


# ROXY-PACIFIC HOLDINGS LIMITED

## Results Briefing
## Full Year Ended 31 December 2017

14th February 2018

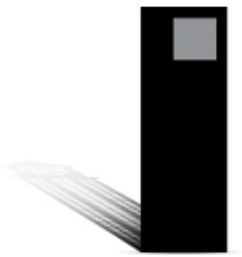
# Agenda

1 Financial Performance

2 Business Review

3 Group Borrowings

4 Outlook



# Financial Performance

## 2017 Overview

- Net profit attributable to shareholders was lower at S$29.4 million in FY2017 (FY2016: S$49.8 million)
- FY2017 Group's revenue was S$246.8 million (FY2016: S$385.4 million)
- Total pre-sale revenue of S$459.4 million (2016: S$369.3 million), which will be progressively recognised from 1Q2018 to 2020
- Successful divestment of 59 Goulburn for A$158m (purchase for A$90.2m in 2014)
- Completed the purchase of five residential development sites in Singapore, two office buildings in Auckland, New Zealand and one hotel in Osaka, Japan.
- Good headroom with cash and cash equivalents of S$234.4 million and low gearing at 0.55 times, notwithstanding the above acquisitions.
- Proposed final dividend of 0.771 SGD cents per share; bringing 2017 total dividends to 0.985 SGD cents per share

# Financial Performance

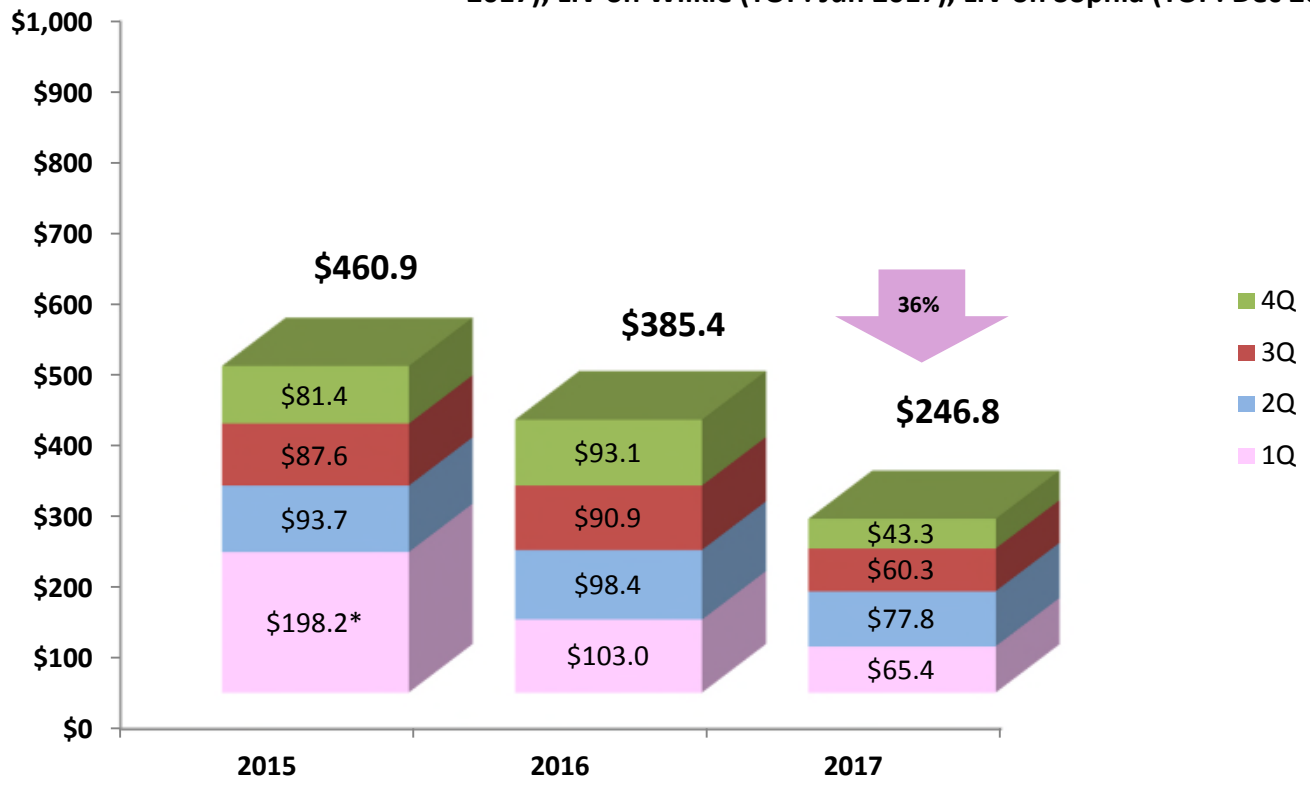
| Financial Results | FY2017 | FY2016 | % change |
|---|---|---|---|
| Revenue (S$'m) | 246.8 | 385.4 | -36% |
| Gross Profit (S$'m) | 59.5 | 81.2 | -27% |
| Gross Margin (%) | 24% | 21% | 3ppt |
| Share of results of associates (net of tax) (S$'m) | 13.0 | 18.6 | -30% |
| Pre-tax profit (S$'m) | 46.7 | 65.6 | -29% |
| Net Profit (S$'m) | 31.3 | 52.9 | -41% |
| Net Profit attributable to shareholders (S$'m) | 29.4 | 49.8 | -41% |
| EPS (SGD cents) | 2.47 | 4.17 | -41% |

# Financial Performance

## *Financial Performance*

**Turnover (S$'m)**

- **FY2017 revenue decreased by 36% to $246.8m due to lower/absence of revenue recognition from Whitehaven (TOP: 4Q2016) and Jade Residences (TOP: Jan 2017), LIV on Wilkie (TOP: Jun 2017), LIV on Sophia (TOP: Dec 2016)**



