

ROXY-PACIFIC HOLDINGS LIMITED

Results Announcement
First Quarter Ended 31 March 2019
8th May 2019

Driving
**GROWTH AND
VALUE**



Agenda

- 1. Financial Performance**
- 2. Business Review**
- 3. Group Borrowings**
- 4. Outlook**

Financial Performance

1Q2019 Overview

- Total Group's revenue increased year-on-year by 91% to S\$88.5 million with higher revenue recognised from Australia property development.
- Excluding share of results of associates contributed mainly by fair value gain from 117 Clarence Street⁽¹⁾, pre-tax profit increased year-on-year by 204% to \$7.3m.
- Net profit attributable to shareholders was S\$5.3 million in 1Q2019 (1Q2018: S\$7.7 million).
- Total pre-sale revenue of S\$590.2 million (1Q2018: S\$548.1 million) to be recognised from 2Q2019 to FY2023.
- Completion of acquisition for 33 Argyle Street in Sydney, Australia on 8 January 2019 for A\$40.8m.
- Good headroom with cash and bank balances of S\$274.7 million.
- Net gearing remains healthy at 0.74 time.

⁽¹⁾ The office building in Sydney was divested in August 2018

Financial Performance

Financial Results	1Q2019	1Q2018 ⁽¹⁾	% change
Revenue (S\$m)	88.5	46.4	91%
Gross Profit (S\$m)	21.6	14.7	47%
Gross Margin (%)	24%	32%	-8ppt
Pre-tax profit before share of results of associates (S\$m)	7.3	2.4	204%
Share of results of associates (net of tax) (S\$m)	(0.1)	6.1 ⁽²⁾	n/m
Pre-tax profit (S\$m)	7.2	8.5	-15%
Net Profit (S\$m)	4.9	7.7	-36%
Net Profit attributable to shareholders (S\$m)	5.3	7.7	-31%
EPS (SGD cents) ⁽³⁾	0.41	0.59	-31%

⁽¹⁾ The figures have been adjusted due to cessation of capitalisation of borrowing cost incurred on residential development projects upon sales launch.

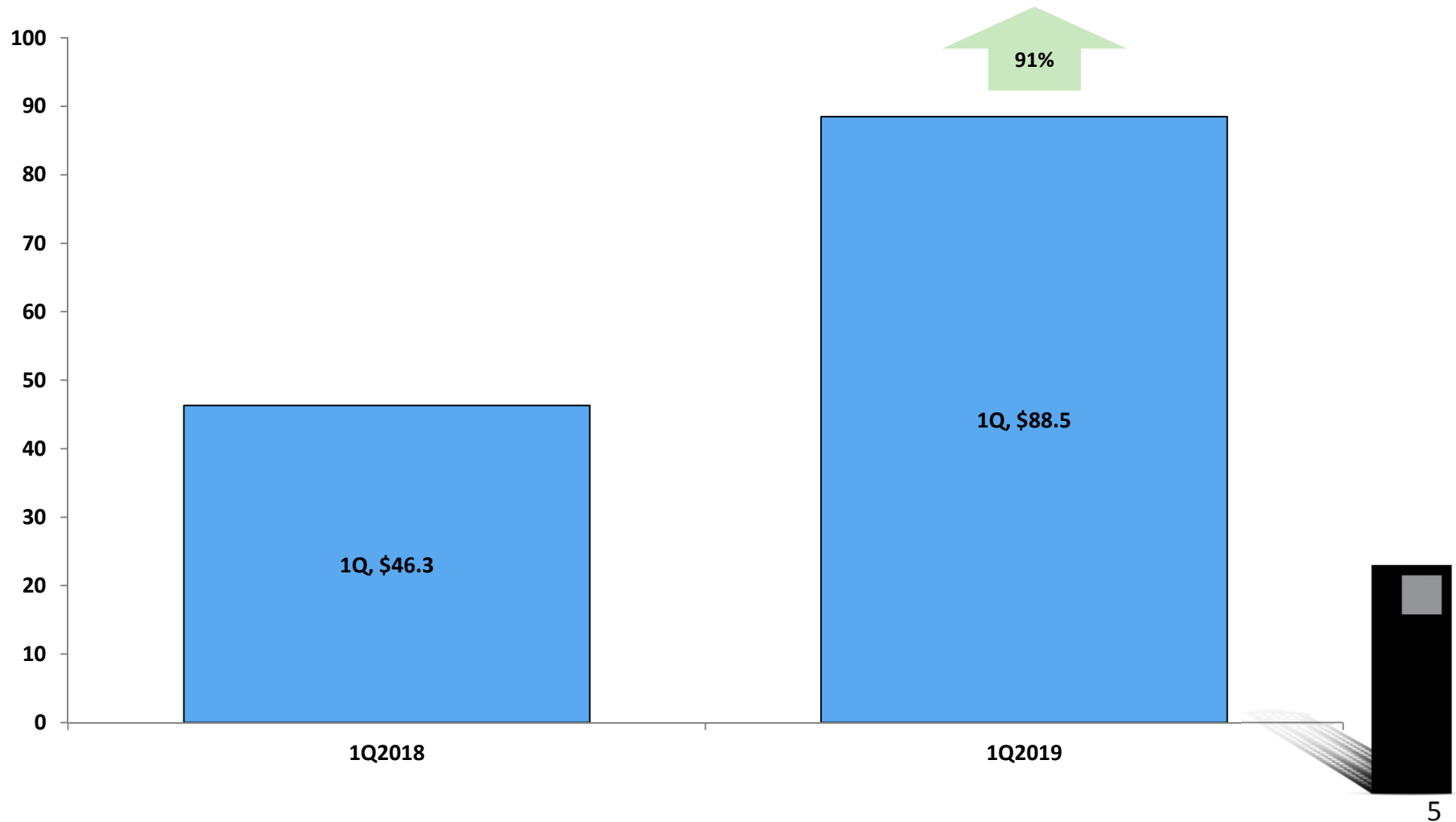
⁽²⁾ Include S\$9.0 million fair value gain from 117 Clarence Street.

⁽³⁾ EPS has been adjusted for bonus issue in April 2018 bringing the total no. of shares to 1,303,979,944 (1Q2018: 1,190,444,994)

Financial Performance

Financial Performance Turnover (\$\$'m)

