1,581 | -46.6% |
| Pipeline supply | 36,029 | 40,330 | +11.9% | 36,942 | 40,330 | -9.2% |
| Vacancy rate | 7.8% | 7.4% | -0.4% point | 8.1% | 7.4% | -0.7% point |

- Supported by better-than-expected economic growth, the outlook for the Singapore private residential market in 2018 is promising. Prices have started to recover from a slump which has lasted since late 2013 and has continued the upward trend in 1st half of 2018, driven by bullish prices paid by developers for both private residential sites and GLS sites.
- A number of factors will continue to put pressure on the property market, such as the large pipeline for the supply of property units, weakening demand amid low economic growth, and the new market cooling measures which was imposed in July 2018.

Sources: from URA website, savills residential sales research report and Straits Time website

# OUTLOOK-PROPERTY INVESTMENT SERVICED APARTMENT / LEASING

- Hotel occupancy increased to average 92% in year 2017, which is a 1.5% increase compared to year 2016.
- Private residential properties leases rise of 7.7% on a yearly basis
- Overall rents for private homes registered a drop of 1.9% in 2017.
- Given the high amount of private residential supply, tenants will continue to have the upper hand over landlords in negotiating rental rates.

Sources: from URA website, Singapore Tourism Board website and Savills Research & Consultancy Website

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# 4. GOING FORWARD

# GOING FORWARD

The Management intends to achieve a balance between investment and development opportunities.

We are seeking opportunities to expand our fee-based business, such as hospitality and fund management activities, enlarging our portfolio of assets and diversifying our business into overseas market.

The Management is cautious when seeking opportunities such as accretive lands and investment assets which can provide sustainable return to shareholders.

Barring any unforeseen circumstances, the Group believes that the operation of Louis Kienne Serviced Residences at 554 Havelock Road, growth of the associate fund management company, Stirling Fort Capital Pte Ltd, and the new acquisition of Pollux Alpha Investments Ltd will widen the revenue streams and provide a stable long term recurring income for the Group.

# THANK YOU