

NEWS RELEASE

**ROXY-PACIFIC REPORTS 110% GROWTH IN NET PROFIT
ATTRIBUTABLE TO EQUITY HOLDERS TO S\$5.9 MILLION**

- *20% rise in revenue to \$141.2 million mainly due to higher sales from the Property Development and Property Investment segments*
- *Prudent acquisitions/divestment:*
 - *Completed acquisition of residential sites at Institution Hill; Completed acquisition of residential sites at Jalan Molek and Guillemard Road in Singapore*
 - *Completed acquisition of 350 Queen Street, Melbourne, Australia*
 - *Divested industrial development in Sydney, Australia*
- *Total attributable pre-sale revenue of S\$564.4 million to be recognised from 2H2021 to FY2023*
- *To continue to focus on strong recurring income streams for Property Investment*
- *Cash and bank balances of S\$391.0 million and low gearing at 0.7 times*

Singapore, 5th August 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 profit attributable to equity holders for the financial period ended 30 June 2021 (“**1H2021**”) of S\$141.2 million and S\$5.9 million, respectively.

Mr Teo Hong Lim (张丰霖), Executive Chairman and CEO of Roxy-Pacific, said, “We are pleased that our financial results have held resilient amidst the global pandemic, well-supported by a diversified portfolio of assets and a broad geographical reach.

“We have seen a steady growth in sales momentum for our Property Development segment, comprising mainly of residential developments in Singapore. We continue to be selective in landbank acquisition, with a greater focus on freehold developments that are well-located. We remain prudent and will keep a close eye on property market sentiments, both locally and abroad, amidst the challenging environment brought on by the global pandemic. For Property Investment, building up our recurring income base through proactive asset management will be a key priority, for greater resiliency.

“As for our Hotel segment, our efforts are on the streamlining of processes, operational efficiencies, and training of manpower to improve productivity, to be on a stronger footing once the travel market recovers.”

Financial Highlights

Roxy-Pacific reported 1H2021 revenue of S\$141.2 million, a 20% increase from S\$118.1 million in the corresponding period a year ago (“**1H2020**”). This was mainly driven by higher revenue from the Property Development and the Property Investment segments.

The Property Development segment constituted 90% of the Group’s turnover in 1H2021 and achieved a 27% increase in revenue to S\$126.5 million in 1H2021, from S\$99.3 million in 1H2020. The revenue growth was mainly due to a higher percentage of revenue recognition from development projects in Singapore, mainly from RV Altitude, View at Kismis and 120 Grange. This was partially offset by absence of revenue recognition from Octavia Killara and West End Glebe, Australia, which obtained TOP in FY2020.

As at 30 June 2021, the Group has a total attributable pre-sale revenue of S\$564.4 million, the profits of which will be progressively recognised from 2H2021 to FY2023.

The Group's hotel operations continue to be affected by the COVID-19 outbreak as many countries had imposed border control measures, impacting the tourism industry. Revenue from the Hotel Ownership segment decreased by 29% to S\$10.7 million in 1H2021 from S\$15.1 million in 1H2020.

Revenue contribution from the Property Investment segment increased 8% to S\$4.0 million in 1H2021 as compared to S\$3.7 million in 1H2020, the increase was mainly due to foreign currency appreciation from the rental income from NZI Centre.

Overall, the Group's gross profit margin in 1H2021 was 18%, higher than the 15% recorded in 1H2020 mainly due to higher contribution from Property Development segment with an improved profit margin.

Other operating income in 1H2021 rose 104% to S\$10.3 million from S\$5.1 million in 1H2020 mainly contributed by higher fair value gain from investment property at NZI Centre and higher exchange gain.

Share of results of associates and joint ventures fell 80% from S\$11.9 million in 1H2020 to S\$2.4 million in 1H2021, largely due to the absence of profit from the sale of property at Ginza, Japan in 1H2020.

Overall, the Group reported a net profit attributable to equity holders of S\$5.9 million in 1H2021, compared to S\$2.8 million in 1H2020.

Roxy-Pacific's balance sheet remained healthy with cash and bank balances of S\$391.0 million and a comfortable net debt-to-adjusted net asset value ratio of 0.7 time. The Group will continue to conserve cash while prudently seek out future acquisition opportunities to enhance shareholders' value.

Fully diluted earnings per share for 1H2021 was 0.45 Singapore cent, compared to 0.21 Singapore cent in 1H2020. Net Asset Value per share and Adjusted Net Asset Value per share was 37.33 and 72.87 Singapore cents respectively, as at 30 June 2021.

Prudent Investments and Divestment in 1H2021

In February 2021, the Group announced its acquisition of the residential sites at Institution Hill, Singapore, which has an estimated total land area of 14,300 sq ft for residential development. At the same time, Roxy-Pacific has completed its acquisition of the residential site at Jalan Molek and Guillemard Road, Singapore.

In Australia, the Group has completed its acquisition of a commercial tower located at 350 Queen Street, Melbourne in January 2021 and has successfully completed its sale of land situated at 34-36 Mavis Street, Sydney in March 2021.