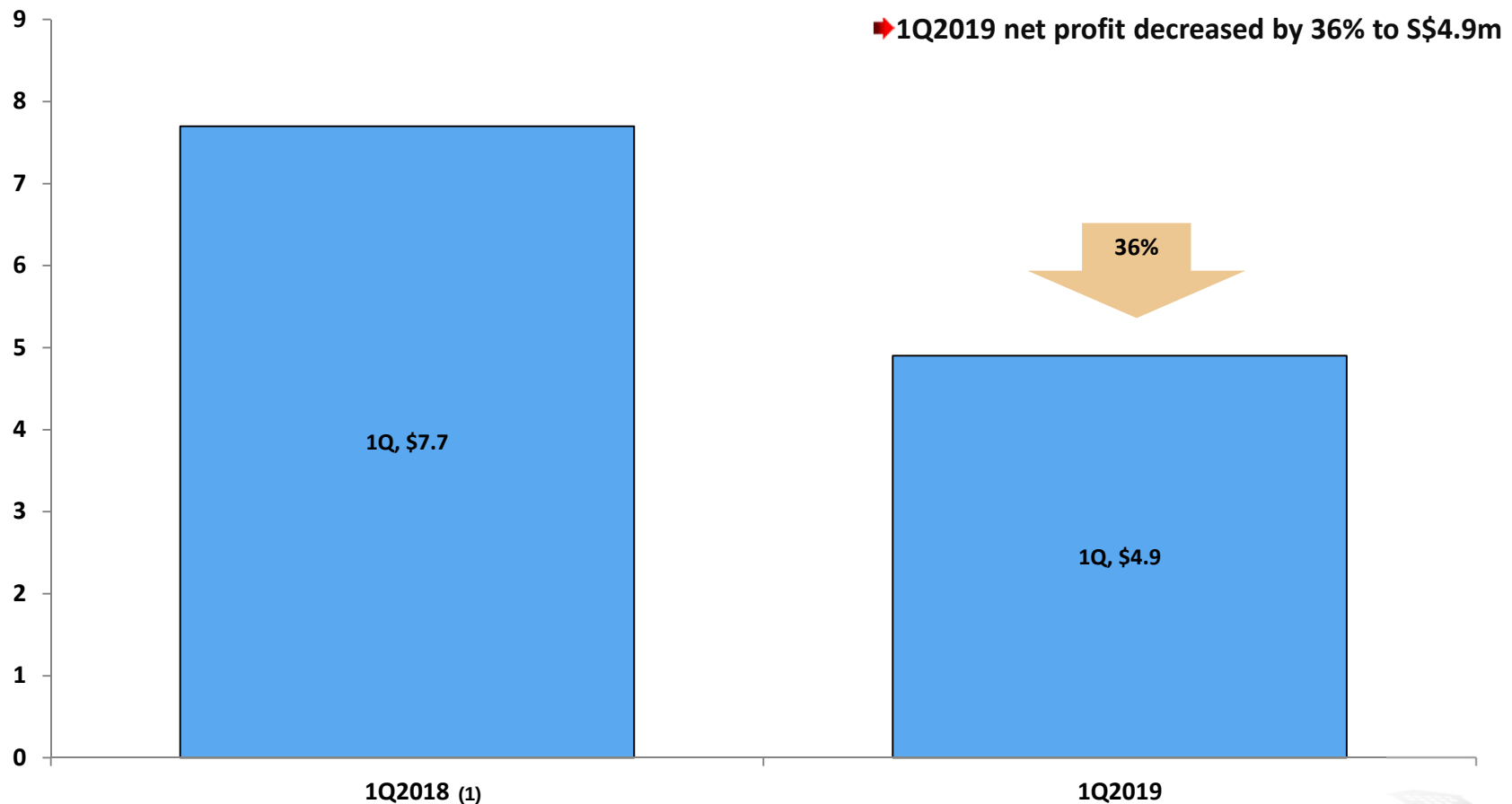
➡ 1Q2019 revenue increased by 91% to S\$88.5m



Financial Performance

Financial Performance

Profit After Tax (S\$'m)

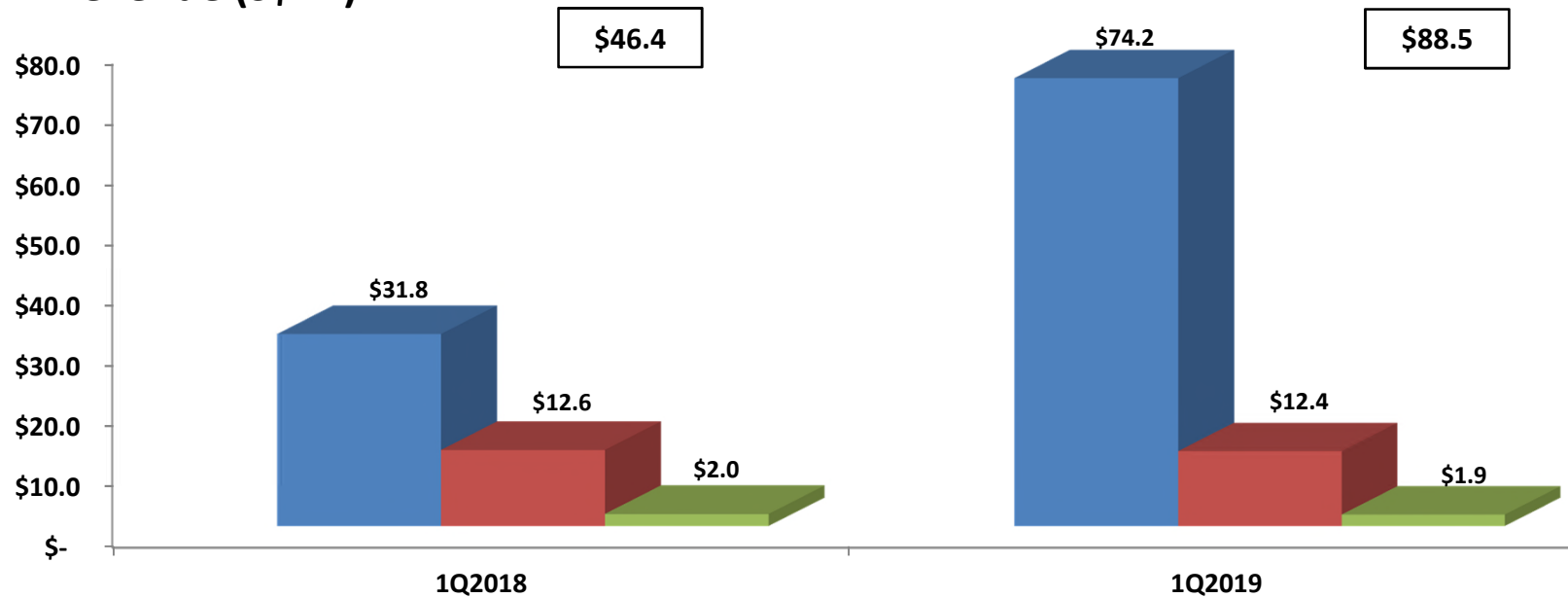


(1) The figures have been adjusted due to cessation of capitalisation of borrowing cost incurred on residential development projects upon sales launch.