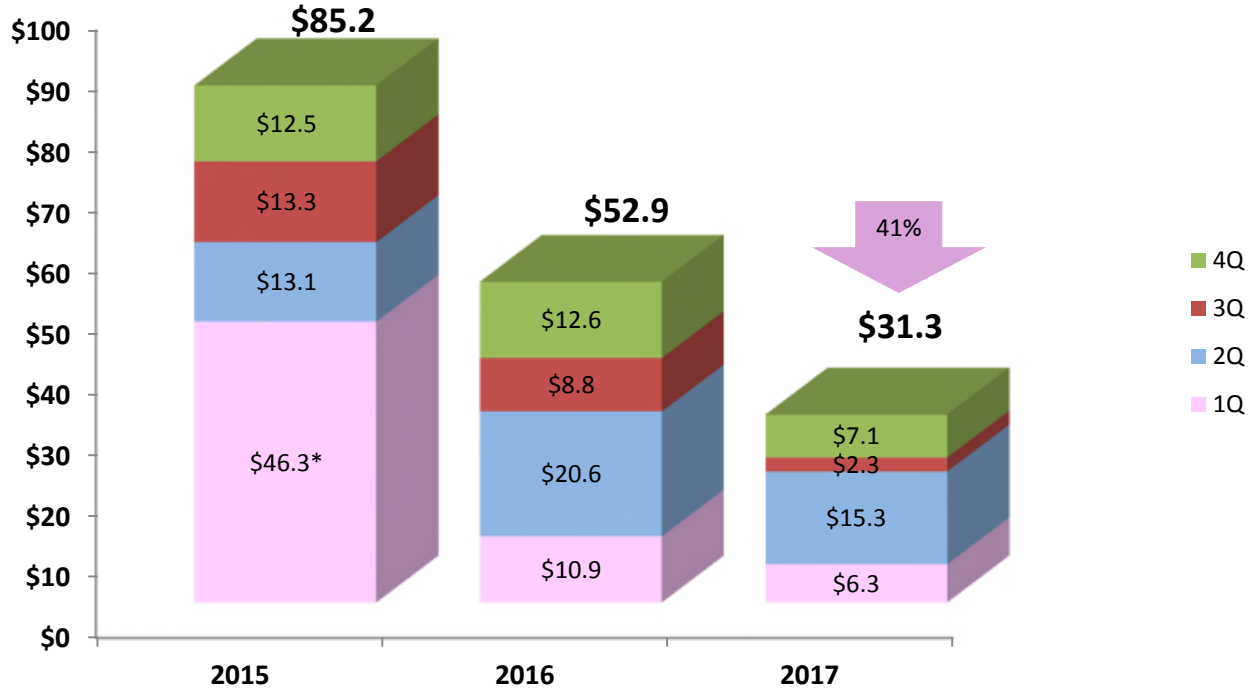

** Includes revenue recognised from Centropod@Changi amounting to S$141.4m upon obtaining its TOP in Jan 2015*

# Financial Performance

## *Financial Performance*

**Profit After Tax (S$'m)**

➡FY2017 net profit decreased by 41% to S$31.3m

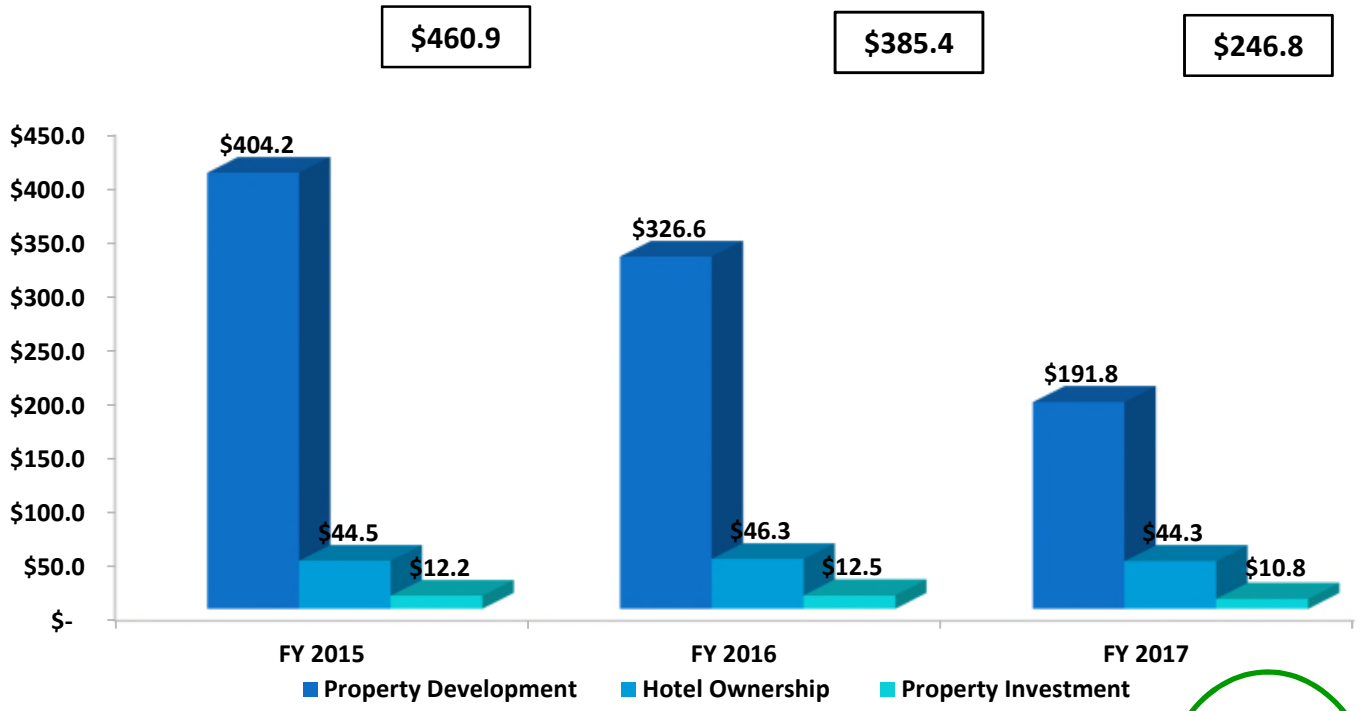



** Includes one-off contribution of profit from revenues recognised from Centropod@Changi amounting to S$43.3m upon obtaining its TOP in January 2015*

