



THAKRAL CORPORATION LTD

(Incorporated in the Republic of Singapore on 7 October 1993)
(Company Registration No. 199306606E)

PRESS RELEASE

Thakral Reports Net Profit of S\$16.2 million on Revenue of S\$90.1 million for FY2020

- Group Net Asset Value per share increases to S\$1.13**
- Declares 2nd Interim Dividend of 2 Cents per share**

Singapore, 25 February 2021

SGX Mainboard-listed Thakral Corporation Ltd (“Thakral” or the “Group”) showed strong resilience amidst the unprecedented economic challenges posed by COVID-19 pandemic in FY2020.

For the financial year ended 31 December 2020 (FY2020), the Group achieved a net profit of S\$16.2 million compared to S\$20.0 million in FY2019. Excluding the one-off gain of S\$3.5 million from the sale of the Thakral Building in Osaka in FY2019, the Group’s net profit in FY2020 remained comparable to FY2019. In appreciation to our loyal shareholders, the Board of Directors has declared a second interim dividend of 2 cents per share.

For the six months ended 31 December 2020 (2HFY2020), the Group’s net profit eased to S\$13.8 million from S\$15.3 million registered in the corresponding period last year.

2nd half profits grew compared to 1HFY2020 and the increase attributed mainly to the significant improvement in its share of profit mainly from GemLife joint venture in Australia as well as Japanese real estate investments.

The Group’s share of profits from associates and joint ventures rose 21% in FY2020 and 37% in 2HFY2020 compared with the previous year. The Group had incurred a small loss of S\$0.1 million from its associates and joint ventures in 1HFY2020.

Our joint venture GemLife, in particular, did well beyond the Group’s internal forecast, achieving higher sales compared to the previous year. GemLife benefitted from its superior product, excellent locations, brand goodwill and public awareness and also from steps taken by management to help residents cope with the pandemic.

The Group’s office properties in Japan continue to see tenants renewing or leasing at higher rents and paying on time. Rents for the Group’s properties are continuing to catch up to market levels enabling these properties to be re-leased with limited down time. However, the 3 hotel properties in Osaka were adversely affected resulting in substantially reduced valuations; despite this, the overall performance of the property portfolio in Japan was satisfactory.

Strict cost control measures undertaken by the Group resulted in cost savings with distribution costs cut by half.

Revenue for FY2020 and 2HFY2020 slid 16% and 18% respectively to S\$90.1 million and S\$47.1 million respectively due to the impact of the COVID-19 related lockdowns and closures in its main operating markets. The Group's Investment Division saw lower revenues as a result of changes in its product mix and the timing of completion and settlements of some of its Australian property development projects. Group revenue also reflected the net unrealised valuation uplifts of certain of its Japanese office properties.

Net Asset Value Per Share and Earnings Per Share

Net Asset Value of the Group per share as at 31 December 2020 increased by 9.3% to 113.03 cents from 103.37 cents as at 31 December 2019.

The Group's FY2020 earnings per share dipped slightly to 5 cents versus 6.94 cents in FY2019.

Working Capital

Cash balances reduced to S\$5.8 million as at 31 December 2020 from S\$10.8 million as at 31 December 2019. The Group recorded a net cash outflow of S\$7.8 million from operating activities in the year compared to an outflow of S\$9.6 million in the previous year.

Segmental Performance of Our Core Businesses

The Group's core Investments achieved satisfactory performance despite significant headwinds caused by the global coronavirus pandemic.

Overall, this business segment reported revenue of S\$20.7 million and segment result of S\$32.2 million (against S\$34.5 million and S\$37.5 million respectively in the same period last year).

Australia

GemLife Joint Venture

GemLife joint venture remains a star performer for the Group, contributing significantly to the Group's bottom line.

Sales and settlements continue to be robust at the Bribie Island, Highfields, Woodend, Maroochy Quays and Pacific Paradise resorts. More than 540 homes are already occupied and construction of the remaining homes at Bribie Island are on Stage 5 and are ahead of schedule. GemLife's other properties on Sunshine Coast (Maroochy Quay and Pacific Paradise) have also enjoyed very strong sales and construction is

on schedule.

GemLife had acquired four new resort sites in 2020 and additional land to expand its current resort portfolio to over 2,400 homes. It has also taken new options to acquire more sites that will take it past its target of 4,000 homes. Construction at Palmwoods started in 2020 while the other sites are expected to commence construction in 1Q2021. Sales for all the four resorts have reported strong starts and good take-up rates.