Financial Performance

Segment Results – 1Q2019

Revenue (\$\$'m)



■ Property Development

■ Hotel Ownership

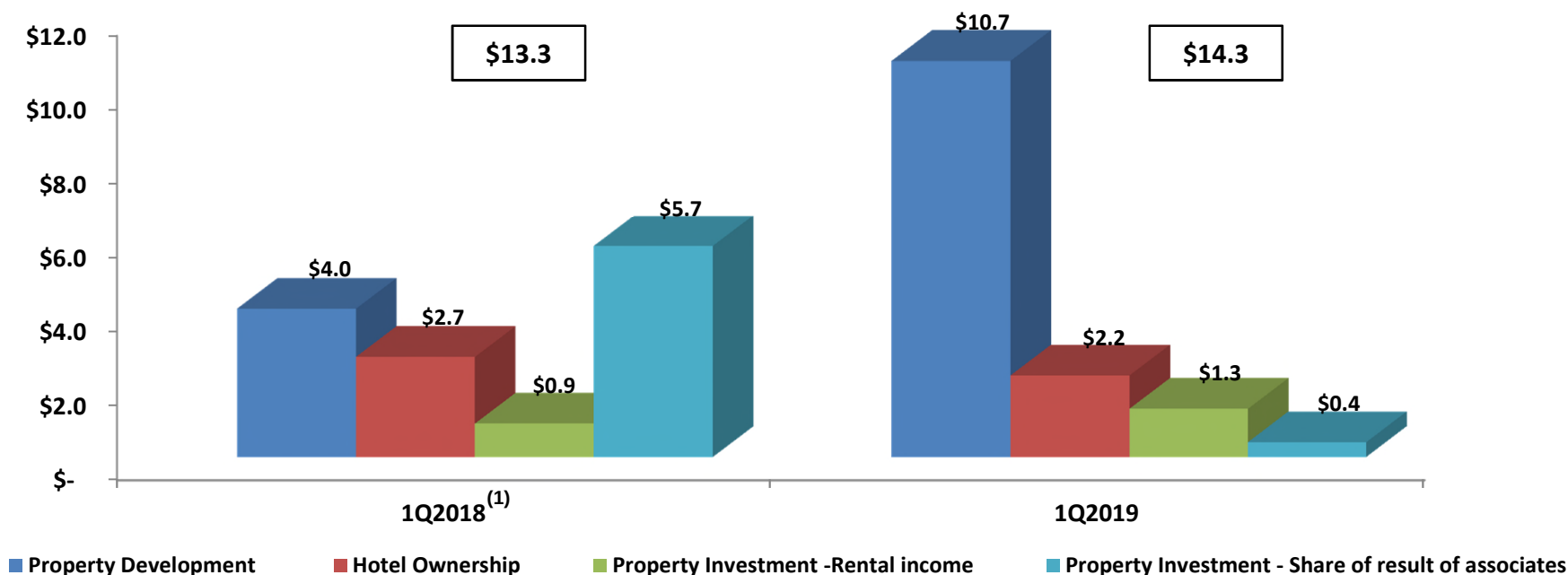
■ Property Investment

	1Q2018	1Q2019
Property Development	69%	84%
Hotel Ownership	27%	14%
Property Investment	4%	2%
	100%	100%

Financial Performance

Segment Results – 1Q2019

Adjusted EBITDA* (\$\$'m)



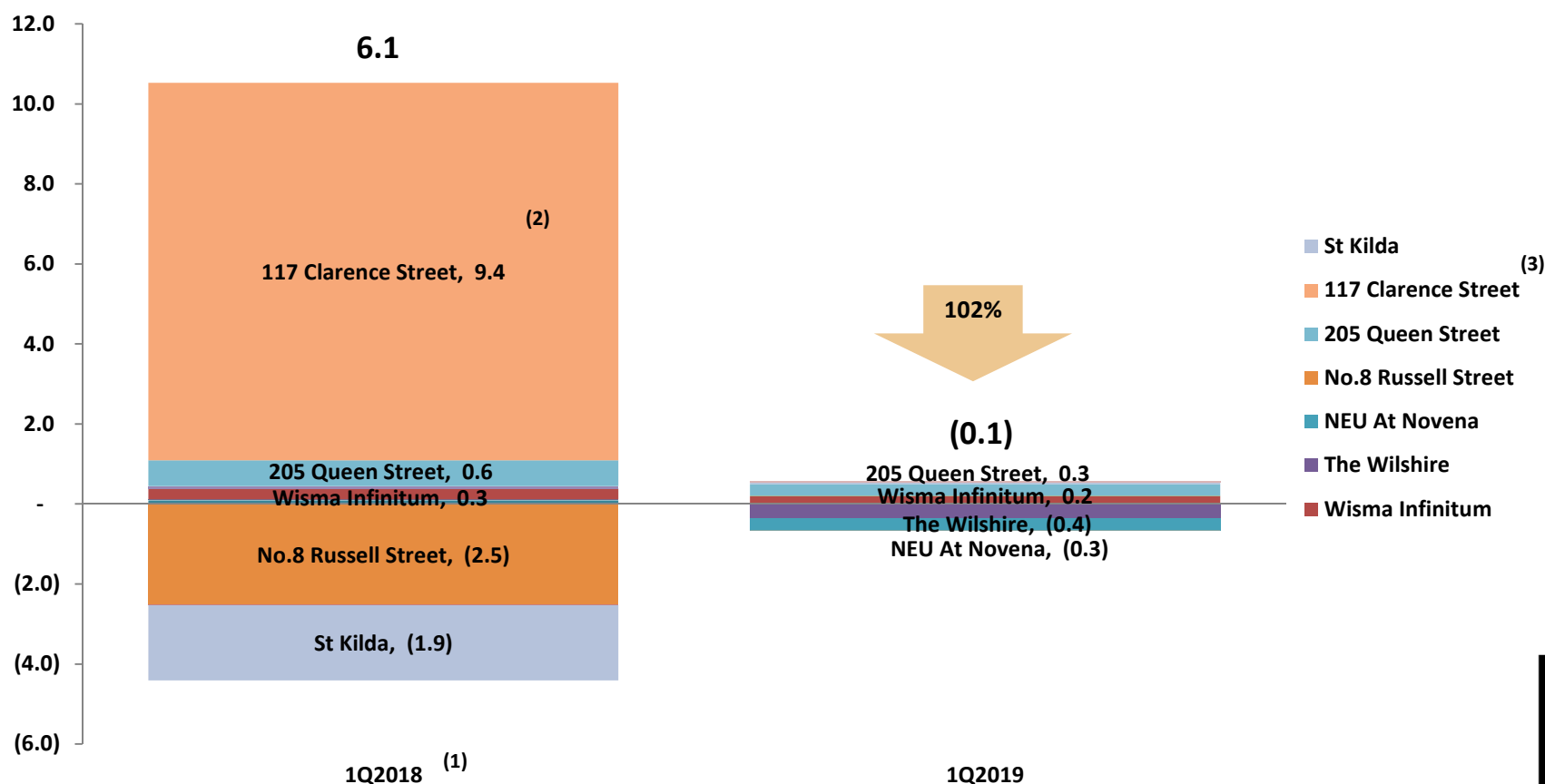
	1Q2018	1Q2019
Property Development	30%	74%
Hotel Ownership	20%	15%
Property Investment - Rental income	7%	9%
Property Investment - Share of result of associates	43%	2%
	100%	100%

* Adjusted EBITDA excludes corporate expenses, depreciation of property, plant and equipment, finance cost (net), impairment and fair value differences of cross currency swap and available-for-sale financial assets.

(1) The figures have been adjusted due to cessation of capitalisation of borrowing cost incurred on residential development projects upon sales launch.