# Financial Performance

## Segment Results – FY2017

### Revenue (S$'m)

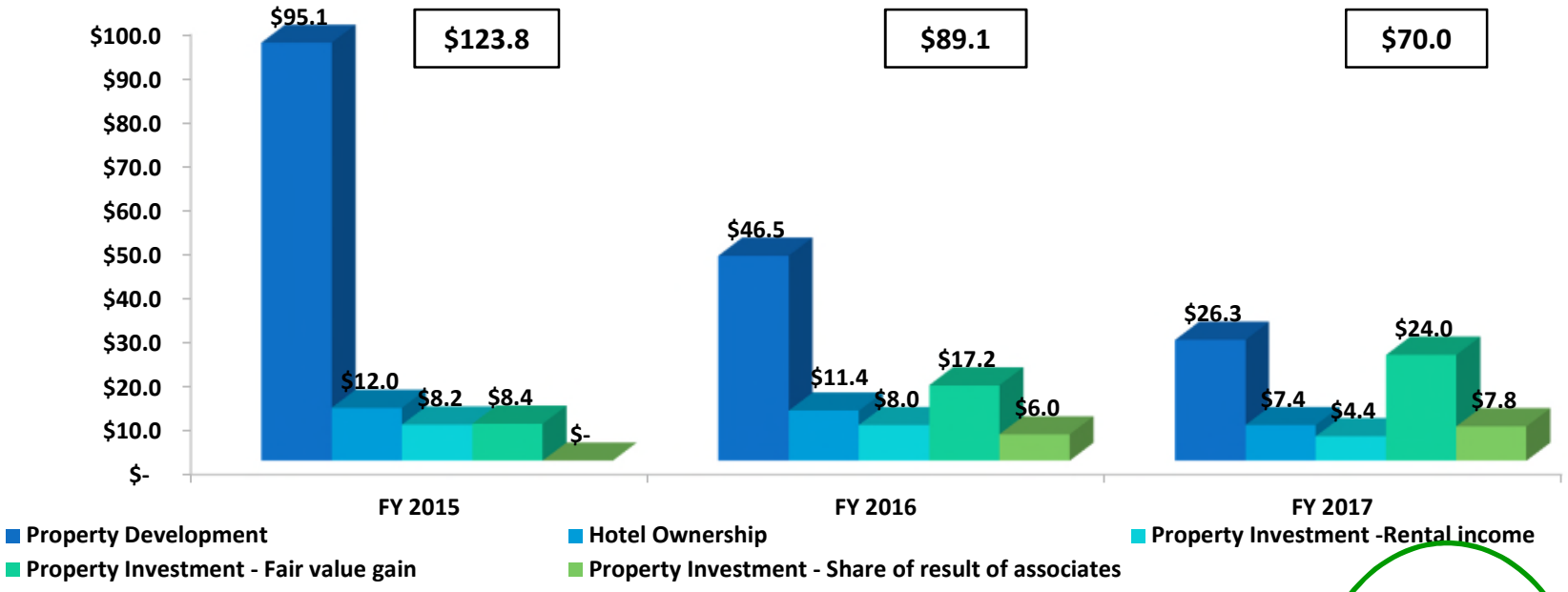



| | FY 2015 | FY 2016 | FY 2017 |
|---|---|---|---|
| Property Development | 88% | 85% | 78% |
| Hotel Ownership | 10% | 12% | 18% |
| Property Investment | 2% | 3% | 4% |
| | 100% | 100% | 100% |

# Financial Performance

## Segment Results – FY2017

### Adjusted EBITDA* (S$'m)

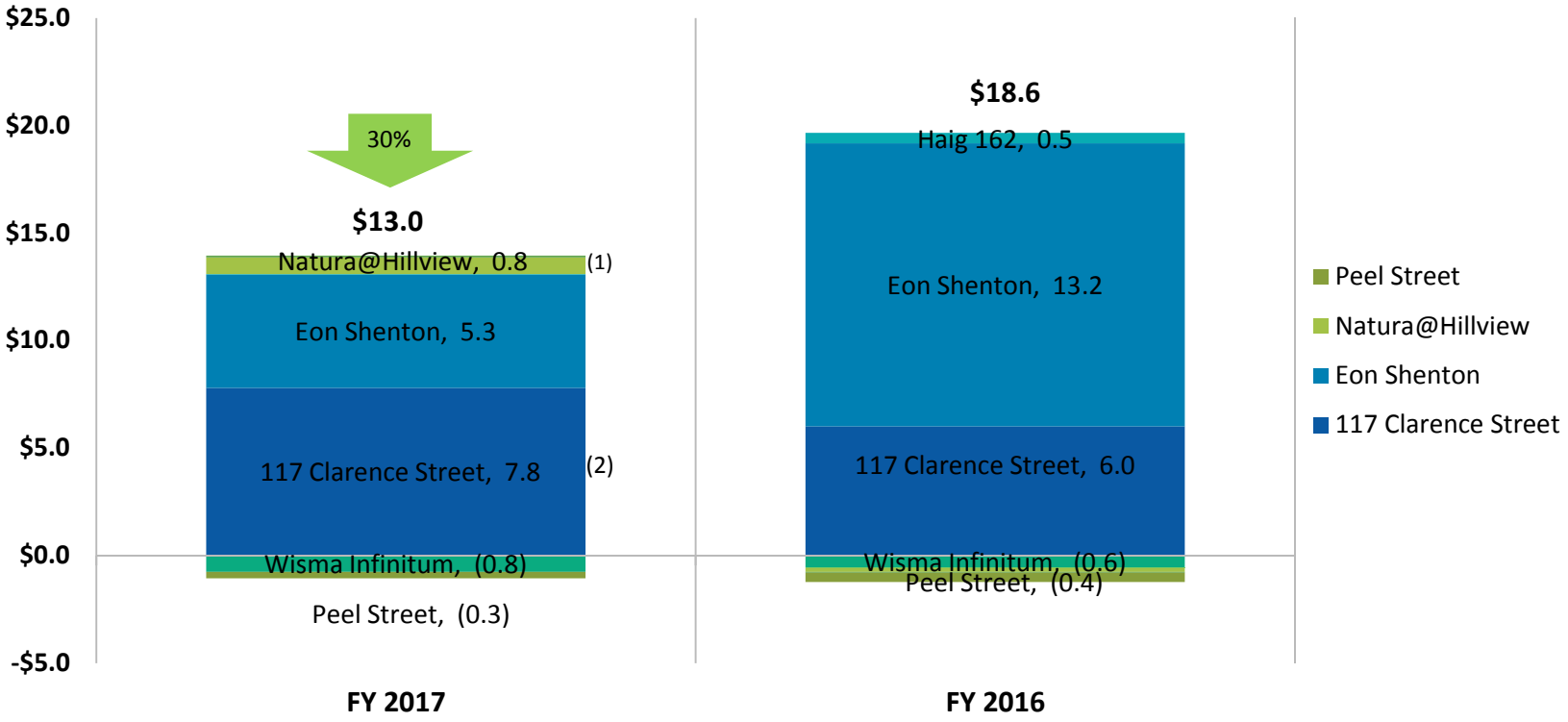



| | FY 2015 | FY 2016 | FY 2017 |
|---|---|---|---|
| Property Development | 77% | 52% | 38% |
| Hotel Ownership | 10% | 13% | 11% |
| Property Investment -Rental income | 6% | 9% | 6% |
| Property Investment - Fair value gain | 7% | 18% | 34% |
| Property Investment - Share of result of associates | 0% | 7% | 11% |
| | 100% | 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.**

# Financial Performance

## Share of results in associates (S$'m)




(1) Mainly due to write-back of provision of cost
(2) Mainly due to fair value gain in FY2017

# Financial Performance

| Financial Position | 31 Dec 2017 (S$m) | 31 Dec 2016 (S$m) |
|---|---|---|
| Total assets | 1,515.8 | 1,461.6 |
| Total debt | 871.8 | 832.7 |
| Cash & cash equivalents [1] | 234.4 | 237.3 |
| Net debt | 549.4 | 507.4 |
| Net asset value ("NAV") | 502.7 | 491.3 |
| Revaluation surplus [2] | 490.3 | 471.9 |
| Adjusted net asset value ("ANAV") | 992.7 | 963.2 |

