

NEWS RELEASE

**ROXY-PACIFIC ACHIEVES FY2018 NET PROFIT OF
S\$23.9 MILLION ON REVENUE OF S\$132.9 MILLION**

- *Prudent expansion in Australia to increase recurring income well on track, with redeployed proceeds from recent, successful sales of two assets in Sydney*
 - *Acquired centrally-located commercial building at 33 Argyle Street, Parramatta, New South Wales*
 - *Made first entry into the Australian industrial market earlier with acquisition of warehouse and office building in New South Wales*
- *Recurring revenue broadens with total of four hotels in Singapore, Japan and Maldives and another targeted to open in Phuket in 2020*
- *To launch four mainly freehold, prime development sites in Singapore for sale in FY2019*
- *Total attributable pre-sale revenue of S\$630.9¹ million to be recognised from 1Q2019 to FY2022*
- *Good headroom with cash and bank balances of S\$291.6 million and comfortable gearing at 0.76 time*
- *Proposes final cash dividend of 0.705 Singapore cent per share, bringing total dividends for FY2018 to 0.90 Singapore cent per share*

Singapore, 21 February 2019 – 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 31 December 2018 (“**FY2018**”) of S\$132.9 million and S\$23.9 million, respectively.

¹ As at 12 February 2019

Mr Teo Hong Lim (张 丰 霖), Executive Chairman and CEO of Roxy-Pacific, said, “Locally, we are focused on launching ‘niche pickings’, mainly freehold developments in prime districts this year. Our two developments, RV Altitude and Fyve Derbyshire, were amongst the first projects to be launched in January this year, in the prime River Valley and Thomson vicinities. Well-designed and at enticing price points, these developments will appeal especially to first-time home buyers and millennial investors. We will continue to monitor market conditions closely for our planned upcoming four property launches, which are mainly freehold developments located in prime districts.”

Mr Teo added, “Overseas, The Hensley, residential development in Sydney, has obtained its TOP in December 2018 and we have seen profit recognition in January 2019 from this highly well-received project. We remain focused on our strategy to further increase our recurring income streams, tapping on redeployed proceeds from recent, successful sales of two assets in Sydney – 117 Clarence Street and 59 Goulburn Street. We will look out for high yielding investments to recycle our capital and enhance shareholder value. At the same time, we will strengthen our recurring income streams through our Hotel Ownership business, which continues on an upward trend in terms of contributions.”

Financial Highlights

Roxy-Pacific reported FY2018 revenue of S\$132.9 million, a 46% decline from S\$246.8 million in the corresponding period a year ago (“FY2017”). This was mainly due to lower revenue from the Property Development and Property Investment business segments, partially offset by a 13% growth in the Hotel Ownership segment that was lifted by higher contributions from self-managed hotels, *Noku Osaka* and *Noku Maldives*.

The property development segment reported lower revenue of S\$75.0 million, a 61% decline from S\$191.8 million in FY2017, mainly due to comparatively lower revenue recognised from Trilive and an absence of revenue recognised from development projects completed in FY2017.

This was partially offset by higher revenue recognised from Straits Mansions and The Navian.

Although Roxy-Pacific's projects in Australia made good progress during the period, these projects can only recognise revenue upon completion and settlement, unlike its counterparts in Singapore and Malaysia. The Group will recognise revenue and profits of S\$55.2 million and S\$6.6 million respectively in January 2019 for The Hensley project, which has obtained its TOP in December 2018.

Despite the lower revenue from the Property Development segment, margins improved 10 percentage points to 25% in FY2018 compared to 15% in FY2017, a testament of the Group's project execution abilities.

Roxy-Pacific has accumulated total attributable pre-sale revenue of S\$630.9 million, the profits of which will be recognised from 1Q2019 to FY2022.

Revenue from the property investment segment declined 27% to S\$7.9 million in FY2018 mainly due to sale of the Sydney office building, 59 Goulburn Street, in October 2017. The proceeds were recycled into the acquisition of NZI Centre in Auckland, New Zealand, in December 2017, which has started contributing positively to the Group.