Financial Performance

Share of results in associates (S\$'m) – 1Q2019



Financial Performance

Financial Position	31 Mar 2019 (S\$m)	31 Dec 2018 ⁽¹⁾ (S\$m)
Total assets	1,651.6	1,676.5
Total debt	1,007.4	1,042.9
Cash & bank balances ⁽²⁾	274.7	291.6
Net debt	732.7	751.3
Net asset value ("NAV")	500.7	496.3
Revaluation surplus ⁽³⁾	486.6	485.2
Adjusted net asset value ("ANAV")	987.4	981.5

(1) The figures have been adjusted due to cessation of capitalisation of borrowing cost incurred on residential development projects upon sales launch.

(2) Cash holdings include project account monies amounting to S\$32.6m as at 31 March 2019 (31 December 2018: S\$71.3m) and S\$71.3m (31 December 2018: S\$71.2m) pledged to banks and financial institutions

(3) The fair value of the Grand Mercure Roxy Hotel, Noku Kyoto, Noku Osaka, hotel under development in Phuket, Noku Maldives and the head office premise were estimated to be S\$691.4m as at 31 March 2019 (31 December 2018: S\$692.3m) as compared to net book value of S\$204.8m (31 December 2018: S\$207.1m)

Financial Performance

Financial Ratios	31 Mar 2019	31 Dec 2018 ⁽¹⁾
NAV per share (SGD cents)	38.40	38.06
ANAV per share (SGD cents) ⁽²⁾	75.72	75.27
Cash holdings per share (SGD cents) ⁽³⁾	21.07	22.36
Net debt to ANAV (times)	0.74	0.77
Total debt to ANAV (times)	1.02	1.06
Return on equity (%) ⁽⁴⁾	4.3%	4.8%

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(4) Calculated by dividing annualised profit after tax attributable to equity shareholders by net assets value

BUSINESS REVIEW

Property Development

Results Announcement

First Quarter Ended 31 March 2019

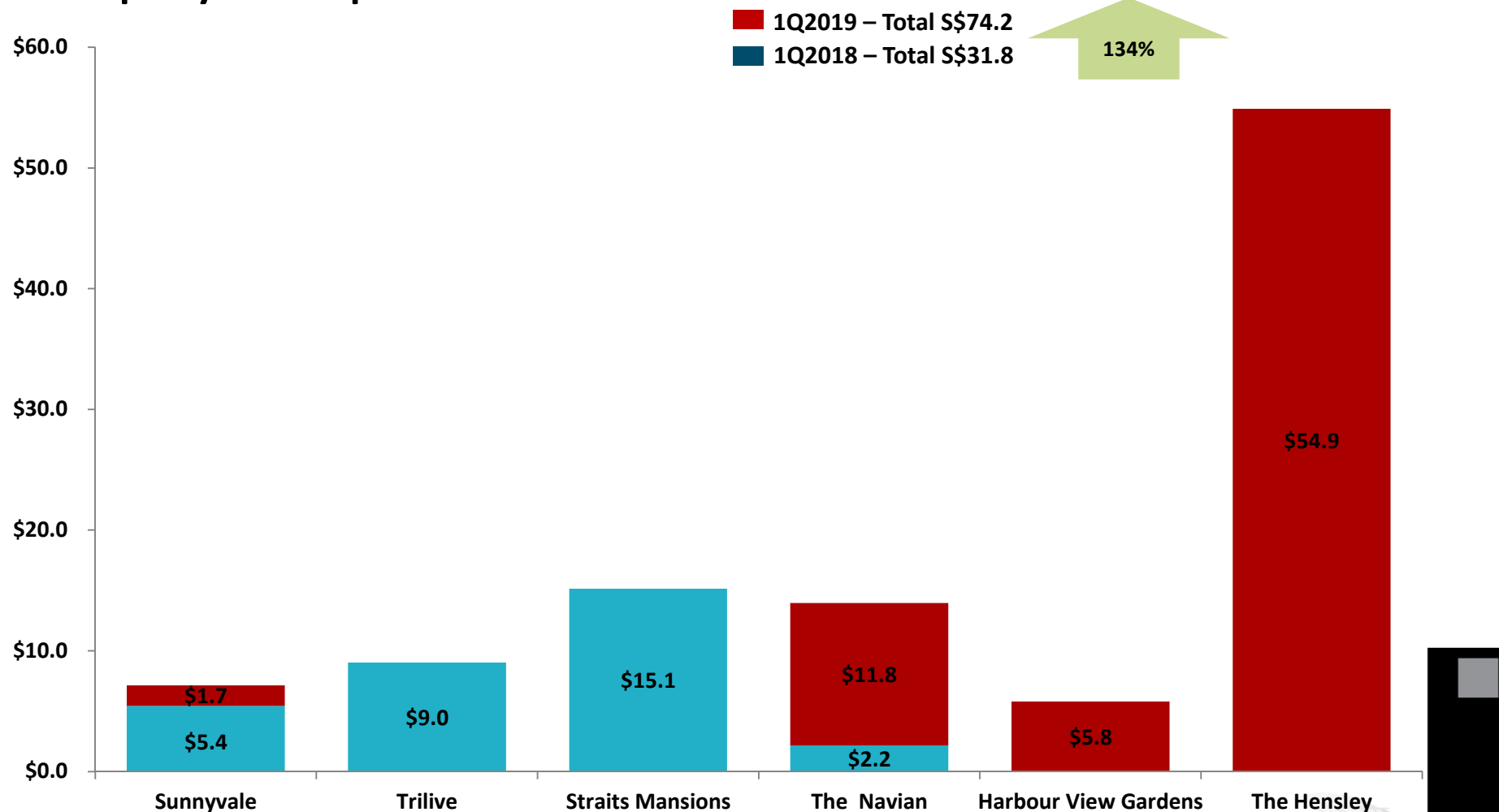
8th May 2019



Business Review

Property Development

Revenue from Property Development (S\$'m)



- 1Q2019 Property Development revenue was mainly attributable to The Navian, Harbour View Gardens and The Hensley. The increase in revenue was mainly due to lump sum revenue recognition for The Hensley upon settlement from purchasers.

Business Review

Pre-Sale Revenue to be recognised by projects (\$'m)

Project name	Type of development	Group stake %	Total units in project Unit	Unit sold %	Attributable total sale value ^{(i) (ii)} \$'m	Attributable revenue recognised up to 31 March 2019 \$'m	Balance attributable progress billings to be recognised from 2Q2019 \$'m
Singapore							
1 The Navian	Residential	100%	48	92%	\$ 53.1	\$ 31.0	\$ 22.1
2 Harbour View Gardens	Residential	100%	57	100%	\$ 73.7	\$ 7.1	\$ 66.6
3 120 Grange	Residential	90%	56	80%	\$ 74.9	-	\$ 74.9
4 Bukit 828	Residential	80%	34	26%	\$ 8.4	-	\$ 8.4
5 Arena Residences	Residential	50%	98	53%	\$ 32.9	\$ 1.5	\$ 31.4
6 RV Altitude	Residential	100%	140	19%	\$ 41.6	-	\$ 41.6
7 Fyve Derbyshire	Residential	100%	71	11%	\$ 14.4	-	\$ 14.4
8 Wilshire Residences	Residential	40%	85	5%	\$ 3.0	-	\$ 3.0
Malaysia							
9 Wisma Infinitem - The Colony	Residential	47%	423	72%	\$ 53.0	\$ 18.1	\$ 34.9
Wisma Infinitem - The Luxe	Residential	47%	300 ⁽ⁱⁱⁱ⁾	43%	\$ 27.0	\$ 9.0	\$ 18.0
Australia							
Sydney							
10 Octavia Killara	Residential	100%	43	98%	\$ 41.7	-	\$ 41.7
11 West End Residences, Tower 1 (Foundry)	Residential	100%	140	91%	\$ 143.0	-	\$ 143.0
West End Residences, Tower 2 (Art House)	Residential	100%	91	87%	\$ 90.2	-	\$ 90.2
Total			1,586		\$ 656.9	\$ 66.7	\$ 590.2

(i) For Singapore projects, sale value is based on Option to Purchase granted up to 29 April 2019

(ii) For overseas projects, sale value is based on contract signed up to 29 April 2019

(iii) Represents Block B - The Luxe by Infinitem. An additional 31 commercial units are pending launch

Note: Pre-sale revenue is recognised based on Percentage of Completion except for Australia projects which is recognised based on completed contract method.