(1) Cash holdings include project account monies amounting to S$82.7m as at 31 December 2017 (31 December 2016: S$112.1m) but exclude S$88.0m pledged to banks and financial institution

(2) The fair value of the Grand Mercure Roxy Hotel, Noku Kyoto, Noku Osaka, hotel under development in Phuket, property in Maldives and the head office premise were estimated to be S$682.4m as at 31 December 2017 (31 December 2016: S$636.2m)

# Financial Performance

| Financial Ratios | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| NAV per share (SGD cents) | 42.16 | 41.20 |
| ANAV per share (SGD cents) [1] | 83.28 | 80.79 |
| Cash holdings per share (SGD cents) [2] | 19.66 | 19.90 |
| Net debt to ANAV (times) | 0.55 | 0.53 |
| Total debt to ANAV (times) | 0.88 | 0.86 |
| Return on equity (%) [3] | 5.9% | 10.1% |

(1) The fair value of the Grand Mercure Roxy Hotel, Noku Kyoto, Noku Osaka, hotel under development in Phuket, property in Maldives and the head office premise were estimated to be S$682.4m as at 31 December 2017 (31 December 2016: S$636.2m)

(2) Cash holdings include project account monies amounting to S$82.7m as at 31 December 2017 (31 December 2016: S$112.1m) but exclude S$88.0 m pledged to banks and financial institution

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



**Results Briefing**
**Full Year Ended 31 December 2017**

14th February 2018

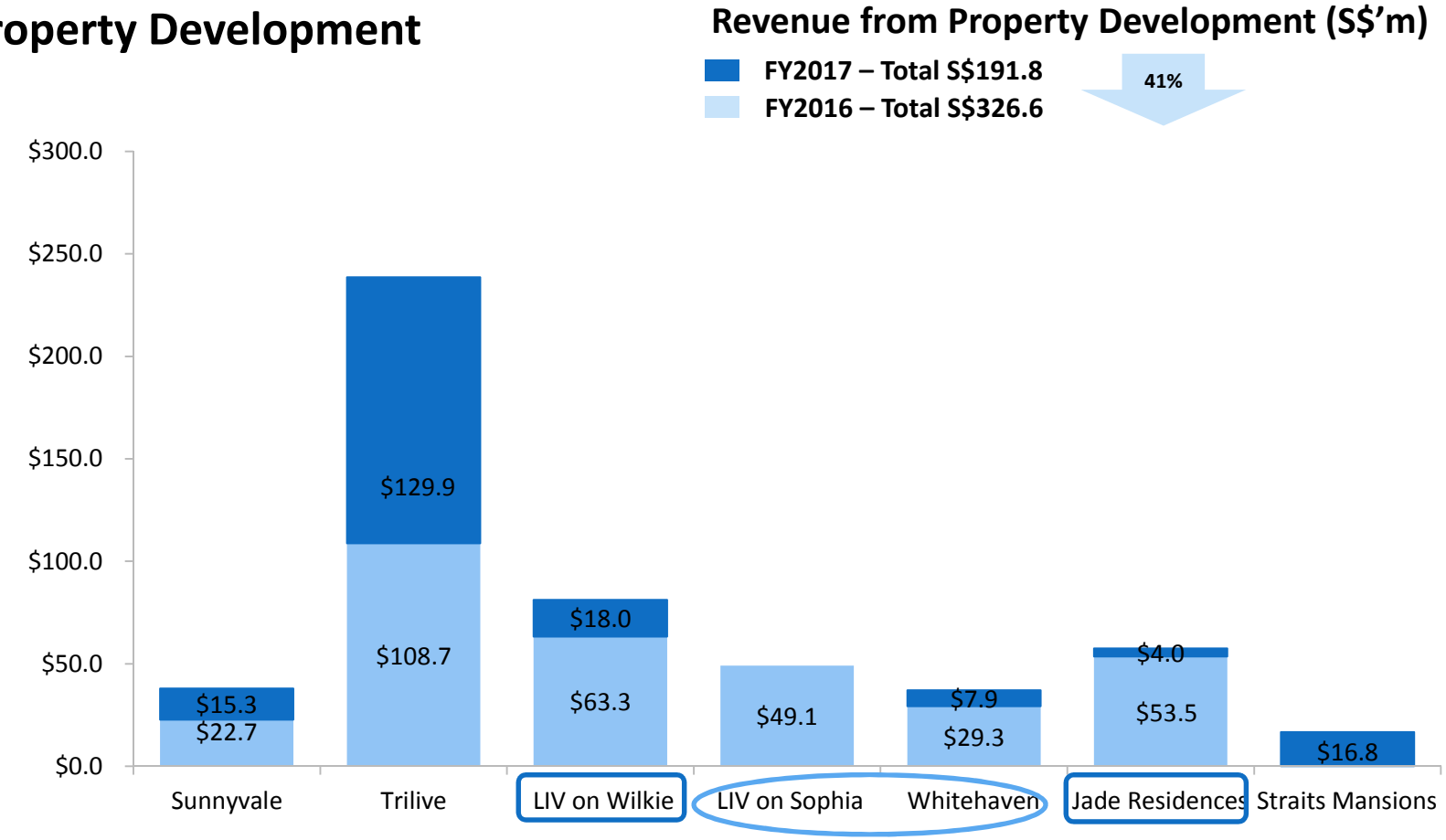
# BUSINESS REVIEW

## *Property Development*

# Business Review

## Property Development

### Revenue from Property Development (S$'m)




- **FY2017 Property Development revenue was mainly attributable to Trilive, LIV on Wilkie and Straits Mansions. The decrease in revenue was mainly due to lower revenue recognition from Jade Residences, Whitehaven, LIV on Wilkie and absence of revenue recognition from LIV on Sophia.**
- **For overseas projects, revenue are recognised using completion method. If the Group adopt the percentage of completion method, revenue to be recognised in FY2017 will be S$14.9m (FY2016: S$15.6m) for Malaysia project and S$112.7m (FY2016: S$62.5m) for Australia projects.**