Revenue from the Hotel Ownership segment, which made up 38% of Group revenue in FY2018, rose 13% to S\$50.0 million from S\$44.3 million over the same period, with higher contributions from Noku Osaka which was acquired in October 2017 and Noku Maldives, after its full operation in August 2018.

With improved margins from Property Development segment and higher percentage of revenue contribution from Hotel Ownership segment which has a higher profit margin, the Group's gross profit margin rose 13 percentage points to 37% in FY2018, from 24% in FY2017. Gross profit dipped 17% to S\$49.2 million from S\$59.5 million over the same period.

Other operating income reduced 60% to S\$13.2 million in FY2018 compared to S\$32.8 million in FY2017 mainly due to the absence of a S\$28.3 million fair value gain recorded for 59 Goulburn Street last year, compared to a S\$3.9 million fair value gain recorded for NZI Centre in FY2018.

Overall, the Group reported a 22% decrease in net profit attributable to equity holders to S\$23.9 million in FY2018, compared to S\$30.5 million a year ago.

For the fourth quarter ended 31 December 2018 (“**4Q2018**”), the Group reported a 29% decline in revenue to S\$30.8 million from S\$43.3 million for the fourth quarter ended 31 December 2017 (“**4Q2017**”). Net profit correspondingly dipped 27% to S\$5.9 million from S\$8.1 million over the same period.

Roxy-Pacific’s balance sheet remained healthy with cash and bank balances of S\$291.6 million and a comfortable net debt-to-adjusted net asset value ratio of 0.76 time despite the acquisitions of six development sites in Singapore and three properties in Australia during the year.

Fully diluted earnings per share for FY2018 was 1.83 Singapore cents, compared to 2.33 Singapore cents in FY2017. Net Asset Value per share was 38.24 Singapore cents as at 31 December 2018.

Proposed Dividend

To reward its shareholders for their continuous support, the Board has proposed a final cash dividend of 0.705 Singapore cent per share. Coupled with the interim dividend of 0.195 cent per share, this brings the total distributions for the financial year to 0.90 Singapore cent per share, representing a dividend payout ratio of 49%.

Industry Outlook

According to the Ministry of Trade and Industry, Singapore's economy grew by 3.2% for 2018. Singapore's economy expanded 1.9% year-on-year in the fourth quarter of 2018, moderating slightly from the 2.3% in the third quarter of 2018. Overall, on a quarter-on-quarter, seasonally-adjusted annualised basis, the economy grew by 1.4%, unchanged from the preceding quarter².

Australia's economy also posted growth of 0.3% in the third quarter of 2018 on a seasonally-adjusted basis³. The Reserve Bank of Australia had projected the country's GDP to grow a little above 3.0% over 2018 and 2019⁴.

On the other hand, Japan's economy shrank at an annual rate of 2.5% in the July-September quarter, the sharpest contraction since a 7.3 percent shrinkage logged in the April-June quarter in 2014, as a string of natural disasters weighed on capital expenditure.

Latest real estate statistics from the Urban Redevelopment Authority showed that prices of private residential properties decreased by 0.1% in 4Q2018, compared with the 0.5% increase in the previous quarter. For the whole of 2018, prices of private residential properties increased by 7.9%, compared with the 1.1% increase in 2017⁵.

Following two quarters of mild price movements after the Government's cooling measures were announced on 6 July 2018, some analysts have pointed to signs of stabilisation in private home prices, with some industry players expecting these home prices to rise, albeit at a slower pace of between 1% and 3% for 2019.

² Ministry of Trade and Industry Singapore, 15 February 2019 – Singapore Maintains 2019 Growth Forecast at "1.5 to 3.5 Per Cent"

³ Australian Bureau of Statistics, 5 December 2018 – Economy grew 0.3 per cent in September quarter

⁴ Reserve Bank of Australia, 2018 – Statement on Monetary Policy – August 2018

⁵ Urban Redevelopment Authority, 25 January 2019 – Release of 4th Quarter 2018 real estate statistics

Property Development

The Group currently has four development sites in Singapore as its land bank. Roxy-Pacific plans to launch the remaining four development sites for sale in the next few quarters, depending on market conditions.