Business Review

Development Land Bank in Singapore

	Project name/ Location	Proposed Development	Approximate Land Area (sqf)	Approximate Gross Floor Area (sqf)	Group's stake	Approximate Attributable Gross Floor Area (sqf)	Approximate Attributable Land Cost (SGD)
1	Dunearn 386	35 units of Residential Development	19,203	26,884	100%	26,884	\$36.3
2	VIEW At Kismis	186 units of Residential Development	100,336	140,473	60%	84,284	\$79.5 ⁽¹⁾
3	NEU At Novena	87 units of Residential Development	22,198	65,585	50%	32,792	\$53.0
Total		308 units	141,737	232,942		143,960	\$168.8

(1) Included development charge / top up lease premium



BUSINESS REVIEW

Hotel Ownership

Results Announcement

First Quarter Ended 31 March 2019

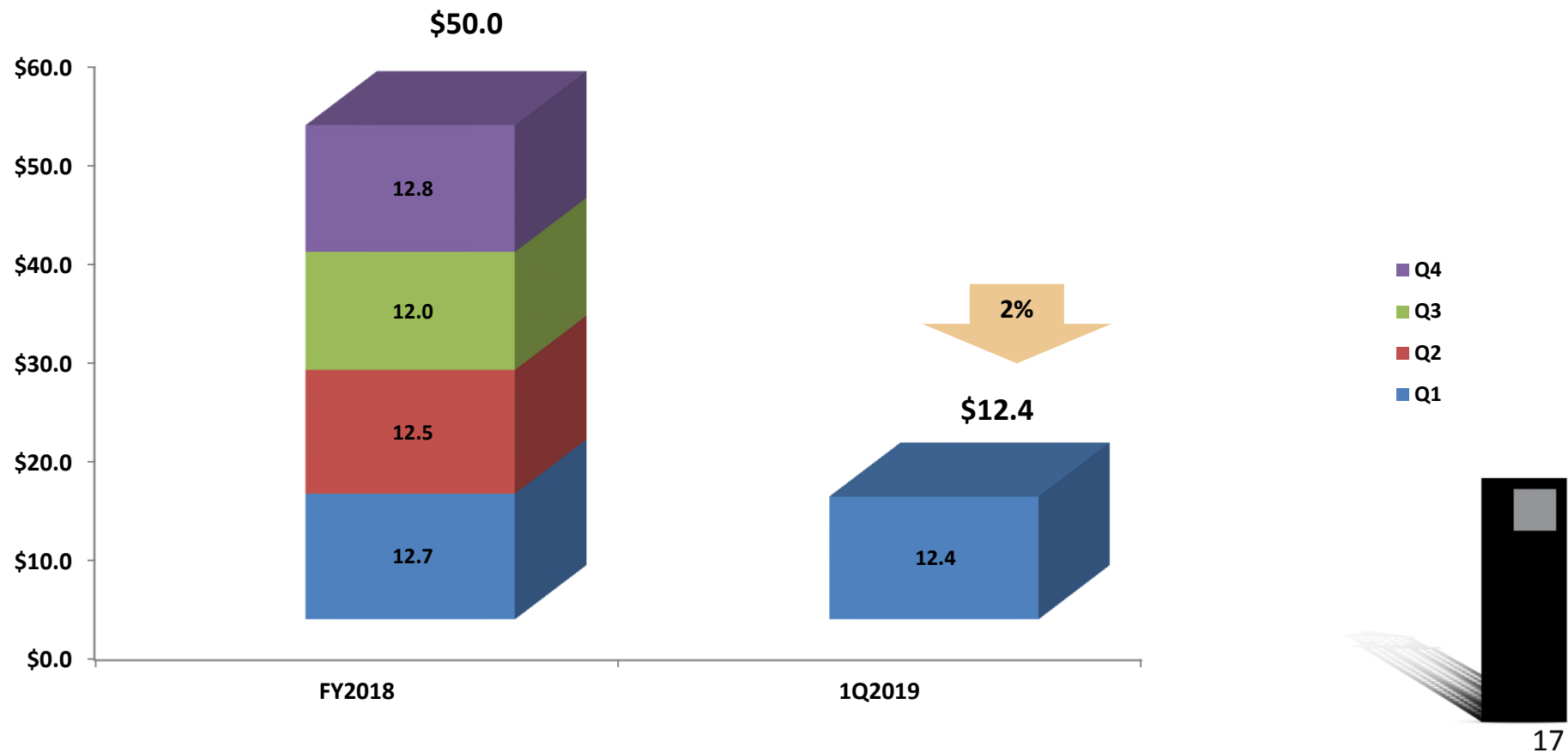
8th May 2019

noku

Business Review

Hotel Ownership – 1Q2019 Hotel Revenue (\$m)