# Business Review

## Pre-Sale Revenue to be recognised by projects (S$'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 Dec 2017 $'m | Balance attributable progress billings to be recognised from 1Q2018 $'m |
|---|---|---|---|---|---|---|---|---|
| | **Singapore** | | | | | | | |
| 1 | Trilive | Residential | 85% | 222 | 100% | $ 224.1 | $ 207.3 | $ 16.8 |
| | | Shop | 85% | 2 | 50% | $ 0.7 | $ 0.6 | $ 0.1 |
| 2 | Straits Mansions | Residential | 100% | 25 | 100% | $ 48.2 | $ 16.8 | $ 31.4 |
| | **Malaysia** | | | | | | | |
| 3 | Wisma Infinitum - The Colony | Residential | 47% | 423 | 70% | $ 50.2 | - | $ 50.2 |
| | Wisma Infinitum - The Luxe | Residential | 47% | 300[(iii)] | 30% | $ 18.6 | - | $ 18.6 |
| | **Australia** | | | | | | | |
| | **Sydney** | | | | | | | |
| 4 | The Hensley, Potts Point | Residential | 100% | 44 | 95% | $ 71.5 | - | $ 71.5 |
| | | Shop | 100% | 1 | 100% | $ 1.1 | - | $ 1.1 |
| 5 | Octavia, Killara | Residential | 100% | 43 | 95% | $ 48.4 | - | $ 48.4 |
| 6 | West End Glebe, Tower 1 (Foundry) | Residential | 100% | 140 | 86% | $ 144.2 | - | $ 144.2 |
| | West End Glebe, Tower 2 (Art House) | Residential | 100% | 91[(iv)] | 41% | $ 46.0 | - | $ 46.0 |
| | **South Brisbane** | | | | | | | |
| 7 | New World Towers, Peel Street | Residential | 40% | 195[(v)] | 63% | $ 31.1 | - | $ 31.1 |
| | **Total** | | | **1,486** | | **$ 684.1** | **$ 224.7** | **$ 459.4** |

i. For Singapore projects, sale value is based on Option to Purchase granted up to 5 February 2018
ii. For overseas projects, sale value is based on contract signed up to 5 February 2018
iii. Represents Block B - The Luxe by Infinitum. An additional 31 commercial units are pending launch
iv. Represents Block 2 of the development which was launched on 29th July 2017
v. Represents Tower 1 of the development. Tower 2 with an estimated 240 units are pending launch

Note: Pre-sale revenue of overseas projects will be recognised based on completed contract method.

# Business Review

## Development Land Bank 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 | The Navian [1] | 48 units Residential Development | 26,189 | 34,897 | 100% | 34,897 | $25.2 |
| 2 | Harbour View Gardens | 57 units of Residential Development | 30,742 | 43,034 | 100% | 43,034 | $33.3 |
| 3 | 120 Grange | 56 units of Residential Development | 15,780 | 33,142 | 90% | 29,828 | $43.6 |
| 4 | 826/A-834/A Upper Bukit Timah Road | 34 units of Residential Development | 10,258 | 25,640 | 80% | 20,512 | $13.6 |
| 5 | River Valley Road | 148 units of Residential Development | 28,793 | 80,632 | 100% | 80,632 | $110.0 |
| 6 | 2, 6, 12 & 14 Guillemard Lane | 97 units of Residential Development | 25,601 | 71,682 | 50% | 35,841 | $28.0 |
| 7 | 386/A/B, 388/A/B, 390/A/B, 392/A/B Dunearn Road | 36 units of Residential Development | 19,203 | 26,884 | 100% | 26,884 | $36.3 |
| 8 | 5 Derbyshire Road | 70 units of Residential Development | 18,506 | 53,154 | 100% | 53,154 | $77.7 |
| 9 | 15, 17 & 19 Lorong Kismis [2] | 168 units of Residential Development | 100,336 | 140,470 | 60% | 84,282 | $78.5 [4] |
| 10 | 22 Farrer Road [3] | 86 units of Residential Development | 39,130 | 62,608 | 40% | 25,043 | $39.5 |
| | **Total** | **800 units** | **314,537** | **572,143** | | **434,107** | **$485.7** |

(1) The Navian was officially launched in January 2018 and 23 units was sold as of 5th February 2018
(2) The acquisition is subject to and conditional upon the obtaining of in-principle approval from the Singapore Land Authority to issue a fresh 99 years lease for the Property and an Order for Sale from the Strata Titles Board or the High Court (as case may be) approving this sale and purchases, if necessary.
(3) The acquisition is subject to and conditional upon obtaining an Order for Sale from the Strata Titles Board or the High Court (as may be necessary) approving this sale
(4) Included estimated development charge / top up lease premium

**Results Briefing**
**Full Year Ended 31 December 2017**

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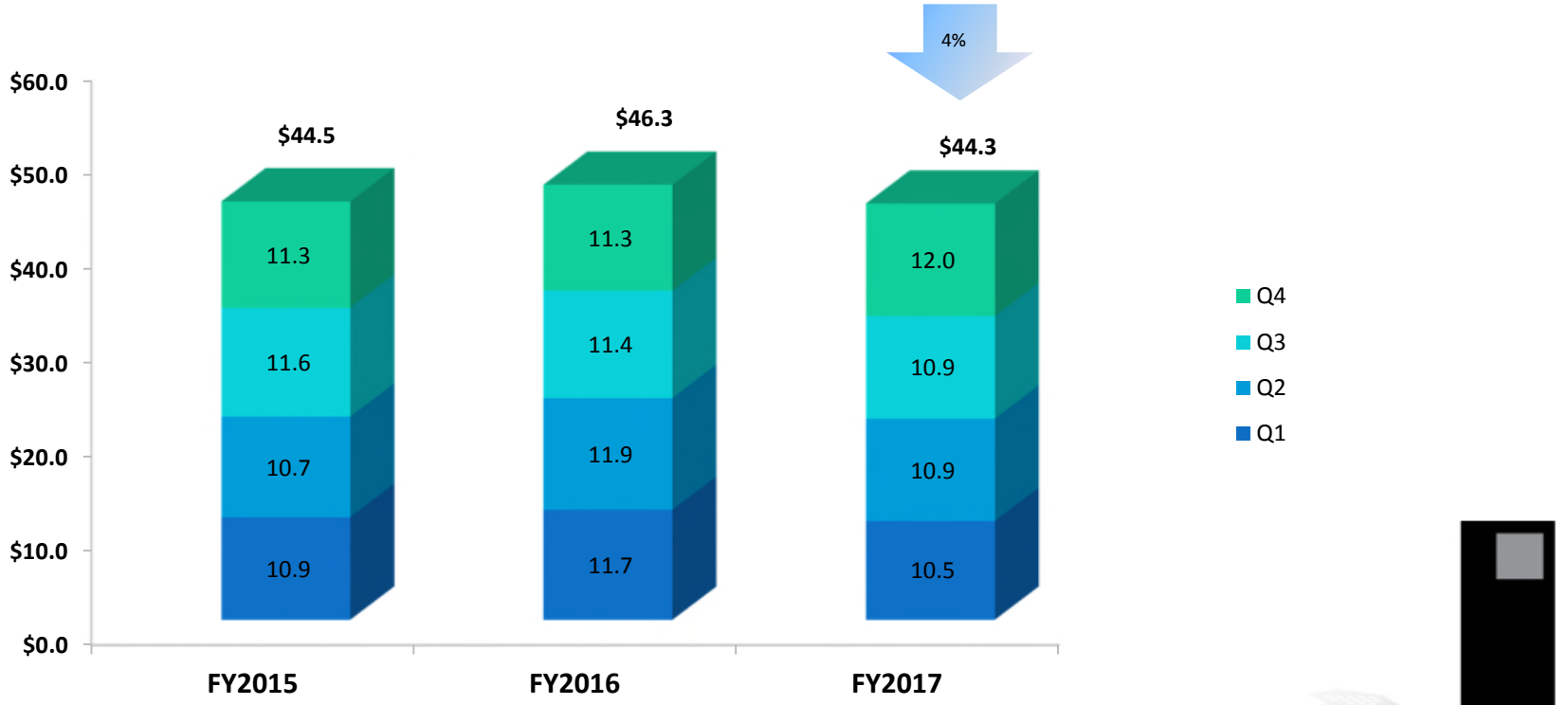
# BUSINESS REVIEW