Industry Outlook

The Ministry of Trade and Industry (MTI) announced that the Singapore economy expanded by 14.3 per cent year-on-year, extending the 1.3 per cent growth from the previous quarter. This was largely due to the low base in the second quarter of 2020, when GDP fell due to the Circuit Breaker measures implemented. On a quarter-on-quarter seasonally-adjusted basis, the Singapore economy contracted by 2.0 per cent in the second quarter of 2021, a reversal from the 3.1 per cent growth in the preceding quarter¹. Singapore has since reverted back to Phase 2 (Heightened Alert) from 22 July 2021 through 18 August 2021, in response to growing COVID-19 clusters.

Meanwhile, the Singapore government has also ramped up its vaccination programme towards achieving the target of having 2 out of 3 residents fully vaccinated by National Day (9 August 2021).

The Australia economy is also reflecting an upward trend, with its GDP rising by 1.8% in 1Q2021. This was due to sustained easing of the COVID-19 restrictions and the recovery of the labour market². According to the Reserve Bank of Australia ("RBA"), the Australian economy is transitioning from recovery to expansion phase earlier than

¹ Ministry of Trade and Industry Singapore, 14 July 2021 – [Singapore's GDP Grew by 14.3 Per Cent in the Second Quarter of 2021](#)

² Australia Bureau of Statistics, 2 June 2021 – [Australian National Accounts: National Income, Expenditure and Product, Mar 2021](#)

anticipated. GDP growth in 4Q2020 and 1Q2021 had surpassed expectations. As more people are employed in March than before the pandemic, the RBA expects GDP to grow around 4.75 per cent over 2021 and 3.5 per cent over 2022³.

In Japan, the real GDP growth rate for the period between January and March 2021 declined by -5.1% quarter-on-quarter and at an annualised rate of -1.3% quarter-on-quarter in 1Q2021⁴. The Bank of Japan has forecasted the GDP growth for fiscal year 2021 to be between +3.3% and +4.0%⁵.

Property Development

Singapore

According to the Urban Redevelopment Authority (“URA”) the private residential property index increased by 0.8 per cent in 2Q2021, compared to the 3.3 per cent increase in 1Q2021. During the second quarter in 2021, 2,356 uncompleted private residential units were launched for sale and 2,966 private residential units were sold. This compared to 3,716 units launched and 3,493 units sold in 1Q2021.

As at the end of 2Q2021, there was a total of 47,097 uncompleted private residential units (excluding executive condominiums) in the pipeline with planning approvals as compared to 48,139 units in 1Q2021. Of these figures, 19,384 units remained unsold at the end of 2Q2021, in comparison to the 21,602 units in 1Q2021⁶.

Latest flash estimates from URA on the price index for private residential property for 2Q2021 showed an increase by 1.5 points, from 162.2 points in 1Q2021 to 163.7 points in 2Q2021. This represents an increase of 0.9%, compared to the 3.3% increase in the previous quarter⁷.

³ Reserve Bank of Australia, May 2021 – [Statement on Monetary Policy: 5. Economic Outlook](#)

⁴ Daiwa Institute of Research, 1 June 2021 – [Japan's Economy: Monthly Outlook \(May 2021\)](#)

⁵ Bank of Japan, 27 April 2021 – [Outlook for Economic Activity and Prices \(April 2021\)](#)

⁶ Urban Redevelopment Authority, 23 July 2021 – [Release of 2nd Quarter 2021 real estate statistics](#)

⁷ Urban Redevelopment Authority, 1 July 2021 – [URA releases flash estimate of 2nd quarter 2021 private residential property price index](#)

Sales of residential projects remain hampered by the heightened Phase 2 and 3 measures that were introduced between the months of May to August this year. In response, showrooms have been restricted to an occupancy limit of one person per 10 sqm of gross floor area⁸. In addition, construction of development projects continues to face prolonged disruptions due to global supply chain and labour crunch, leading to rising material costs and delays in project completion. This was further exacerbated by the tightening of border measures as neighbouring countries battle to contain the new delta variant of COVID-19.

The Group continues to persist with its sales efforts through online marketing campaigns and channels, as well as the employment of virtual showrooms for apartment viewings.

Overall, Roxy-Pacific has launched 11 out of 13 sites in its land bank and will place priority on the sale and delivery of the units.

Australia

In Australia, the residential property market showcased its strongest quarterly growth since the December quarter in 2009. Residential property prices rose 5.4 per cent in 1Q2021⁹. The price index for residential properties for the weighted average of eight capital cities rose by 5.4 per cent in 1Q2021 on a year-on-year basis with growth in all capital cities. During the quarter, the key city of Sydney, where the Group has a presence in, registered a gain of 6.1 per cent year-on-year¹⁰. Looking ahead, the Commonwealth Bank of Australia expects property prices to remain strong and to continue climbing albeit the pace of the monthly gains is predicted to ease off gradually¹¹.

The Group will continue to seek attractive opportunities to broaden its presence in this country.