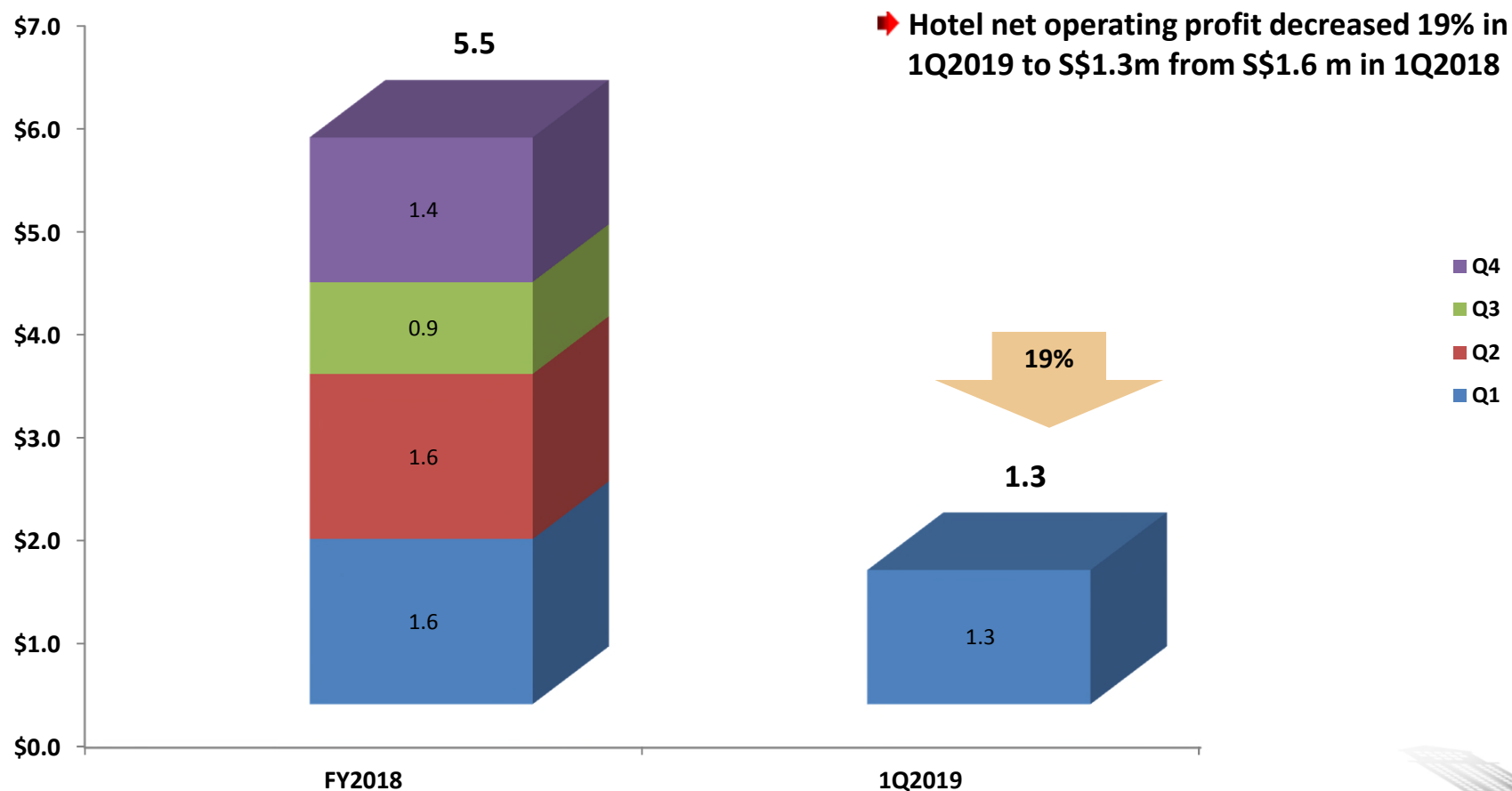
Hotel revenue decreased 2% in 1Q2019 to S\$12.4m



Business Review

Hotel Ownership – 1Q2019

Hotel Net Operating Profits (“NOP”) (\$m)



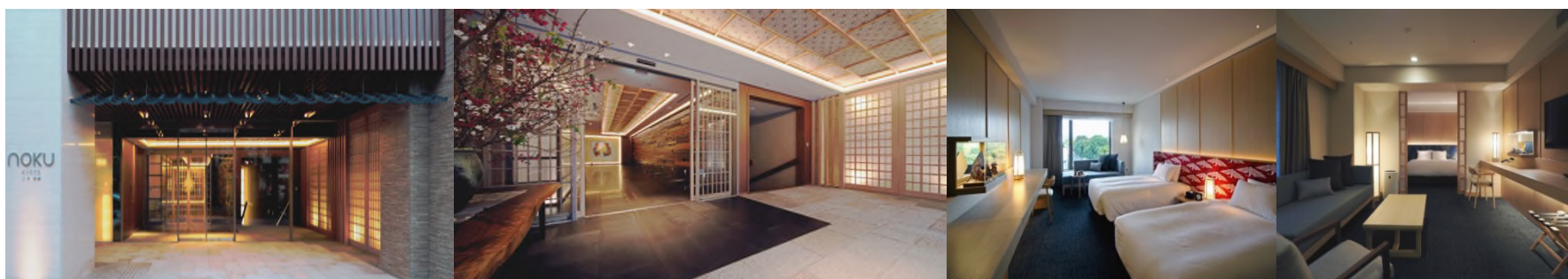
Hotel Net Operating Profits is defined as the earnings before interest, taxes, depreciation and amortisation.

Business Review

Hotels in operations/under development

Properties	Grand Mercure Singapore Roxy	Noku Kyoto	Noku Osaka	Noku Maldives	Noku Phuket (under development)	Total
Location	50 East Coast Road	205-1 Okuracho Kyoto, Japan	Kita-Ku, Osaka City, Japan	Island of Kudafunafaru, Noonu Atoll, Maldives	48/13 Moo 6, Chaofa Road, Phuket, Thailand	na
Managed by	Roxy under franchise with Accor Group	Roxy under "NOKU hotels"	Roxy under "NOKU hotels"	Roxy under "NOKU hotels"	Roxy under "NOKU hotels"	ma
Rooms	576 rooms	81 rooms	154 rooms	50 villas	91 rooms/villas	952 rooms/villas
Date of TOP/acquisition	TOP in Sep 2000	02-Oct-14	17-Oct-17	11-May-16	06-Nov-14	na
Tenure	Freehold	Freehold	Freehold	Remaining 37 years leasehold	Freehold	na
Approximate Land Area (sq m)	15,172	940	886	89,896	46,878	153,772
Gross Floor area (sq m)	35,336	4,780	3,672	16,830	17,973	78,591
Valuation as at 31 Dec 2018	S\$525.6m	S\$37.2m (JPY3.01b)	S\$38.9m (JPY3.15b)	S\$51.8m (US\$38.0m)	S\$52.9m (THB 1.26b) ⁽¹⁾	S\$706.4m

(1) Based on the estimated value on completion. The estimated completion date is FY2020.