## *Hotel Ownership*

# Business Review

## Hotel Ownership – FY2017
## Hotel Revenue (S$m)

- Hotel revenue decreased 4% in FY2017 to S$44.3m from S$46.3m in FY2016 mainly due to lower RevPar of Grand Mercure Roxy Hotel as a result of subdued corporate activity caused by continued global economic uncertainty in certain sectors such as the Offshore & Marine and pricing competition from new hotel supply

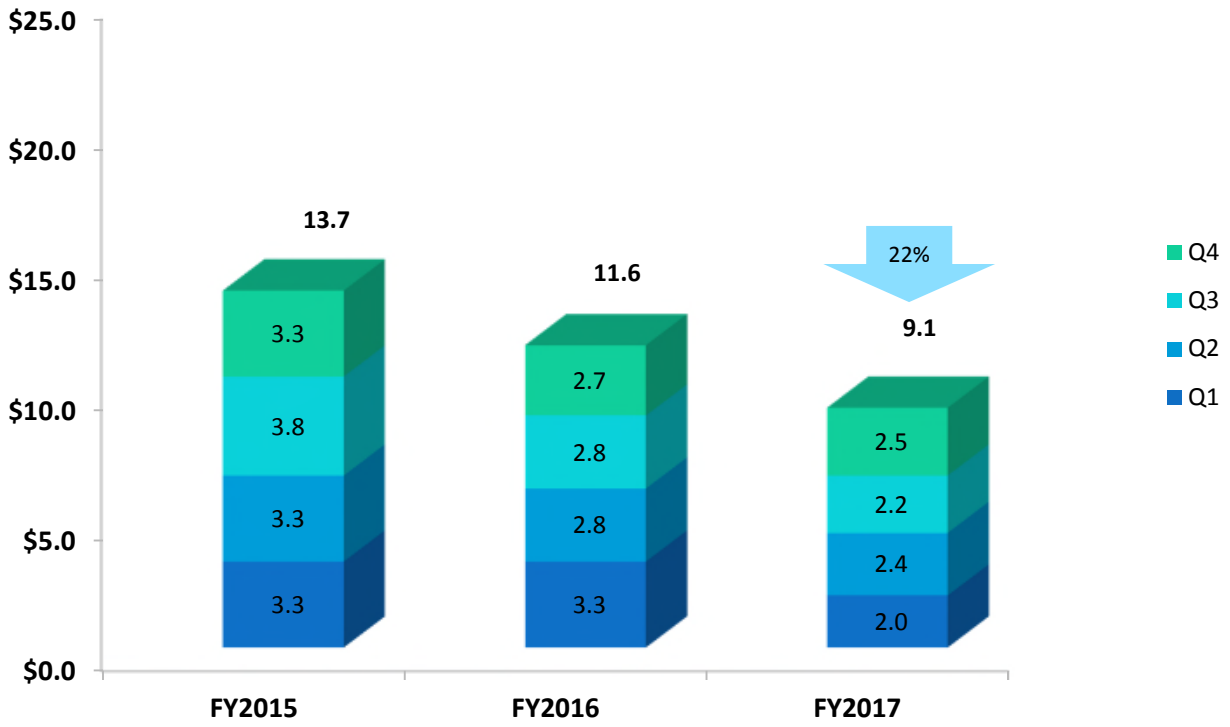


# Business Review

## Hotel Ownership – FY2017

### Hotel Net Operating Profits ("NOP") (S$m)

- Hotel net operating profit decreased 22% in FY2017 to S$9.1m from S$11.6 m in FY2016




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

# Business Review

## Hotels in operations

| Properties | Grand Mercure Singapore Roxy | Noku Kyoto | Noku Osaka |
|---|---|---|---|
| Location | 50 East Coast Road | 205-1 Okuracho Kyoto, Japan | Kita-Ku, Osaka City, Japan |
| Managed by | Roxy under franchise with Accor Group | Noku Roxy | Noku Roxy |
| Rooms | 576 rooms | 81 rooms | 154 rooms |
| Date of TOP/acquisition | TOP in Sep 2000 | 2-Oct-14 | 17-Oct-17 |
| Tenure | Freehold | Freehold | Freehold |
| Approximate Land Area (sq m) | 15,172 | 940 | 886 |
| Gross Floor area (sq m) | 35,336 | 4,780 | 3,672.26 |
| Valuation as at 31 December 2017 | S$518.0 million | S$37.2 million (JPY3.01 billion) | S$37.1 million (JPY3.0 billion[1]) |

[1] The Group has completed the purchase of Tenmabashi Grand Hotel in Osaka, Japan on 17 October 2017 and has rebranded the hotel under Noku Roxy brand in January 2018







# Business Review

## Noku Roxy Hotels under development/renovation

| Hotel Name | Location | Date of acquisition | Tenure | Approximate Land Area (sq m) | No. of rooms | Commencement of hotel operation / Estimated completion date |
|---|---|---|---|---|---|---|
| Hotel under development in Phuket | 48/13 Moo 6, Chaofa Road, Phuket, Thailand | 6-Nov-14 | Freehold | 46,878 | Approx. 91 rooms/villas | 2019 |
| Noku Maldives | Island of Kudafunafaru, Noonu Atoll, Maldives | 11-May-16 | Remaining 40 years leasehold | 89,896 | 50 villas | 2018 |
| | | | **Total** | **136,774** | | |