⁸ Gov.sg, 10 June 2021 – [Gradual Re-opening to Phase 3 \(Heightened Alert\) from 12 July 2021](#)

⁹ Australian Bureau of Statistics, 15 June 2021 – [Total value of residential dwellings exceeds \\$8 trillion](#)

¹⁰ Australian Bureau of Statistics, 15 June 2021 – [Residential Property Price Indexes: Eight Capital Cities, Mar 2021](#)

¹¹ Commonwealth Bank of Australia, 1 July 2021 – [How did property prices perform in your city in FY21?](#)

Hotel Ownership

The impact of the COVID-19 pandemic continues to hinder the Group's hotel operations, as countries around the world impose lockdowns and tightened border control measures, particularly countries with a surge in COVID-19 cases. As a result, the tourism industry has remained sluggish for the past year.

Visitor arrivals in Singapore rose slightly to 6,290 visitors in May 2021, in comparison to 880 visitor arrivals in May last year¹². Following the recent announcement by the Multi-Ministry Taskforce on the return to Phase 2 (Heightened Alert), hotels will be focused on a further step up of surveillance efforts to ensure compliance with Safe Management Measures.

In a bid to curb with new COVID-19 infections, Japan has once again reimposed a state of emergency in Tokyo due to a resurgence in COVID-19 cases; making it the fourth time that Japan has declared a state of emergency since the COVID-19 outbreak in early 2020. Inevitably, the Group's self-managed boutique hotel, Noku Osaka has remained temporarily closed since November 2020. Noku Kyoto on the other hand is still in operation, despite lower occupancy rate due to weaker demand. The Group will continue to strengthen its marketing efforts to capture the domestic market.

While Maldives had temporarily suspended entry for travellers from the South Asian region in May 2021 due to the onset of the highly contagious delta-variant, the island had announced its reopening to tourists from South Asians effective from 15 July 2021. The Group is anticipating its upscale resort, Noku Maldives to experience a boost in enquiries once again as travel restrictions are lifted.

Meanwhile, the Group's boutique resort in Phuket remains under construction. The Group will continue to monitor the COVID-19 situation in Phuket closely while seizing the right moment for the launch of its new Phuket resort, which is expected to operate by 2022.

¹² CEIC Data, May 2021 – [Singapore Visitor Arrivals](#)

Property Investment

Singapore

The Group will continue to keep close communications with all tenants affected by tightened safety measures amidst Phase 2 Heightened Alert, and leverage on Government's support measures, to alleviate the impact from the COVID-19 pandemic.

Australia

In Australia, the tenant demand for the office sector is expected to remain soft in 2021 due to remote working and considering the potential downside risks that may arise as stimulus measures subside. As part of the Group's effort in enhancing its recurring income stream, the Group's 40 per cent interest in the freehold commercial property at 350 Queen Street Melbourne is now attributing towards the Group's profit and continues to enjoy high occupancy.

Along with its distinguished partners, the Group will strive to sustain its efforts in engaging its tenants and fortify its relationships during these trying times.

New Zealand

In Auckland, the vacancy rates across both the CBD and metropolitan office markets have been on the rise from historically low levels in the last 18 months, attributed by an increase in new supply, economic impact of the COVID-19 as well as changing working habits. Furthermore, office properties located in strategic locations received a higher level of buyers' inquiry in comparison to properties that are not in well located premises¹³.

¹³ Colliers New Zealand, May 2021 – [New Zealand Research Report – May 2021](#)

Pertaining to the Group's two key assets – 205 Queen Street, strategically located in the core of Auckland CBD, continues to enjoy good occupancy for the past year. Furthermore, the Group's wholly owned NZI Centre continues to be fully leased.

Japan

Rental are expected to decline further in 2021 due to the decrease in inbound tourist and surging adoption of remote working, coupled with shoppers' reluctance to visit crowded places, resulting in plummeting foot traffic. In addition, retailers are now taking their time in selecting their ideal units in view of the growing number of retail properties available in the market. Economic recovery from the first quarter of 2022 is expected to boost rental rates; as a result, a net drop of 4.3% is projected over the next two years.

The Group's 49% stake in the 5-storey retail building located in Shibuya-Ku, Tokyo, known as VIVEL Shibuya, continues to be fully leased as of 30 June 2021. The Group remains cautiously optimistic.

Overall, the Group's investment properties maintained a high level of occupancy at 81% as at 30 June 2021.

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.

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 expected to operate by 2022.

For Property Investment, the Group owns 49 retail shops at Roxy Square Shopping Centre in Singapore. In Australia, Roxy-Pacific owns three assets including a 45% interest in a freehold six-storey commercial building at 312 St Kilda Road on the fringe of the Melbourne CBD, a 40% interest in a freehold twenty-one storey commercial building at 305 Queen Street in the western core precinct of the Melbourne CBD and 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 owns a 49% interest in a retail property at renowned retail districts at Shibuya, expanding Roxy-Pacific's recurring income streams in Japan.

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

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