BUSINESS REVIEW

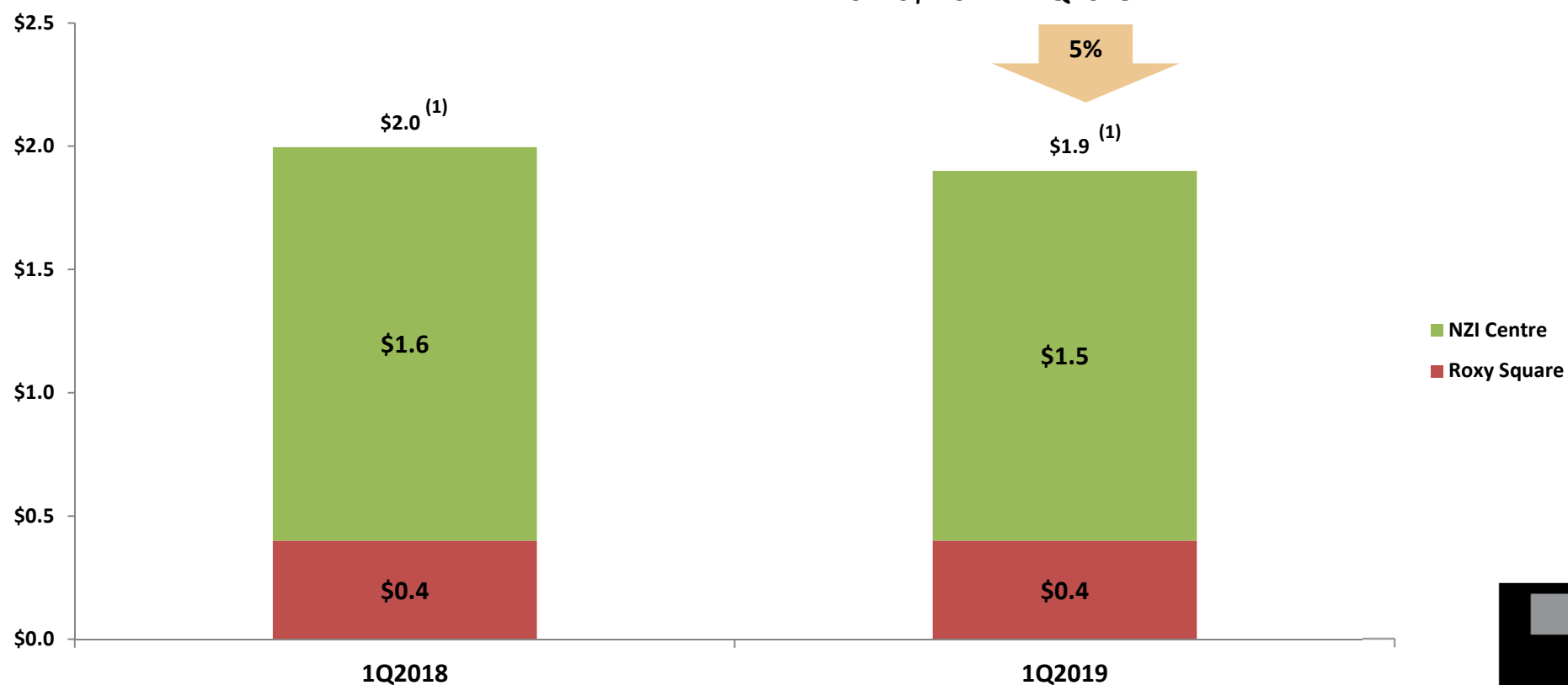
Property Investment

Results Announcement
First Quarter Ended 31 March 2019
8th May 2019

Business Review

Property Investment – 1Q2019 Revenue (S\$'m)

➡ Rental income decreased 5% in 1Q2019 to S\$1.9m from S\$2.0m in 1Q2018



(1) Excludes rental income from 117 Clarence Street (disposed on 3Q2018), 205 Queen Street, 312 St Kilda Road and 33 Argyle Street as it is accounted for under share of results from associates

Business Review

Investment Properties

Location	Description	Date of TOP/acquisition	Group's stake	Net Lettable Area/ Floor Area (sqm)	Occupancy (%) as at 31 March 2019 (on lettable area)	Valuation ⁽¹⁾	Estimated Total Annual Gross Income	
<u>Held by subsidiary company</u>								
1	50 East Coast Road, Roxy Square, Singapore	49 shop units ⁽²⁾	1984/1998	100%	2,371	87%	S\$64.8 m	S\$1.6m
2	NZI Centre, 1 Fanshawe Street, Auckland, New Zealand	6-Storey commercial building	15-Dec-17	100%	9,446	100%	S\$61.9m (NZ\$67.3 m)	S\$6.3m (NZ\$6.9m)
	Total			11,817		\$ 126.7		
<u>Held by Associate company</u>								
3	205 Queen Street, Auckland, New Zealand	2 Office Tower with 17 and 22 Storey	20-Dec-17	50%	25,367	80%	S\$165.7 m (NZ\$180.2 m)	S\$12.2m (NZ\$13.3m)
4	312 St Kilda Road, Melbourne, Australia	6 levels of office and 4 basement levels	23-Jan-18	45%	9,813	89%	S\$76.7 m (A\$79.8 m)	S\$4.3m (A\$4.5m)
5	33 Argyle Street, Sydney, Australia	Office building comprising retail ground floor suite and café, 3 levels of above ground parking, 6 office levels and roof top plant rooms.	8-Jan-19	40%	5,281	100%	S\$39.2 m ⁽³⁾ (A\$40.8 m)	S\$4.3m (A\$2.9m)
	Total			40,461		\$ 281.6		

(1) Based on latest valuations as of 31 December 2018

(2) Excludes 3 units which are for owner-use premises

(3) The valuation is as at 8 January 2019



Roxy square



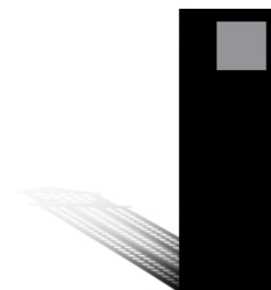
205 Queen Street



NZI Centre

Group Borrowing

Results Announcement
First Quarter Ended 31 March 2019
8th May 2019



Group Borrowing

Debt Profile	31 Mar 2019	31 Dec 2018 ⁽¹⁾
Total borrowings (\$m)	S\$1,007.4	S\$1,042.9
Net borrowings (\$m)	S\$732.7	S\$751.3
Fixed rate loans (\$m)	S\$224.9	S\$226.0
Fixed rate loans as % of total loans	22%	22%
Weighted average term for fixed rate loans	17 months	20 months
Weighted average interest rate (fixed rate loans)	3.1%	3.1%
Weighted average interest rate (floating rate loans)	3.0%	2.9%
Interest coverage ratio (times) ⁽²⁾	2.3	2.6
Cash coverage ratio (times) ⁽³⁾	11.2	13.6

(1) The figures have been adjusted due to cessation of capitalisation of borrowing cost incurred on residential development projects upon sales launch.