For the Australian residential sector, the price index for residential properties for the weighted average of eight capital cities fell 1.5% in the September quarter 2018 and was down 1.9% through the year to the September quarter 2018. On a year-on-year basis, Sydney registered declines of 4.4%⁶.

Notwithstanding a slower market, the Group's residential development projects in Australia have sold well – Octavia in Sydney is only left with one unit for sale, while the West End Glebe project that was launched in two phases is currently overall close to 88% sold.

Property Investment

For the Australian office sector, the overall sentiment in commercial property markets, as measured by the NAB Commercial Property Index, fell 4 points to a 2-year low of 8 in 3Q2018, but is still well above long-term average levels of 3 points⁷.

Roxy-Pacific plans to redevelop the newly-acquired freehold commercial and retail building, Melbourne House, in Melbourne's central business district into a mixed-use development comprising hotel and retail units.

Commented Mr Teo, "We continue to make good progress towards a more diversified asset portfolio in Australia, thereby increasing our recurring income stream. Apart from Melbourne House which we plan to re-develop into a mixed-use, hotel and retail development, we have recently acquired the centrally-located commercial building at 33 Argyle Street, Parramatta, New South Wales, within the central business district."

⁶ Australian Bureau of Statistics, September 2018 – Residential Property Price Indexes: Eight Capital Cities

⁷ Australia National Bank, 22 October 2018 - NAB Quarterly Australian Commercial Property Survey Q3 2018

“This follows our recent acquisition of a property at Mavis Street comprising a mix of warehouse and office space, marking our first entry into Australian industrial segment. We have plans to re-develop this property into light-industrial warehouses and self-storage units.”

Hotel Ownership

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 third consecutive year, having received 18.5 million visitors in 2018 as compared to 17.4 million in 2017. Similarly, tourism receipts rose 1.0% to S\$27.1 billion, from S\$26.8 billion in 2017⁸.

For 2019, the STB expects further growth for the tourism sector, forecasting visitor arrivals to grow 1% to 4% to be in the range of 18.7 million to 19.2 million, while tourism receipts are expected to be in the range of S\$27.3 billion to S\$27.9 billion, a growth of between 1% and 3%.

The hospitality outlook in Japan shows positive signs as well. According to Japan National Tourism Organisation, the estimated number of international travellers to Japan in November 2018 reached 2.5 million which was an increase of 3.1% from the previous year, making it the best November ever. As of 18 December 2018, it hit a record of 30.0 million visitors⁹.

Overall, the Group’s flagship Grand Mercure Singapore Roxy hotel, and self-managed boutique hotels in Japan – Noku Kyoto and Noku Osaka – continue to contribute healthy recurring income. Its resort in Maldives, Noku Maldives, which commenced operations in December 2017 and started full operations in August 2018, has received warm reception since its opening, with the resort hotel in Phuket targeted to open in 2020.

⁸ Singapore Tourism Board, 13 February 2019 – Third consecutive year of growth for Singapore tourism sector in 2018

⁹ Japan National Tourism Organisation – Japan Tourism Statistics

Barring unforeseen circumstances, the Group is expected to be profitable in FY2019.

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 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 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 2018, the Group developed and launched 48 small-to-medium sized developments comprising a total of more than 4,400 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 Roxy* brand name in Kyoto, Japan, followed by Osaka, Japan, and Maldives. The Group has 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 45% interest in a freehold six-storey commercial building at 312 St Kilda Road in Melbourne's CBD. The Group also owns a 40% interest in a centrally-located, 10-storey commercial building at 33 Argyle Street, Parramatta, New South Wales; and holds another 50% stake for a property at 36 Mavis Street, New South Wales, comprising a mix of warehouse and office space, marking its first entry into the Australian industrial segment. 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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