# Results Briefing
# Full Year Ended 31 December 2017

14th February 2018

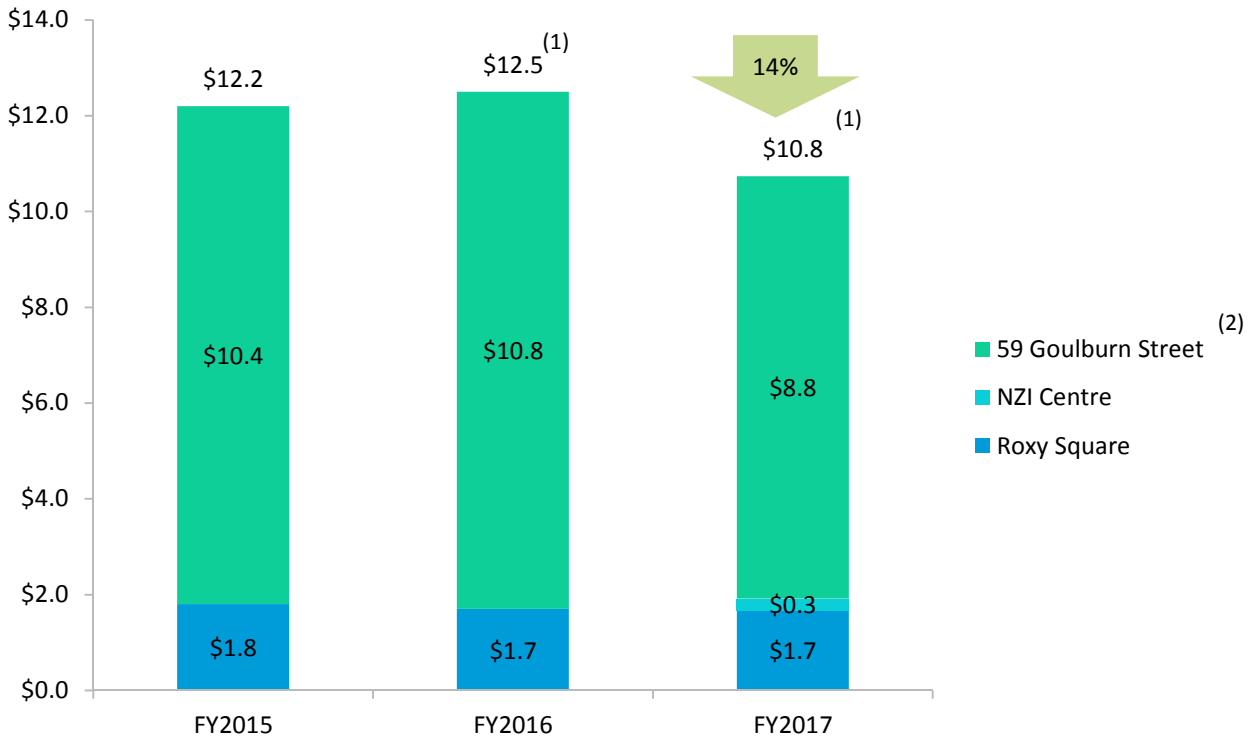
## BUSINESS REVIEW
*Property Investment*

# Business Review

## Property Investment – FY2017

### Revenue (S$'m)

- **Rental income decreased 14% in FY2017 to S$10.7m from S$12.5m in FY2016**




(1) Excludes rental income from 117 Clarence Street as it is accounted for under share of results from associates

(2) The Group has sold the office building on 16th October 2017

# Business Review

## Investment Properties

| | Location | Description | Date of TOP/acquisition | Group's stake | Net Lettable Area/ Floor Area (sqm) | Occupancy (%) as at 31 December 2017 (on lettable area) | Valuation[1] ($) | Estimated Total Annual Gross Income (S$) |
|---|---|---|---|---|---|---|---|---|
| | **Held by a subsidiary company** | | | | | | | |
| 1 | 50 East Coast Road, Roxy Square, Singapore | 49 shop units [2] | 1984/1998 | 100% | 2,403 | 94% | S$64.3 m | 1.7m |
| 2 | NZI Centre, 1 Fanshawe Street, Auckland, New Zealand | 6-Storey commercial building | 15-Dec-17 | 100% | 9,313 | 100% | S$60.0 m (NZ$63.2 m) | S$6.0m (NZ$6.3m) |
| | **Total** | | | | **11,716** | | **$ 124.30** | |
| | **Held by an Associate company** | | | | | | | |
| 3 | 117 Clarence Street, Sydney, Australia | 14-Storey commercial building | 10-Feb-16 | 50% | 12,517 | 100% | S$125.0 m (A$120.0 m) | S$7.6m (A$5.7m) |
| 4 | 205 Queen Street, Auckland, New Zealand | 2 Office Tower with 17 and 22 Storey | 20-Dec-17 | 50% | 25,380 | 93% | S$165.2 m (NZ$174.0 m) | S$8.9m (NZ$9.4m) |
| 5 | 312 St Kilda Road, Melbourne, Australia | 6 levels of office and 4 basement levels | 23-Jan-18 | 45% | 9,854 | 92% | S$77.2 m (A$74.1 m) | S$4.2m (A$4.0m) |
| | **Total** | | | | **47,751** | | **$ 367.40** | |

(1) Based on latest valuations as of 31 December 2017
(2) Excludes 3 units which are for owner-use premises
(3) On 1st Dec 2017, the Group enters into an agreement to acquire a A$33.0 million commercial and retail building at 360 Little Bourke Street, Melbourne, Australia, which the Group holds 100% shareholding interest. The purchase is estimated to complete on 1st March 2018