GemLife continues to review other land sites for acquisition.

Other Residential Projects

The Group's other Australian property projects are progressing well, as Parkridge Noosa continues to benefit from rising demand for properties away from capital cities to premium regional areas such as Noosa. Over 20 of Gladstone houses have been sold during the year with prices and rentals moving up compared to the earlier part of 2020.

The project at Bondi Junction, Sydney was slightly delayed due to disruptions caused by COVID-19; however, it is expected to settle within FY2021.

The Group has fully recouped its investment in the Newstead project in 2020 and will continue to scout for potential projects in residential and other market segments.

Japan

The Group focused on selective improvements in its investment properties in Japan with a view to enhancing lease terms with tenants. In the past year, the Group continued to experience improved rental revenues at the office properties.

With the tourism industry under pressure from the global coronavirus pandemic, Japan's hotel sector has been adversely impacted. The Group will maintain a prudent approach while exploring options for alternate uses to boost long-term returns from its hotel investments. It will also consider divesting some properties at the right price to recycle capital for future acquisitions.

Lifestyle mainly in China including Hong Kong

Overall, sales in this business segment rebounded in 2HFY2020 as its key market - China - emerged from massive lockdowns imposed during 1HFY2020.

The Group also managed to strengthen its position with certain key suppliers in the second half of FY2020.

Sales remained relatively stable at S\$69.4 million in FY2020 while its segment loss shrank substantially to S\$4.3 million.

The Group's joint venture with CurrentBody.com Limited secured a part of the global inventory of L'Oréal's Clarisonic product range jointly with the JV partner, and is now

the exclusive seller within the JV territories, mainly China and Asia.

Going Forward

Mr. Natarajan Subramaniam, Independent Non-Executive Chairman and Lead Independent Director of Thakral, said: “We are pleased with our performance given the challenges faced during the year. We have stayed profitable in FY2020, which is testimony of the strength and success of our strategies.

Our investments in Australia - particularly for GemLife which targets quality lifestyle resorts for the over 50s - have yielded strong returns. We have managed to benefit from the residential real estate market in Australia which remained resilient despite the pandemic concerns. Indeed, home prices grew in every Australian region since March 2020, except Greater Melbourne. With interest rates cut to a record low and assistance from government housing stimulus, overall housing sales volumes increased by 9.6% in Australia. In addition, the RBA expects GDP to grow 3.5 per cent in 2021 and return to 2019 levels by the middle of the year¹.

In Japan, CBRE expects the Japanese real estate market to either bottom-out and/or commence a recovery in 2021, although the pace and timing of the rebound may vary across different sectors. With the current adoption of remote working, it also appears Japan may see renewed focus on the importance of the office’s role in communication that could in time lead to the possibility of increased office occupancy rates when workers return to offices in the country.

The Chinese economy rebounded strongly growing 6.5% in the final quarter of 2020 from a year ago, demonstrating its V-shaped recovery from the pandemic. It is forecast to grow by 7.9% in 2021 by the International Monetary Fund with signs also pointing to a revival in consumption.

These trends paint a brighter picture for 2021. However, as the global economic recovery remains uneven and fragile, the Group will continue to stay agile, prudent and manage potential risks from the resurgence of COVID-19 and new strains of the virus in many countries which could trigger new lockdowns and restrictions.”

The Group therefore maintains a cautious outlook for FY2021.

About Thakral

Thakral Corporation Ltd is listed on the SGX Mainboard since December 1995. The Group’s core business today comprises a growing real estate investment portfolio in Australia, Japan and Singapore. Its investments in Australia include the development and management of over-50s lifestyle resorts under the GemLife brand, a joint venture with the Puljich family. Its Japanese investment portfolio comprises landmark

¹ The Business Times, “Australian economy forecast to rebound in 2021 as pandemic subsides: poll”, 21 January 2021:
<https://www.businesstimes.com.sg/government-economy/australian-economy-forecast-to-rebound-in-2021-as-pandemic-subsides-poll>

commercial buildings and business hotels in Osaka, the country's second largest city.

The Group's other investments include the management and marketing of leading beauty, wellness and lifestyle brands in China, Southeast Asia and India. It also operates an e-commerce retail platform for at-home beauty devices in China under a joint venture with UK-based CurrentBody.com Limited, the leading global at-home beauty device retailer.

*Release issued on behalf of Thakral Corporation Ltd
by Stratagem Consultants Pte Ltd*

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