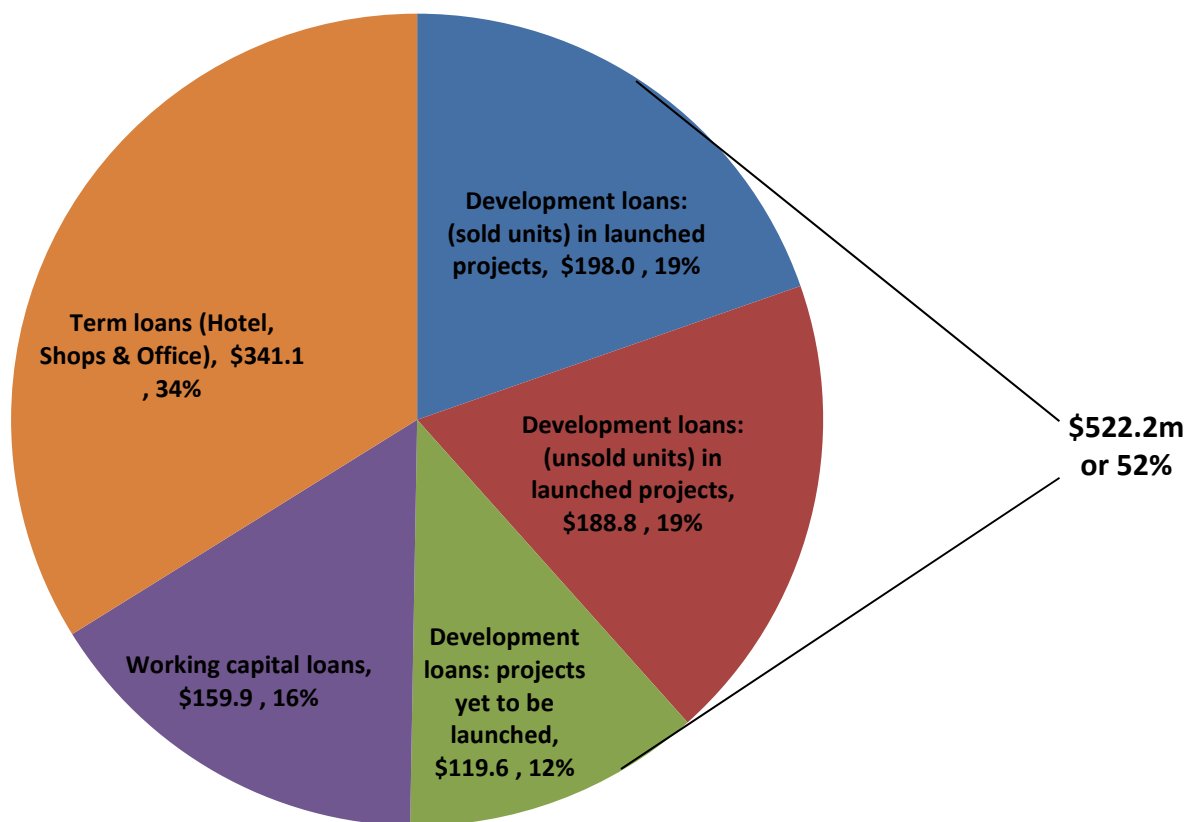
(2) calculated by dividing profit before interest and taxes ("EBIT") by the interest expenses for the same period

(3) calculated by dividing cash balance (excluding project account monies) by the annualised interest expense for the same period

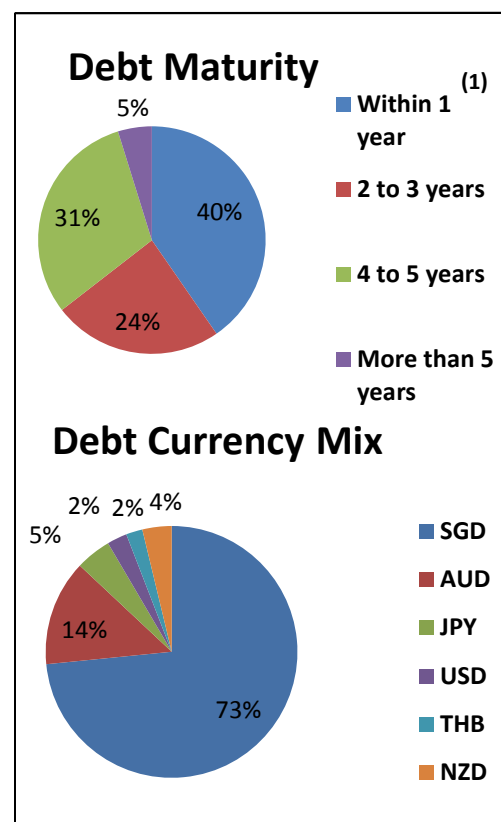
Group Borrowing

Debt Profile as at 31 Mar 2019 (S\$m)

Total outstanding debts of S\$1,007.4m as of 31 Mar 2019



\$522.2m
or 52%



(1) S\$118.9 m relates to loans for sold units which is expected to be repaid upon obtaining TOP and collections from buyers of the properties. S\$180.6m relates to loans for shop units and Grand Mercure Roxy Hotel, Singapore and S\$58.7m loans is secured by fixed deposits.

Outlook

1. General

- Latest statistics from MTI showed that the Singapore economy grew 1.3% y-o-y in 1Q2019. ¹
- The Reserve Bank of Australia had projected the country's GDP to grow around 3.0% for 2019. ²
- Japan's economy registered a growth of 1.2% in December 2018, returning to growth for the first time in two months. ³

2. Property Development

- URA reported that for 1Q2019, prices of private residential prices decreased by 0.7% as compared to the 0.1% decrease in 4Q2018. ⁴
- In Australia, the price index for residential properties fell 5.1% through the 2018 full year. ⁵
- On a y-o-y, Sydney registered decline of 7.8%. ⁵
- The Group currently has three development sites in Singapore as its land bank. The Group plans to launch these sites for sale in the next few quarters, depending on market conditions.
- Octavia in Sydney are left with 1 unit for sale, while West End Glebe is overall 90% sold.
- As at 29th April 2019, pre-sale revenue from the development projects was S\$590.2 million, the profit of which will be recognised from 2Q2019 to FY2023.

¹ Ministry of Trade and Industry Singapore, April 12, 2019 – Singapore's GDP Grew by 1.3 Per Cent in the First Quarter of 2019

² Reserve Bank of Australia, 2019 – Statement on Monetary Policy – February 2019

³ Nikkei Asian Review, February 13, 2019 – Japan's GDP grew 1.2% in December: JCER

⁴ Urban Redevelopment Authority, April 26, 2019 – Release 1st Quarter 2019 real estate statistics

⁵ Australian Bureau of Statistics, March 19, 2019 – Residential Property Price Indexes: Eight Capital Cities Dec 2018

Outlook

3. Hotel Ownership

- Latest statistics from STB showed a 6.2% y-o-y growth in visitor arrivals for 2018. ⁶
- Hotel statistics also recorded growth – AOR increase 1.2 percentage points, total room revenue rose 7.4%, ARR increased 0.9% while revenue per available room rose 2.4%.⁶
- According to Japan National Tourism Organisation, the estimated number of international travelers to Japan for 2018 has reached 31.2 million (+8.7% from the previous year). For the first 2 months of 2019, estimated number of international travelers to Japan was 5.3 million (+5.6% from previous year). ⁷
- The Group targets to open Noku Phuket in 2020.

4. Property Investment

- For the Australian office sector, the overall sentiment in commercial property markets, as measured by the NAB Commercial Property Index increased marginally by 1 point to 9 points in 4Q2018, but has remained above its long-term average of 3 points ⁸
- The Group will continue to explore opportunities to strengthen its income streams and enhance shareholder value.

5. Healthy cash and bank balances of S\$274.7 million.

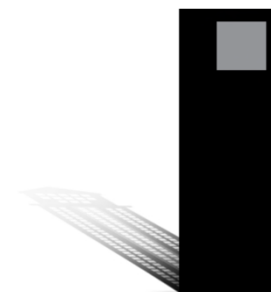
6. Net gearing remains healthy at 0.74 time.

7. Barring any unforeseen circumstances, the directors expect the Group to be profitable in 2019.

⁶ Singapore Tourism Board, February 13, 2019 – Third consecutive year of growth for Singapore tourism sector in 2018

⁷ Japan National Tourism Organisation – Japan Tourism Statistics

⁸ Australia National Bank, 8 February 2019 - NAB Commercial Property Survey Q4 2018



**ROXY-PACIFIC
HOLDINGS LIMITED**

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8th May 2019**

THANK YOU

**Driving
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