Roxy square

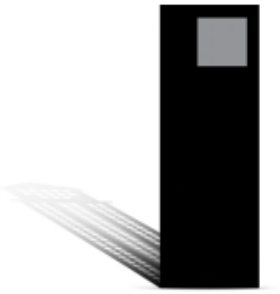

117 Clarence Street


NZI Centre

# Group Borrowing

**Results Briefing**
**Full Year Ended 31 December 2017**

14th February 2018



# Group Borrowing

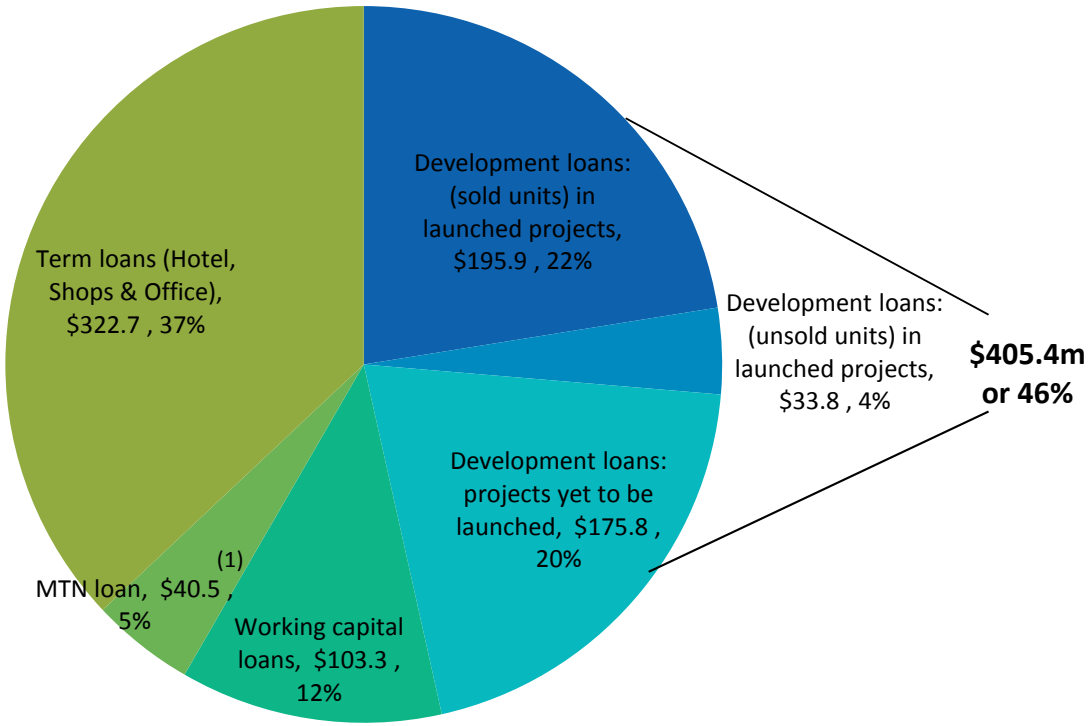
| Debt Profile | 31 Dec 2017 | 31 Dec 2016 |
|---|---|---|
| Total borrowings (S$m) | S$871.8 | S$832.7 |
| Net borrowings (S$m) | S$549.4 | S$507.4 |
| Fixed rate loans (S$m) | S$271.6 | S$357.4 |
| Fixed rate loans as % of total loans | 31% | 43% |
| Weighted average term for fixed rate loans | 29 months | 14 months |
| Weighted average interest rate (fixed rate loans) | 3.3% | 2.7% |
| Weighted average interest rate (floating rate loans) | 2.6% | 2.5% |
| Interest coverage ratio (times) [(1)] | 4.3 | 5.4 |

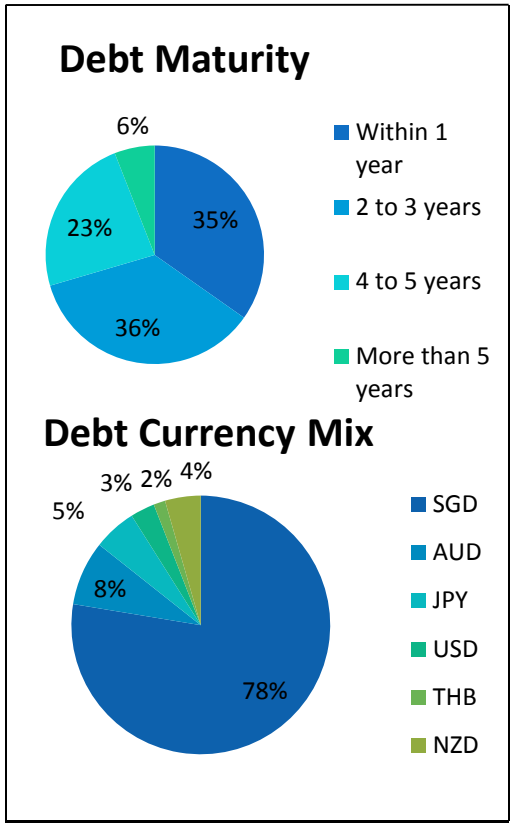
(1) *calculated by dividing profit before interest and taxes by the interest expenses for the same period*

# Group Borrowing

## Debt Profile as at 31 Dec 2017 (S$m)

### Total outstanding debts of S$871.8m as of 31 Dec 2017




**(1) S$40.5m MTN loan is repayable in July 2018**

# Outlook

1. **General**

- Advance estimates [1]from the MTI showed that the Singapore economy grew 3.5% in 2017.
- Australia's economy also posted positive growth of 0.6% on a y-o-y for the quarter ended in September 2017[2].
- Japan's economy advanced 0.6% q-on-q in the September quarter of 2017.

2. **Property Development**

- URA reported that for the whole of 2017, prices of private residential prices rose 1.1% compared to the 3.1% decline in the previous year[3].
- In Australia, residential property prices rose 8.3% during the 12-month period between Sep 2016 and Sep 2017, led by y-o-y growth registered in Sydney and Melbourne of 9.4% and 13.2%, respectively [4].
- In Australia, Group's residential development projects have received warm reception – The Hensley and Octavia in Sydney are 95% sold, while the Glebe project that was launched in two phases is currently overall 68% sold.
- In Singapore, the Group currently has ten development sites as its land bank and of which six are planned to be launched in 2018.
- As at 5th February 2018, pre-sale revenue from the development projects was S$459.4 million, the profit of which will be progressively recognised from 1Q2018 to 2020

3. **Hotel Ownership**

- Latest statistics from STB showed that Singapore hit a record high in tourist arrivals and spending for the second consecutive year. Tourism receipts rose 3.9% in 2017 to S$26.8 billion. For 2018, STB expects further growth for the tourism sector, forecasting visitor arrivals to grow 1% to 4% , while tourism receipts are expected to grow between 1% and 3%.
- The Group has completed the purchase of an existing hotel in Osaka, Japan on 17th October 2017 and has rebranded the 154-room hotel under Noku Roxy brand.
- The Group plans to officially open its third self-managed hospitality asset in Maldives in 2018 with the Phuket resort to follow in 2019.

4. **Property Investment**

- The Group has completed the sale of its office building at 59 Goulburn Street on 16th October 2017
- To maintain its recurring income streams, the Group has recycled capital from the sale of 59 Goulburn by acquiring two commercial buildings in Auckland, New Zealand and a 45% stake in an office building located at 312 St Kilda Road, Southbank, Melbourne, Australia
- The Group has also acquired Melbourne House, a freehold six-storey commercial and retail building in Melbourne's Central Business District, Australia.
- The Group will continue to explore opportunities to strengthen its income streams and enhance shareholder value

5. **Strong cash and cash equivalents of S$234.4 million**

6. **Net gearing remains healthy at 0.55 times, notwithstanding the completion of acquisition of properties in Japan, New Zealand and Singapore in FY2017.**

7. **Barring any unforeseen circumstances, the directors expect the Group to be profitable in 2018**

[1] *Ministry of Trade and Industry Singapore, January 2, 2018 – Singapore's GDP Grew by 3.1 Per Cent in the Fourth Quarter of 2017*
[2] *Australian Bureau of Statistics, December 6, 2017 – Australian National Accounts: National Income, Expenditure and Product, Sep 2017*
[3] *Urban Redevelopment Authority, January 26, 2018 – Release of 4th Quarter 2017 real estate statistics*
[4] *Australian Bureau of Statistics, December 12, 2017 – Residential Property Price Indexes: Eight Capital Cities Sep 2017*

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## Full Year Ended 31 December 2017
14th February 2018



PRIMED FOR
GROWTH

# THANK YOU